

DECEMBER 2021 QUARTERLY ACTIVITIES REPORT

Highlights

- **A positive initial Scoping Study for the Adelong Gold Project was delivered**
 - Demonstrated an attractive commercial project based on mining only the existing measured and indicated resources which comprise only ~40% of the current JORC resources
 - Allows on-going exploration and evaluation work to fully define the opportunities for establishing a bigger long term mining project
 - The Company expects to finalise the full Scoping Study once some of inferred resources representing a further ~20% of project resources are upgraded, which could add significantly to the viability of the entire project
- **The JORC Resources estimates for the Adelong project were updated following a review by an Independent Geological Consultant. The JORC (2012) Mineral Resources for the Adelong Project now stands at 1,457,000 tonnes @ 3.67g/tAu for 171,700oz Au (25% Measured, 20% Indicated and 55% inferred Resources)**
- **Final assay results were received for the completed drilling program on the Challenger Project**
- **Recent results for drill hole 3D020 confirmed earlier high grade intersections within the planned pit and the remaining 3D015 – 3D022 provided additional confirmation that higher grade material exists below the planned open cut mine**
- **Significant intersections were encountered in the drilling program**

3D Resources Limited (ASX:DDD) (3D Resources or the Company) is pleased to provide its Quarterly Activities Report for the quarter ending 31 December 2021.

Initial Scoping Study for Adelong Gold Project

In mid-November, the Company announced that it had completed the first part of its proposed Scoping Study for its Adelong Gold Project located in Southern New South Wales (NSW). ([ASX Announcement 18 November 2021](#))

As discussed in [ASX Announcement 17 November 2021](#), the full Scoping Study will be finalised once a further round of drilling is completed to upgrade the Caledonian Inferred Resources which the company was unable to complete due to inclement weather. As the Company has completed all other components of the study it decided to publish the initial components based on mining the Challenger and Currajong deposits which are predominantly (89%) Measured and Indicated Resources. This Initial Scoping Study generates Production Targets from mining just 40% of the published JORC Resource for the Project and demonstrates a viable project in its own right, not only for the Challenger Deposit but also for open cut mining on the Currajong deposit. Further drilling is required to fully assess the remaining resources and once completed a full scoping study will be released.

The aim of this Initial Scoping Study on the Adelong Gold Project was to assess the different development and processing options, demonstrate the viability of the project, prepare a plan on which exploration continued to upgrade the Inferred Resources for inclusion in the final Scoping Study but also provided the details on which discussions could be held with the NSW Government, local Council and local Community.

Various mining and processing options were considered as part of this Initial Scoping Study with the final selection (Base Case) showing the following results:

*Table 1 - Summary of the financial analysis
 (Based on US\$1,850/oz Gold and Exchange Rate \$A0.73)*

SCOPING STUDY SUMMARY	
Initial Capital Costs (\$M)(Excludes Working Capital)	\$11.20
Mine Life	5 Years
Production based on Initial Scoping Study(gold oz)	67,579
Cash Flow (A\$M)	
Revenue (\$M)	\$170.40
OPEX (\$M)	\$100.24
Production CAPEX (\$M)	\$7.90
PRODUCTION CASHFLOW (Before Tax)(\$M)	\$62.26
Initial Capital Costs (\$M)(Excludes Working Capital)	\$11.20
NET CASH FLOW(Before Tax) (\$M)	\$51.06
IRR % (Before Tax)	62%
NPV (5%) Before Tax (\$M)	\$39.20

As with all forecasts, any variations in the gold price, gold recovery and changes operating cost estimates can change the outcome of these forecasts. Tabulated below in Table 2 is a sensitivity analysis based on a 5% Change to some of the assumptions.

Table 2 - Sensitivity to changes in operating conditions

SENSITIVITY ANALYSIS		Net Cash Flow \$M	Change in Cash Flow %
Change			
Base Case		\$51.06	
Gold price	5%	\$59.25	16.02%
	-5%	\$42.89	-16.02%
Recovery	5%	\$59.25	16.02%
	-5%	\$42.89	-16.02%
Mining cost \$/t	5%	\$48.00	-6.01%
	-5%	\$54.14	6.01%
Process cost \$/t	5%	\$49.77	-2.54%
	-5%	\$52.37	2.54%

Substantial further upside potential exists as this Initial Scoping Study has only assessed the economics based on mining ~40% of the current published resources at Adelong. Key targets for improving this Initial Scoping Study are:

- An initial pit optimisation on the Inferred Resources at Caledonian has shown that based on cost estimates for mining, processing and administration that an open cut at Caledonian can potentially recover around 70% of the 30,000oz of the gold in Caledonian Inferred Resources which could add materially to the project. Further drilling will be required to fully assess the resources in sufficient detail for inclusion in the final Scoping Study.
- The Mullock Dumps scattered around many of the historic mines around Adelong have not been brought into a JORC resource but have historically been extensively tested, bulk sampled and included in historical feasibility studies as Mineable Reserves. It is not the plan of the company to construct a pilot test plant in order to replicate the earlier test work, but assay data shows this material is above cut-off grade. Recent metallurgical testing of dump material from various mullock dump sites has shown that the gold in this material is recoverable in the proposed processing plant and would be expected to be processed and add to any future commercial production.
- The absence of detailed exploration drill data in the case of some of the “Inferred Resources” has prevented a detailed mine plan to develop the underground potential for mining at Currajong, Donkey Hill, and Caledonian. Further drilling is required
- Recent drilling below the proposed Challenger Open Cut has demonstrated higher grade intersects than previous drilling had shown. This is likely to allow commercial development of some of the mineralisation below the planned open cut that have not been included in the current Production Targets.

This Base Case analysis demonstrates the viability of the Adelong Gold Project and is the basis for planning/assessing the staged development of this project. However, the Scoping Study also provides a framework for assessing future project requirements (government approvals, additional drilling needed to permit mine planning for underground development of resources excluded from this study) but also sets the basic parameters and mine plans for the Company to obtain competitive quotes from contractors.

Table 3 - Production Targets used in the Scoping Study

Production Targets	Tonnes (t)	Grade g/t Au	Contained Gold (g)	Contained Gold (oz)
Challenger Open Cut	372,218	3.84	1,412,899	45,426
Challenger Underground	74,782	3.59	268,703	8,639
Currajong Open Cut	262,141	2.27	595,713	19,153
Total Treated	709,141	3.21	2,277,315	73,218

This Initial Scoping Study is based mainly upon Measured and Indicated Resources representing 89% of the Production Target. Table 4 demonstrates this and it is the Company's view that the project would be viable based solely on these Measured and Indicated Resources. It should be noted that a large portion of the mainly "Inferred Resources" were not included in the Production Targets as they required more detailed drilling to allow mine planning and cost estimates to be properly assessed. In addition, all the resources estimates for this project were independently assessed and similarly, all the production targets generated from those resources were generated by independent consultants. The Company considers the production targets are a reasonable assessment of potential production within the level of accuracy of the Scoping Study.

Table 4 Source of Estimated Profits in relation to Mineral Resource Categories and Production Schedules.

