



ASX RELEASE (16 DECEMBER 2022)

\$1m Convertible Note Funding Secured

R3D Resources Limited (ASX: **R3D**) (the **Company**) is pleased to advise that the Company has secured firm commitments to raise \$1,000,000 from the issue of Convertible Notes, to be completed in January 2023 (the **Convertible Notes**).

Highlights:

- \$1 million Convertible Note funding committed and to be drawn by 15 January 2023;
- Conversion price of \$0.15 per share represents a 150% premium to the last close price;
- Funds to be applied towards working capital supporting Copper Sulphate production at Tartana over 2023;
- R3D in strong financial position with:
 - Recent Zeehan Zinc Slag margin increase which is expected to continue into 2023;
 - Copper Sulphate production at Tartana to commence early 2023 with 100% offtake secured;
 - Recent participation by the directors in a placement at \$0.10 totalling \$330,000; and
 - Convertible note funding secured providing additional working capital for Tartana production ramp up.

The Convertible Notes will be issued on or before 15 January 2023 with a face value totalling \$1 million. The Notes will be convertible into Shares at \$0.15 per share, with conversion subject to shareholder approval to be sought within six months following the Convertible Note issue. At the Company's election, a further \$500,000 may be requested from the investors with at least 21 days' notice for drawdown between 15 March and 15 June 2023. Further terms of the Convertible Notes are set out in the Annexure that follows.

Managing Director, Stephen Bartrop commented:

"We're pleased to have secured this \$1 million commitment which will support the production ramp up at our Tartana Copper Sulphate plant from early next year. The terms of this Convertible Note are attractive to the Company and the high conversion price premium is indicative of investor confidence in R3D."

Earlier this month, R3D announced that its cash margin on its Zeehan Zinc slag exports have increased to approximately A\$15 per tonne (ASX Announcement: 5 December 2022) with 20,000 tonne shipments expected every four to six weeks from this month. Combined with the Copper Sulphate production targeted to commence early next year and a 100% offtake having been agreed, the Company expects to see strong cash inflows which will bring R3D closer towards becoming a self-funded explorer of its highly prospective project portfolio.

R3D Resources Limited (ASX: R3D)

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This Convertible Note funding is in addition to the directors participation in a \$0.10 placement following shareholder approval at last month's AGM which totals \$330,000, including a now former director.

This announcement has been approved by the Disclosure Committee of R3D Resources Limited.

Further Information:

Stephen Bartrop

Managing Director

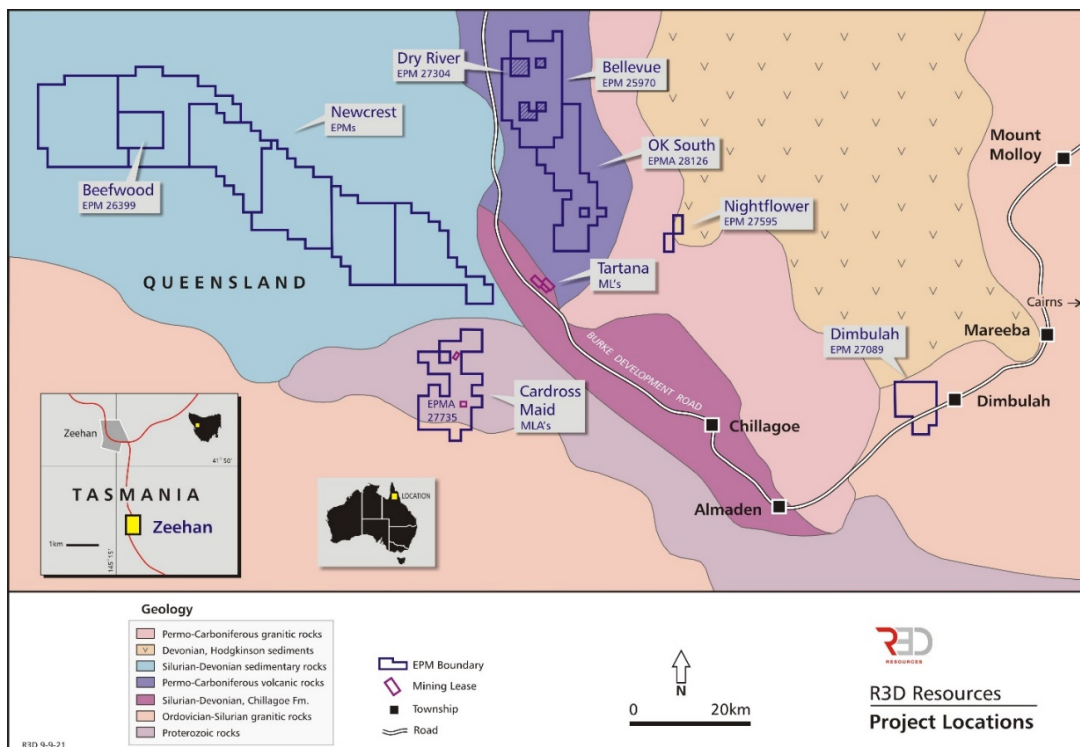
R3D Resources Limited

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