Production Targets	Estimated Contribution To Earnings (\$M)	Measured and Indicated Resources	Inferred & Other Resources	Schedule
Challenger Open Cut	\$48.9M	96%	4%	Year 1-3
Challenger Underground	\$8.0M	100%		Years 4-5
Currajong Open Cut	\$13.2M	69%	31%	Years 3-4
Capital Cost(LOM)	(\$19.1M)			
Expected Earnings (\$M) Before Tax	\$51.1M	89%	11%	

ASSUMPTIONS ADOPTED FOR INITIAL SCOPING STUDY

The Initial Scoping study is based upon a number of assumptions of which the major ones are summarised below:

- Gold Price US\$ 1,850/oz and US\$0.73 Exchange rate
- On average the Scoping study would be accurate to 35%- 40%
- Initial target production as outlined in Table 3 with production scheduling broadly in the order listed
- Mining Costs are based on Contract Mining rates quoted for the project so involve low capital outlay
- Rebuilding much of the plant to increase processing capacity from around 6t/hr to 35t/hr represents the major initial capital requirement. Of the \$11.2M Capital costs set out in Table 1, around \$10.6M (93%) is expected to be spent on the Processing Plant Upgrade (includes spares/first fill consumables). This plant includes:
 - A 3 stage crushing and 2 stage grinding circuit (P_{80} 1mm and 350 μ) (inc a new rod mill)
 - Gravity recovery circuit to process ground ore between >2.5mm and <38 μ using two banks of spirals following each grinding stage.
 - A Knelson Concentrator used to scavenge any gold from the spiral's tailings.
 - Regrind followed by intense cyanide leach of the gravity concentrate
 - The less than 38 μ material generated from grinding and tails from the intense cyanide leach would then be combined and subjected to a low cyanide leach circuit
 - Gold recovered by activated carbon and gold bullion recovered by conventional circuit
 - Tailings from cyanide circuit deposited in a tailings dam after processing through a detox circuit, while fine sand tailings generated from the gravity circuit would be stacked
- Additional working capital of around \$3M is assumed to start the project
- Start up production based on 120,000tpa (single shift) moving to 240,000tpa in year 3
- Based on metallurgical test work, the spirals would be expected to generate ~20g/t Au that can be leached from around ~10% mass pull. Cyanide used to leach the concentrates and "fines" (<38 μ) with an overall gold recovery of +92% expected to be achieved. Test work on mineralisation from several mines that form the Adelong Project has also shown that all these deposits are amenable to gravity gold recovery
- Power is to be supplied by 3 existing diesel gensets and the purchase of an additional unit for the crushing circuit
- Water supply is to be delivered from the discharge from the Adelong Sewerage plant (currently discharged into the Adelong Creek after processing) and potable water from the town water supply
- Other infrastructure requirements are to be supplied from regional towns such as Adelong (>900 people) and Tumut (>6,000 people) and Wagga (~64,000 people)
- To implement the full scope of the Scoping Study, various government approvals will be required to expand production to 240,000tpa, to develop the satellite ore deposits, and enlarge the open cut mine at Challenger to the extent proposed. Other regulatory approvals such as final tailings dam design and operational plans will also be required.

INITIAL SCOPING STUDY - OVERVIEW

As a precursor to finalising the Scoping Study, the Company completed a reassessment of the Project JORC Resources and reported the details of these two studies on 29th September 2021 and 5 October 2021. These updated the resources for the project as follows:

Table 5: Resources Statement (JORC 2012) for the Adelong Gold Project based on 1g/tAu Cut-off				
CHALLENGER deposit		Tonnes (t)	Au (g/t)	Au (oz)
Measured	60%	357,000	4.17	47,900
Indicated	23%	163,000	3.50	18,300
Inferred	17%	144,000	3.07	14,100
Total	100%	663,000	3.77	80,300
CURRAJONG deposit		Tonnes (t)	Au (g/t)	Au (oz)
Measured	-	-	-	-
Indicated	22%	126,000	2.57	10,400
Inferred	78%	407,000	2.63	34,400
Total	100%	533,000	2.61	44,800
DONKEY HILL deposit		Tonnes (t)	Au (g/t)	Au (oz)
Measured	-	-	-	-
Indicated	-	-	-	-
Inferred	100%	103,000	5.03	16,600
Total	100%	103,000	5.03	16,600
CALEDONIAN deposit		Tonnes (t)	Au (g/t)	Au (oz)
Measured	-	-	-	-
Indicated	-	-	-	-
Inferred	100%	157,000	5.94	30,000
Total	100%	157,000	5.94	30,000
TOTAL ADELONG GOLD PROJECT RESOURCES*		Tonnes (t)	Au (g/t)	Au (oz)
Measured	25%	357,000	4.17	49,700
Indicated	20%	289,000	3.09	29,200
Inferred	55%	811,000	3.65	95,400
Total	100%	1,457,000	3.67	171,700

See ASX releases [29 September 2021](#) and [5 October 2021](#) for details.

Of particular importance was a reassessment of the Challenger resources that included an improved geological interpretation of the deposit that focused on the higher grade components of the resource which led to a reduced tonnes (35%) but much higher grade to the Challenger resource grade (39%) and an overall loss in gold in resources of less than 10%. This was particularly important as a considerable amount of “low grade/waste” had been encapsulated in these early resource estimates and this needed to be removed before mine planning could be completed.

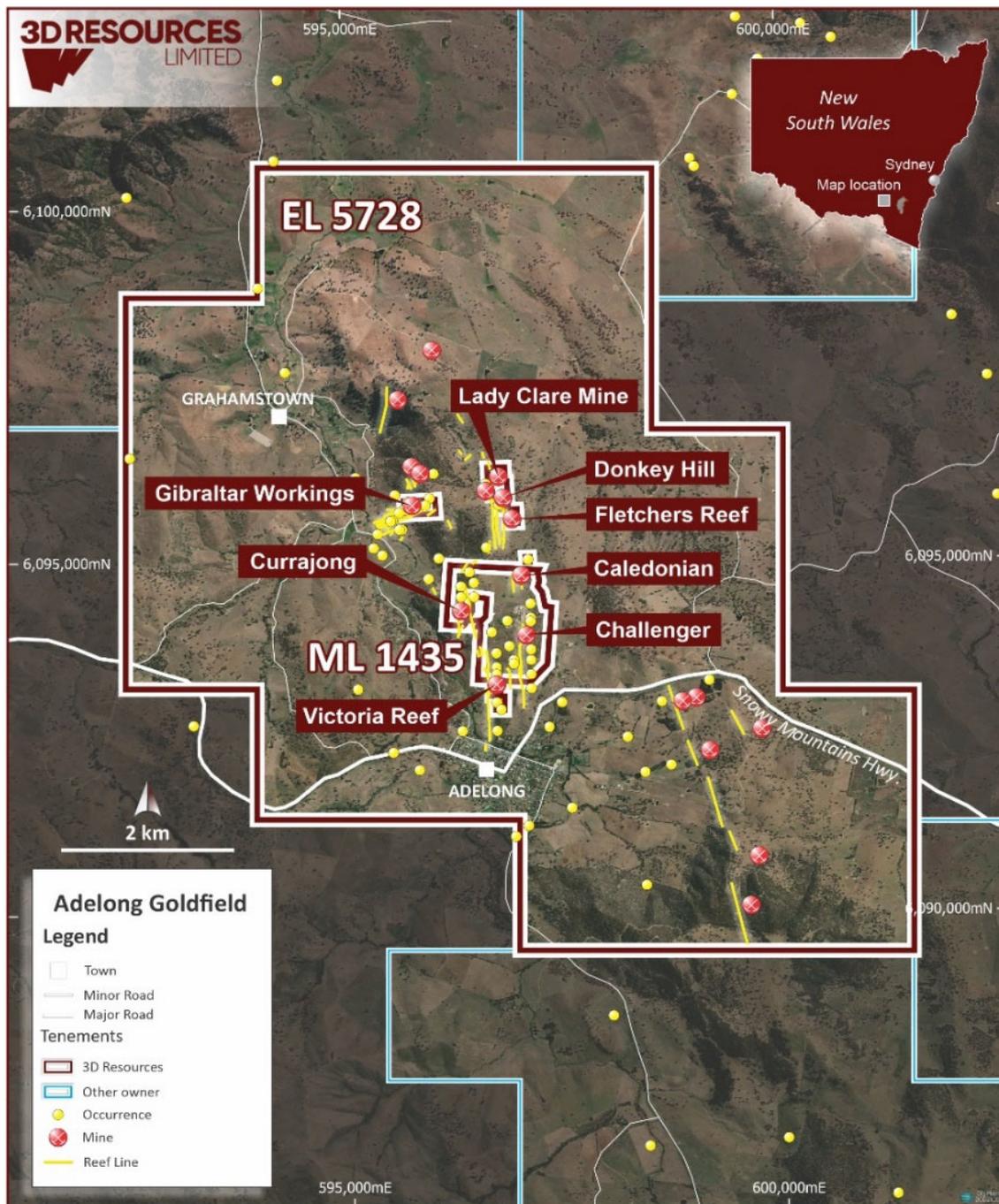


Figure 1 - Adelong Goldfield

An internal Scoping Study, that comprised a 374-page document, was compiled by the Company in September 2021, based on a series of independent consultant reports engaged to review different options for mining, processing and developing the Adelong Gold Project. This study contained an economic analysis of the Open Cut and Underground Mining Potential at Challenger as well as the Open Cut potential at Currajong. However, restrictions precluding the use of inferred resources for the purpose of forecasting production targets from deposits where a 100% of the resources are in the Inferred category has meant that 3D Resources has had to restrict release of the study to components based only on the measured and indicated resources and delay the full report until further drilling is completed to upgrade the inferred resources classification. This is expected to occur over the summer months.

For the purposes of the announcement of the Initial Scoping Study, the “Base Case” is summarised in this report as it offers the most flexible and commercial approach to mining and processing the Challenger and Currajong Resources, but other development options also generated positive returns and had been reviewed in finalising this Scoping Study. This report will be revised once the Inferred Resources at Caledonian are re-assessed and resources are upgraded.

MINING PLANS USED IN THE INITIAL SCOPING STUDY

Challenger and Challenger Extended Projects

The JORC Resources estimates for Challenger were recently updated and are summarised in Table 6 following a review by the Independent Geological Consultant. The details of this updated Resource Estimation were announced to the ASX on [5 October 2021](#). These revised estimates are summarised as follows:

Table 6- Resource Estimates for the Challenger Deposits

JORC Resource Estimate for CHALLENGER deposits		Tonnes (t)	Au (g/t)	Au (oz)
Based on 1g/t Au Cut-off				
Measured	60%	357,000	4.16	47,900
Indicated	23%	163,000	3.48	18,300
Inferred	17%	144,000	3.06	14,100
Total	100%	663,000	3.77	80,300

See [ASX Announcement 5th October 2021](#) for details, including JORC Report

The main Challenger deposit lies at the northern end of Victoria Hill with the Challenger Extended deposit extending north towards the processing plant site. (See Figure 2). The deposit occurs as a series of steep veins forming in a mineralised shear trending 350°N to 355°N with the mineralisation dipping 75-80° to the West and the ore shoots plunging to the north.

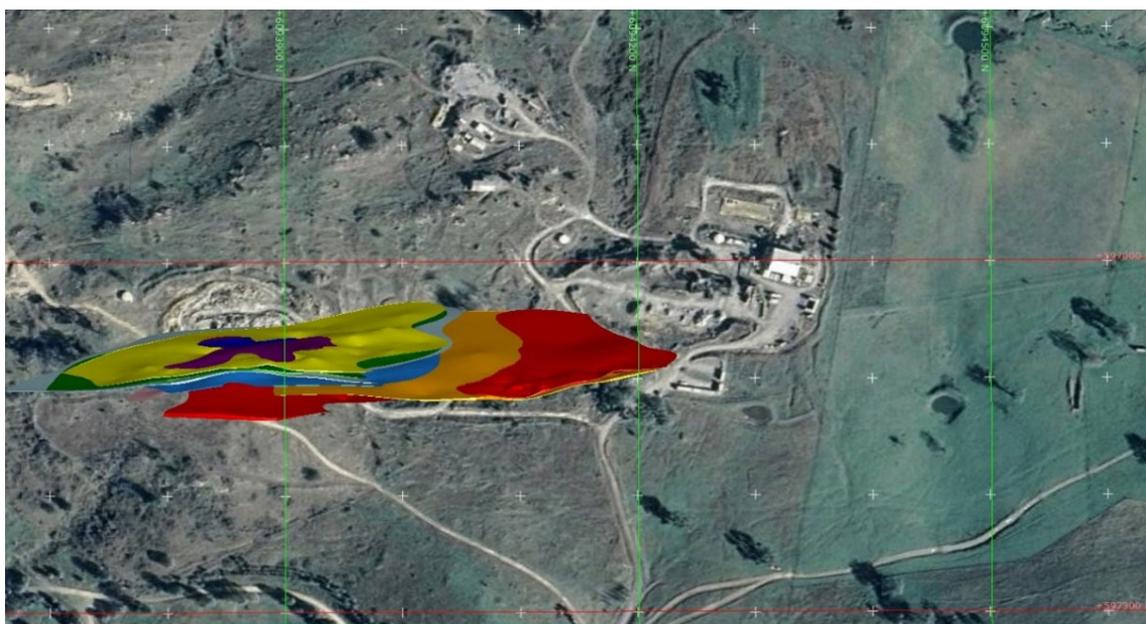


Figure 2 - Challenger Vein System showing the location of the veins relative to the Plant (North to right)

Given the proximity of the Challenger Extended deposit to the plant site, only the main Challenger deposit was considered for open cut mining and Challenger Extended deposit was selected for underground mining.

Current access exists to the main Challenger deposit via a decline to the 1380m RL.

The host rock of the Challenger deposits is the Wondalga Granodiorite which is a very competent rock that has been assessed in geotechnical reports as capable of being mined with an overall pit slope of 60-65°. On this basis an initial pit optimisation study was completed and subsequent open pit design on the main Challenger

Deposit was based on a 60° pit slope, and a 10m wide 1 in 10 haul road delivering ore directly to the ROM pad adjacent to the Adelong Processing Plant.

The Open Pit design was evaluated on 5m bench levels in order to schedule waste and ore production. A dilution factor of 10% and ore loss factor of 5% was applied to these resources produced from the pit to provide the following production targets from the Challenger Open Cut mine in table 7.

Table 7 - Production Targets from the Challenger Open Cut mine

Challenger	Waste (bcm)	Tonnes (t)	Grade (Au g/t)	Au (Oz)
Year 0	57,500			
Year 1	781,443	124,304	2.55	10,194
Year 2	880,594	116,060	3.84	14,345
Year 3	320,605	132,033	4.92	20,887
Totals	2,040,142	372,397	3.79	45,426

Costs estimates for drilling, blasting, and mining the open cut were based on indicative quotes from independent contract miners operating in Eastern Australia.

The Challenger Extended deposit (to the north of the pit) as well as some resources in the immediate surround to the open cut (after leaving support pillars) offered additional mineable resources by underground mining methods. These formed part of an underground mine plan and cost estimate were generated by an independent consulting group for the Challenger and Challenger Extended deposits.

The mining method proposed for underground mining at Adelong in the Challenger Extended and most of areas outside the open cut is a modified Avoca mining method, driving in ore with long hole stoping between 25-35m levels.

Figure 3 shows a longitudinal section of the open cut mine plan (red) overlain on the planned underground mine stope blocks (green) whilst the grey blocks have not been scheduled for mining at this stage in the Scoping Study. Only those underground stope blocks (green) to the north(left of the pit) and comprising largely the Challenger Extended deposits were selected for underground mining in this Scoping Study(See Table 8).

As noted in the recent announcements of drilling results for the Challenger deposit, 5 drill holes below the planned open cut show higher grades are present. This will potentially allow additional stope blocks to be defined below the pit to add to those already defined (in grey). This should allow mining to continue below the 1305m Level that could add to the potential underground production shown in Table 8.

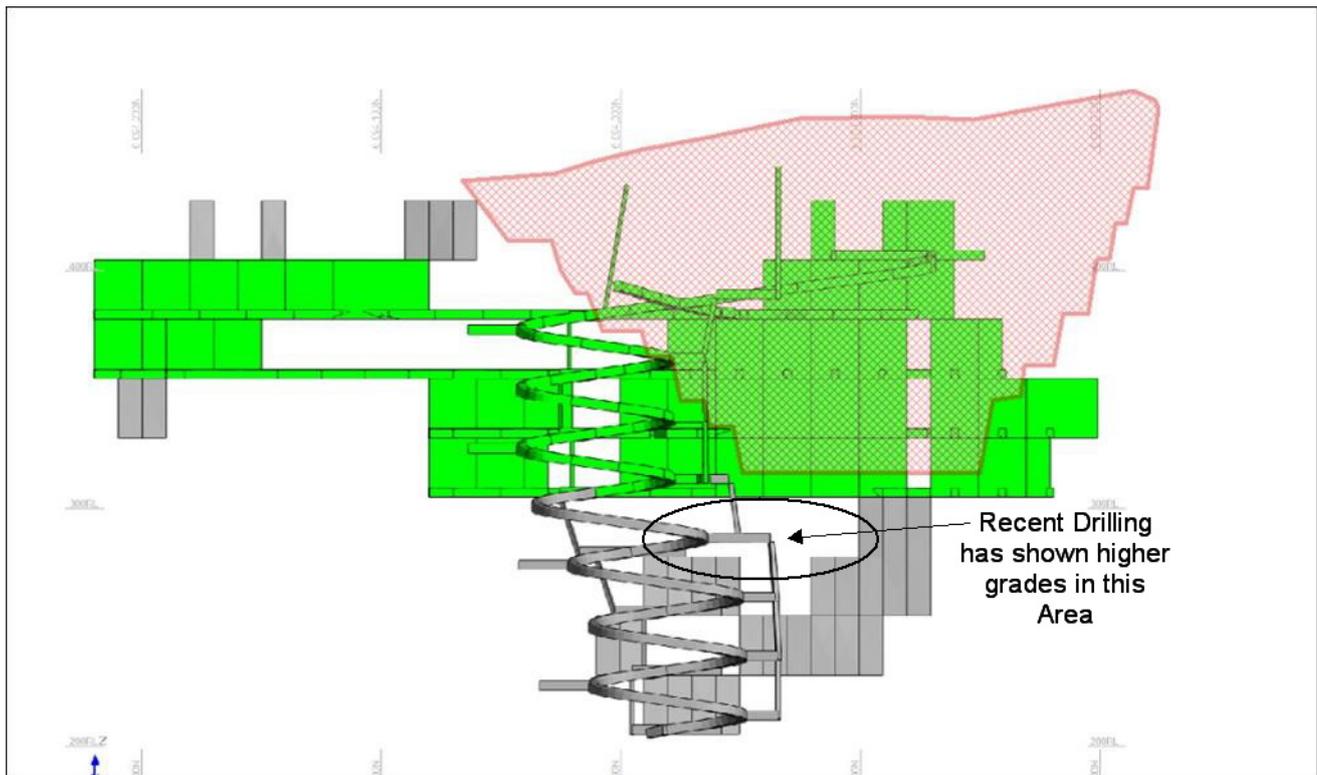


Figure 3 - Longitudinal Section overlaying the Challenger open cut mine plan (red) on the planned underground mine stope blocks (green)

The majority of the resources proposed for development on the Challenger deposits, are either Measured or Indicated Resources and so the geology and resource distribution is sufficiently well defined to allow underground mine planning. Four levels were selected for development of the underground from the open cut. These provided additional stope blocks that are summarised as follows:

Table 8 – Underground Mining stope blocks included in the Production Target

PRODUCTION TARGETS	LEVEL(RL)	Resources (t)	Grade (g/t Au)	Gold (oz)
LEVEL	380	32,023	3.34	3,431
LEVEL	360	14,584	4.06	1,900
LEVEL	330	14,663	3.71	1,744
LEVEL	305	13,512	3.55	1,540
TOTAL UNDERGROUND		74,782	3.58	8,614

It should be noted that this assessment did not include any resources below the 1305mRL level, any of the blocks south of the pit or immediately adjacent to the pit and any potential northern extension to the Challenger Extended deposit.

The costs estimates and production rates used in this Scoping Study for underground mining are based on factors assessed by the independent consultant for the Challenger deposit.

Currajong , Caledonian and Donkey Hill Projects

Resources quoted in ASX announcement on the 29 September 2021 are shown in table 9.

Table 9- Resource Statements - Currajong and Caledonian

CURRAJONG WEST & CURRAJONG EAST		Tonnes (t)	Au (g/t)	Au (oz)
Measured	-	-	-	-
Indicated	24%	126,000	2.57	10,400
Inferred	76%	407,000	2.63	34,400
Total	100%	533,000	2.61	44,800

See ASX Announcement 29 September 2021 for details

Pit optimisation studies were run on the Currajong deposit to identify what components of those resources may be economic to mine via open cut. These studies generated an optimum pit shell for these resources from which production targets and waste removal schedules were generated and imported into financial analysis in the Scoping Study. Cost estimates generated from the detailed evaluation of the Challenger Deposit were used to assess the potential financial returns from open cut mining at Caledonian and Currajong. Both the Resource Estimates and the Pit Optimisation studies were completed by Robin Rankin as an independent consultant and Competent Person.

Table 10 - Summary of the results of the pit optimisation study and scheduling at Currajong

Project	Production Target (t)	Grade (g/t Au)	Gold (oz)	Waste (bcm)	Stripping Ratio
Year 3	86,270	1.52	4,220	400,000	
Year 4	175,870	2.64	14,930	656,774	
Total Currajong	262,140	2.27	19,150	1,054,074	11:1

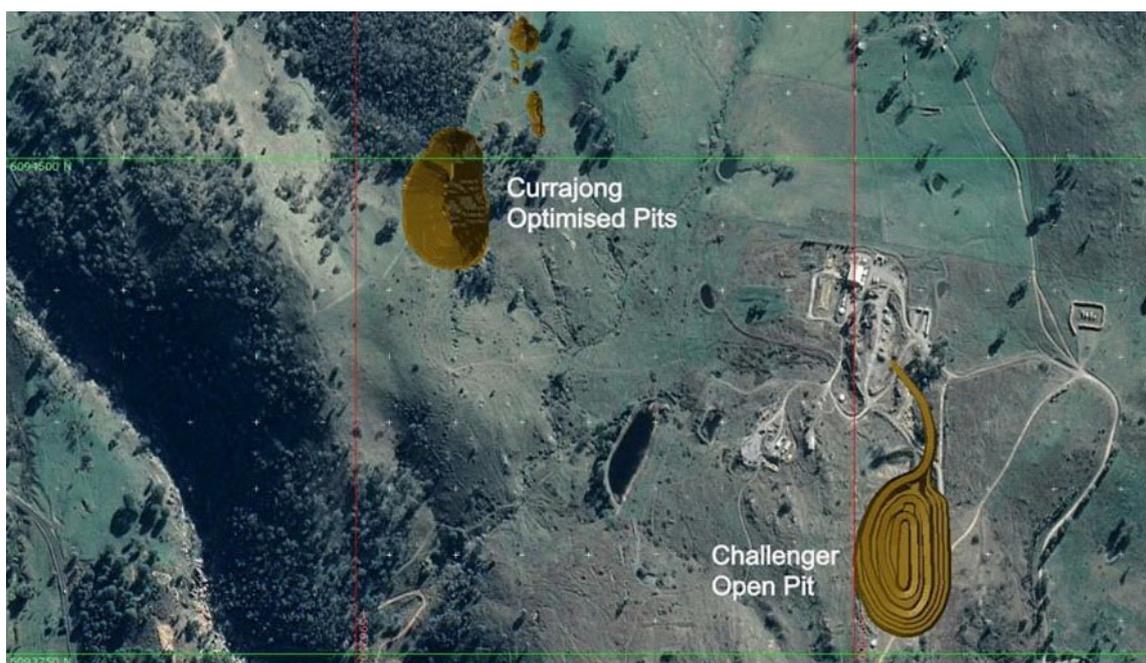


Figure 4 - Position of the Challenger, and Currajong pits, and Central Processing Plant

None of the deeper resources at the Currajong Deposit were assessed for underground mining so have not been included in this Scoping Study. Additional drilling would be needed to prepare an open cut plan for Caledonian as well as underground mine plan for the Currajong, Caledonian and Donkey Hill deposits.

Production Targets

The above mining plans generate the Production Targets that are expected to be delivered to the processing plant for treatment and represent those used in the Initial Scoping Study. These Production Targets are summarised in Table 11 below.

Table 11 - Production Targets used in the Initial Scoping Study

Production Targets	Tonnes (t)	Grade g/t Au	Contained Gold (g)	Contained Gold (oz)
Challenger Open Cut	372,218	3.80	1,412,899	45,426
Challenger U/ground	74,782	3.59	268,703	8,639
Currajong Open Cut	262,141	2.27	595,713	19,153
Total Treated	709,141	3.21	2,277,315	73,218

As noted above there are additional resources that for lack of detailed drilling and technical information have not been assessed for development in this Initial Scoping Study and so excluded from these Production Targets. Less than 40% the published resources at Adelong have been assessed at this stage. Additional exploration and evaluation will be required to determine what components of the remaining resources may be incorporated in the Production Targets in future.

PROCESSING PLANT PROPOSED IN THE INITIAL SCOPING STUDY

The original development approval that led to the grant of the Mining Lease (ML1435) for the Adelong Gold Project was based on a conventional CIL circuit treating ore from a proposed small scale open cut and underground mining at Challenger. However, much of the subsequent work, including the plant constructed in 2016/7, was based on a flotation/gravity circuit followed by cyanide gold recovery from the concentrates.

Initially, 3D Resources Ltd assessed the current plant and its performance. It was found that the failure of the 2017 project can be largely blamed on poor plant design, poor equipment choices, and low throughput. However, the historical metallurgical test work shows that Adelong ore is amenable to a full range of processing options and so the task facing the Company was to look at alternate process routes and plant designs that can work commercially at Adelong.

Details of the test work undertaken and the assessments completed are included in the body of the Initial Scoping Study, but many of the findings were announced to the ASX in the June 2021 Quarterly Report released on [19 July 2021](#). The key focus of the test work was on reducing the grinding requirements. Adelong ore, and associated host rock, are extremely hard with a work index(WI) of between 17 – 27kWhr/t. with a much harder host rock having a WI of 25-27kWhr/t. So recovering the gold at a coarse grind size was critical to reducing energy costs and improving plant throughput.

As a result of the test work, the final plant design chosen for this Initial Scoping Study involves:

- A three stage crushing circuit reconfigured with the addition of one new crusher. This aims to take the ore to P₈₀ 12mm;
- A two stage grinding circuit with the addition of a rod mill followed by the existing ball mill;

- A gravity circuit comprising two sets of rougher and cleaner spirals taking P₈₀ 1mm material from the initial rod mill and P₈₀ 350µ from the ball mill. A final Knelson concentrators acting as a scavenger to recover any liberated gold lost by the spirals to tailings. All tails from this gravity circuit would be stacked and potentially the sand sold. (No sales of sand included in the revenues in the Scoping Study).
- Concentrates from the Spirals and Knelson concentrators to be subject to a regrind with P₈₀ 100µ followed by intense cyanide leach
- Slimes and fines from the grinding circuits is to be sent to leach tanks which would then be combined with the residues from the concentrate leach tanks for final cyanide leach
- Gold recovered to activated carbon and then to dore/gold bullion by conventional electrowinning and smelting process.
- Tailings from cyanide leach circuit is to go to a detox tank to reduce cyanide levels to <30ppm CN WAD prior to discharge into a Tailings Storage Facility (TSF). The Adelong Project is approved for the use of cyanide and discharge of tails at that level.

OTHER INFRASTRUCTURE REQUIREMENTS IDENTIFIED IN THE SCOPING STUDY

A preliminary tailings facility has been designed with an initial dam (TSF1) located below the plant and a second dam (TSF2) just north of this on a neighbouring property. Estimates have been made for constructing these dams in the model.

Water is to be sourced from Adelong. The revised plant requirements are unlikely to be available from Town Water Supply but the council have indicated they are prepared to provide wastewater that is currently discharged from the Adelong Sewerage plant into the Adelong Creek (at a cost).

The study assumes that power will be supplied via existing diesel gensets with the addition of an additional diesel genset. A very brief review was undertaken of taking power from a 66kVa power line that crosses the property but an indicative cost of +\$2M was suggested as the cost of such a substation and this option was rejected. Potential exists for seeking a contracted power supply that would capitalise the costs of the substation.

The Adelong Gold Project is ideally located with the local communities of Adelong, Wagga, and Tumut and so offers a range of services (engineering, cranes, surveying, accounting and machinery repairs etc) as well as a source of local labour .

The development plan would expand the area of disturbance so will increase the environmental bond requirements with the NSW government. These have been estimated for the purpose of this study.

KEY FINANCIAL METRICS GENERATED BY THE INITIAL SCOPING STUDY
Table 12 – financial/project summary

Initial Capital Costs (A\$M) (excludes working capital)	\$11.20
Years of Operation	5
Employees(approx.)	30
	INITIAL SCOPING STUDY
Tonnes Mined & Processed (t)	709,320
Grade (g/t Au)	3.21
Contained Gold (Ounces)	73,216
Gold Produced (oz)	67,579
Gold Price (US\$/oz)	\$1,850
Exchange Rate	\$0.73
Revenue (A\$M)	\$170.40
Operating Costs (A\$M)	
Mining Costs	\$62.31
Processing Costs	\$27.05
Administration	\$4.60
Cost of Sales	\$0.64
Royalties	\$5.65
Total Operating Costs (A\$M)	\$100.24
Production CAPEX (A\$M)	\$7.90
PRODUCTION CASH FLOW (A\$M)(Before Tax)	\$62.26
Initial Capital Costs (A\$M) (excludes working capital)	\$11.21
NET CASH FLOW (A\$M)(Before Tax)	\$51.06
Total COSTS (\$A/oz)	\$1,766

A more detailed analysis (Table 13) shows that a major source of the potential earnings identified in this Scoping Study comes from the Challenger deposits which are largely Measured and Indicated Resources so have a high probability of supporting the planned development of this project.

Table 13 - Project Analysis (Approx.)

	Tonnes	Grade	Contained oz	EBITDA (\$M)
Challenger Open Cut	372,218	3.80	45,426	48.9
Challenger Underground	74,782	3.59	8,639	8.0
Currajong	262,141	2.27	19,158	13.2
TOTAL CAPITAL (Project Life)				-19.1
TOTALS	709,141	3.21	73,218	51.1

Project Financing

The Company believes there is a reasonable basis to assume that the necessary funding for the Project will be able to be obtained, because of (but not limited to) the following:

- The positive financial metrics of the project and the underlying demand for gold is expected to see prices rise from those used in the Scoping Study;
- The 5-year mine life and the likely percentage of Measured and Indicated Resources that should be able to be converted to Reserves to establish a long “Reserve tail” that is generally a prerequisite for debt capital markets participation in mining projects;
- The proven and well understood processing route reducing technical risk;
- The location of the Project and the positive geopolitical risk profile associated with it; and
- The likely size of the capex is likely to mean there are significantly more financing options available than a project with larger capex.

Upside Potential

- Around 60% of the resources have not been included in this initial Scoping Study at this stage as the drilling is insufficient to plan their development. Additional discoveries may also be made;
- While the project is expected to produce significant quantities of rock and sand and tests show this material is of a quality that can be sold, no income from the sale of this material has been included in the Scoping Study forecasts.

Downside Risks

- The resources, and in particular, the Inferred Resources at Currajong, represent a geological risk and further exploration may reduce the potential ore that is delivered to the plant and so affect these forecasts
- The study is +/-40% accuracy and so may result in a negative (or positive) change.
- Government approvals including environmental approvals may delay or require changes to the development plans as outlined in the Scoping Study.

FUTURE PLANS

The Initial Scoping Study has demonstrated a commercial project exists based solely on the Challenger and Currajong deposits. Applying similar cost structures at Caledonian has also shown that these Inferred Resources could add significant value longer term and so will be the subject of further exploration work to better realise these values for inclusion in any final Scoping Study. Similarly recent exploration below the proposed Challenger Open Cut has shown the potential for the possibility of accessing the deeper resources which will warrant additional investigation.

With these additional options there is the basis of a potential +5years mining operation that can form the basis for future discussions with government and obtaining the approvals to develop the mines at Currajong, Caledonian and Donkey Hill, as well as the plans to expand production

HIGH GRADE DRILL RESULTS AT CHALLENGER IN RECENT DRILLING PROGRAM

During the September quarter, the Company completed a 2,059metre Reverse Circulation drilling program on the Challenger Deposit with the analytical results completed in the December quarter ([ASX Announcement 25 October 2021](#)) The results were encouraging, including some higher-grade intercepts, with the successful drilling campaign into the Challenger Deposit intersecting potentially commercial grade mineralisation.

This drilling program was designed primarily to test the Challenger deposit around the periphery of the planned open cut mine that the Company has designed. Particular attention was placed on the area below the open cut where historical drilling had suggested a zone of lower grade mineralisation existed before several deeper higher grade intercepts showed that the mineralisation continued to depth. These results are depicted in Figure 6.

In addition, a drill hole (3D020) was placed in the core of the planned Challenger open cut. This hole was primarily drilled to provide samples for testing the “waste” material for potential acid formation. This work was necessary to obtain the necessary approvals from the government in managing waste disposal plans. These tests confirmed earlier tests that the waste rock at Challenger is not acid generating. However the additional benefit of this hole was to confirm earlier drilling and geological interpretation. Figure 3 provides a cross section that shows the intersection reported for 3D020 (15m @ 2.85g/t Au from 105m) and it shows the results fit well with the historical drill results along this same section.



Figure 5 - Figure 5: Drill Hole locations at Challenge deposit

DH No	Easting MGA94 (z.55)	Northing MGA94 (z.55)	Elevation (m RL)	Depth (m)	Azimuth (° N Grid)	Inclination (°)	Intersections
3D011	597,067	6,093,779	475	120	99°	72°	3metres @1.92g/t Au from 72metres after passing through old workings(71-72m)
3D012	597,037	6,093,732	480	114	104°	62°	No Significant Intersections. Hole deviation may not have reached target
3D013	597,004	6,094,028	429	170	95°	68°	3metres @ 4.87g/t Au from 152m (including 1metre @ 12.4g/tAu)from 152m
3D014	596,986	6,093,985	434	160	94°	50°	3metres @ 2.3g/t Au from 145m
3D015	596,973	6,093,921	444	192	85°	57°	5 metres @ 9.16g/tAu from 176metres (including 2metres @ 20.9g/t Au from 177m) In addition, intersected old workings 169-172m and either side of the old workings a 1m intersection of 1.12g/tAu and 2.92g/t Au
3D016	596,975	6,093,918	444	210	112°	50°	10metres @ 1.67g/t Au from 162m after intersecting old workings at 160m (includes 4m @ 2.23g/tAu)
3D017	596,974	6,093,918	444	210	107°	59°	7metres @ 1.55g/tAu from 181m
3D018	596,975	6,093,920	444	192	99.6°	56°	1metre @ 2.26g/tAu from 168m and a further 3metres @3.07g/t Au from171m.
3D019	596,973	6,093,921	444	180	95.7°	55°	5metres @ 2.79g/tAu from 168m. The final 7m to EOH showing low grade (0.33g/t Au). Hole stopped short because of poor hole conditions
3D020	597,012	6,093,898	455	150	87°	50°	Main intersection 15metres @ 2.85g/t Au from 105m which includes individual higher grade 1m samples assaying 7.87g/t Au, 6.11g/tAu and 5.03g/tAu. A smaller 3m low grade vein structure also exists at 80m (3m @ 0.85g/t Au) 2m of old workings intersected at 92m surrounded by 12m low grade halo (0.25g/tAu avg)
3D021	596,955	6,093,841	453	199	94°	50°	3metres @ 1.23g/tAu from 186m after meeting old workings at 185m
3D022	596,955	6,093,842	453	174	86°	52°	Hole terminated in workings at 174m but had intersected 3metres at 2.37g/tAu prior to EOH from 171m
CHAEX01	597,085	6,094,219	423	54	90°	55°	Stopped in mineralisation halo 0.4-0.5g/tAu
CHAEX02	597,046	6,094,222	416	75	88°	52°	Black Chloritic Shear cutting off mineralisation 1m @ 1.07g/t Au contained within shear selvage
CHAEX03	597,044	6,094,188	422	90	86°	54°	No significant intersection but evidence of shearing/faulting

Table 24 - Significant drill hole intercepts to date from Challenger deposit drill program

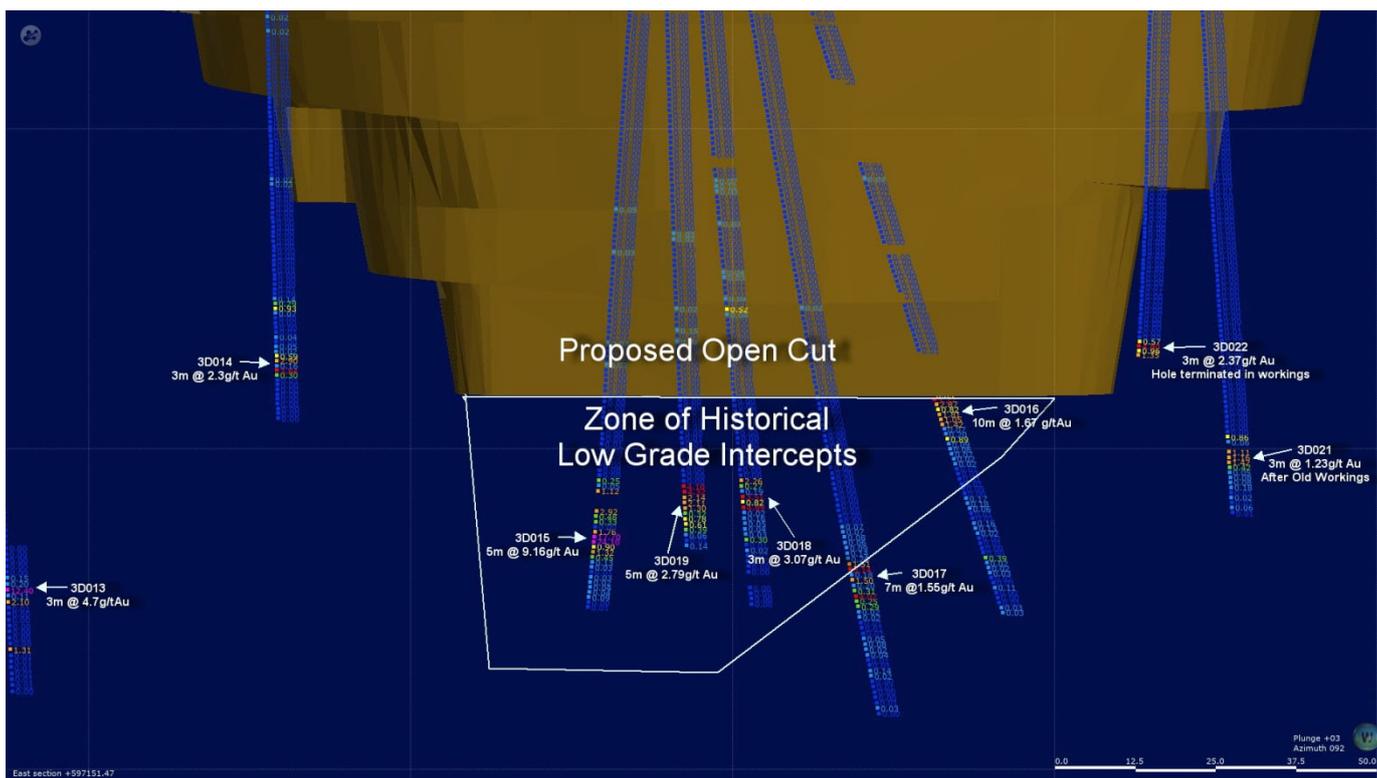


Figure 6 - Low grade zone identified in historical drilling that was targeted for evaluation

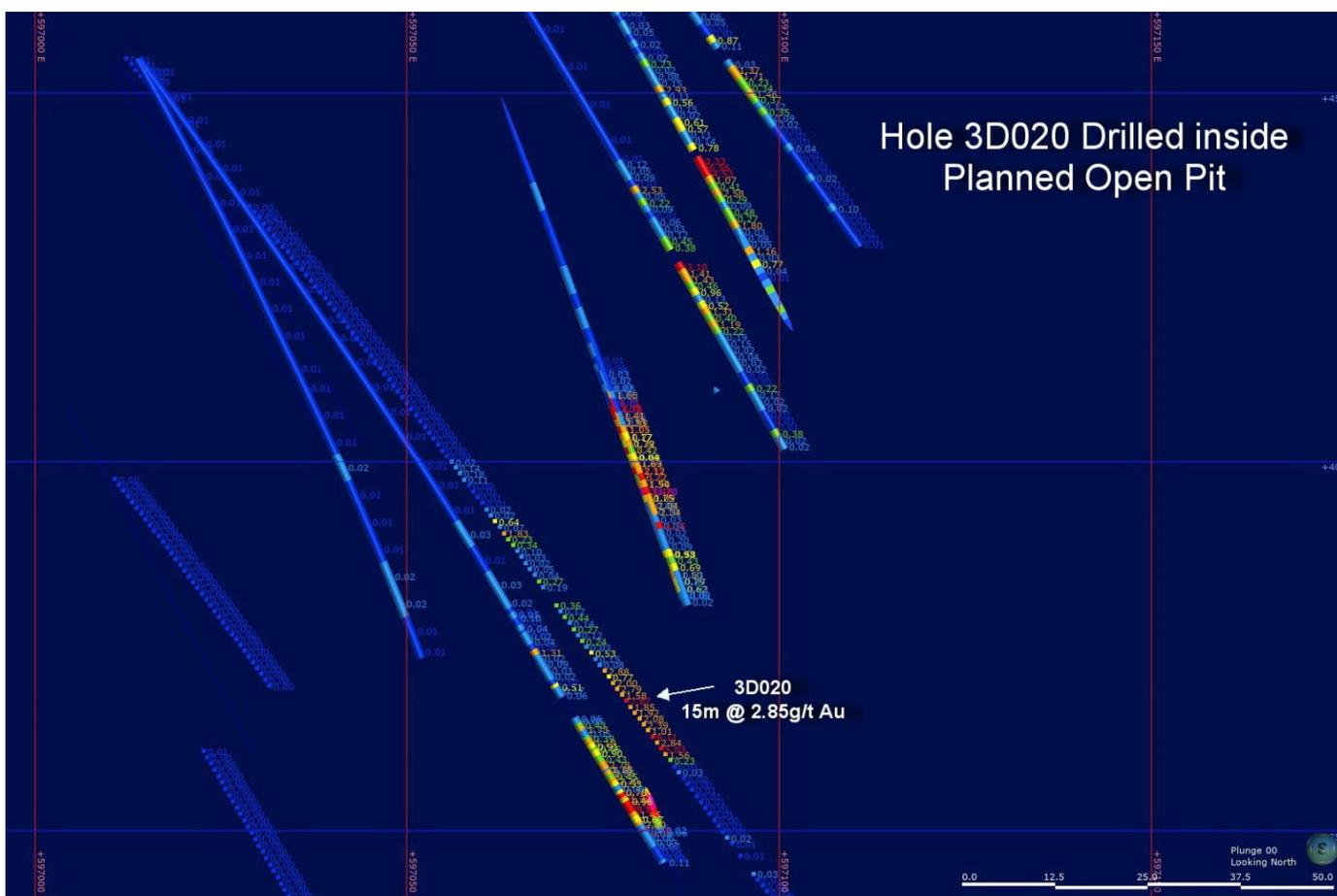


Figure 7 - Cross section across Drill hole 3D020 that shows historical drill results through the planned open cut

Challenger Extended Drill Program

The Company targeted the northern end of the Challenger Extended to explore for potential extensions to the known resource. The three shallow holes located shearing but no significant mineralisation. The current interpretation is that the ore zone has been displaced by a dextral fault similar to the break between Challenger and Challenger Extended deposits so further exploration is required.

Future Exploration

The Company is using the current period while site conditions for drilling are unsuitable to set up a regional exploration program. Very little of the historical exploration had examined areas outside of the historical mines and recently enhanced geophysical data covering much of the Exploration License has generated some potential structural targets.

With the Government having approved many of the key areas for drilling, the Company plans additional programs in 2021/2. Typically, the wet conditions that can hamper drilling in the Adelong region continue through to the start of summer, so the Company plans to engage the drilling contractor for another program during the summer months.

Potential drill sites include:-

- Caledonian – to upgrade/expand the resources and better define that resource for mine planning purposes
- Currajong- deeper drilling to upgrade the resource and look at options for underground mining the deeper deposits
- Fletchers – to initiate drilling on this deposit which is located immediately south of Donkey Hill
- Donkey Hill – to upgrade/expand the resources and better define that resource for mine planning purposes for an underground operation

Cash

As at 31 December 2021, the Company had a reported cash position of \$687,000.

Related Party Payments

In line with its obligations under ASX Listing Rule 5.3.5, 3D Resources Limited notes that the only payments to related parties of the Company, as advised in the Appendix 5B for the period ended 31 December 2021, pertain to payments of Directors Fees.

-ENDS-

Released with the authority of the board.

For further information on the Company and our projects, please visit: 3dresources.com.au

Contact:

3D Resources Ltd

Peter Mitchell

Managing Director
Peter.mitchell@3dresources.com.au
+61 400 880 309

Andrew Draffin

Company Secretary
andrew.draffin@3dresources.com.au
+61 3 8611 5333

Mark Flynn

Investor Relations
mark.flynn@3dresources.com.au
+61 416 068 733

Competent Persons Statement

Information referred to this “ASX Announcement” relates to a JORC (2012) Resource Estimation published by Robin Rankin who is the Competent Person and Member of the AusIMM in respect of those Resource Estimates.

Mr Peter Mitchell has prepared the “ASX Announcement” of the JORC (2012) Resource Estimate based on the report prepared by Robin Rankin and his own experience with the Exploration Results and geological data for this Project. Mr Peter Mitchell is a Member of the Australasian Institute of Mining and Metallurgy, the Institute of Materials, Minerals and Mining and the Canadian Institute of Mining, Metallurgy and Petroleum. He is Managing Director and paid by 3D Resources Ltd. Peter Mitchell has sufficient experience that is relevant to the style of mineralisation and types of deposits under consideration and to the activity being undertaken to qualify as a Competent Person (CP) as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (the JORC Code). Mr Peter Mitchell believes that these Resource Estimates fairly represent the resources the subject of this Report.

The JORC (2012) Resource Estimates and associated report referred to this announcement was prepared Robin Rankin. Robin Rankin is a Competent Person who is a Member (#110551) of the Australasian Institute of Mining and Metallurgy (MAusIMM) and accredited since 2000 as a Chartered Professional (CP) by the AusIMM in the Geology discipline. Robin Rankin provided this information to his client, 3D Resources Limited as paid consulting work in his capacity as Principal Consulting Geologist and operator of independent geological consultancy GeoRes. He and GeoRes are professionally and financially independent in the general sense and specifically of their client and of the client’s project. This consulting was provided on a paid basis, governed by a (in this case an on-going engagement) scope of work and a fee and expenses schedule, and the results or conclusions reported were not contingent on payments. Robin Rankin has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person (CP) as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (the JORC Code). Robin Rankin consented to the inclusion in the report of the matters based on his information in the form and context in which it appears in the ASX Announcements released on 29th September 2021 and 5th October 2021.

Australian Tenement Schedule at 31 December 2021

In accordance with ASX Listing Rule 5.3.3, 3D Resources Limited provides its list of exploration licences with its September quarterly activities report.

Project and Location	Tenements Held At Commencement of Quarter	Tenements Acquired or Disposed of During Quarter	Beneficial Interest at End of Quarter	Areas Ha	Notes
Adelong, NSW	ML1435, MCL 279-291, MCL 311-313, EL5728	No Change No Change No Change No Change	100% 100% 100% 100%	145Ha 24.4Ha 5.5Ha 6,835Ha	Acquired through the acquisition of Challenger Mines Pty Ltd in May 2020. ML1435, MCL 279-291, and MCL 311-313 recently renewed to 27 September 2040

Appendix 5B

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

Name of Entity

3D RESOURCES LIMITED

ABN

15 120 973 775

Quarter ended ("current quarter")

31 DECEMBER 2021

Consolidated Statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	(1)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(128)	(419)
1.3 Dividends received	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from/(used in) operating activities	(127)	(419)

Appendix 5B

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

	Current quarter \$A'000	Year to date (6 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(141)	(541)
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	(211)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from/(used in) investing activities	(141)	(752)

	Current quarter \$A'000	Year to date (6 months) \$A'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities ¹	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from/(used in) financing activities	-	-

Appendix 5B

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

	Current quarter \$A'000	Year to date (6 months) \$A'000
4. Net increase/(decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	955	1,858
4.2 Net cash from /(used in) operating activities (item 1.9 above)	(127)	(419)
4.3 Net cash from /(used in) investing activities (item 2.6 above)	(141)	(752)
4.4 Net cash from /(used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Effect on deconsolidation of subsidiary	-	-
4.7 Cash and cash equivalents at end of period	687	687

	Current quarter \$A'000	Previous Quarter \$A'000
5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	687	955
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	687	955

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
63
-

Appendix 5B

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

7. Financing Facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities		

7.5 Unused financing facilities available at quarter end -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

N/A

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from/(used in) operating activities (item 1.9)	(127)
8.2 Payments for exploration & evaluation classified as investing activities (item 2.1(d))	(141)
8.3 Total relevant outgoings (item 8.1 + Item 8.2)	(268)
8.4 Cash and cash equivalents at quarter end (item 4.6)	687
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	687
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.6

8.8 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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

N/A

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

N/A

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

N/A

Appendix 5B

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

Compliance Statement

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

Date: 31 January 2022

Authorised by: Andrew Draffin
Company Secretary

Notes:

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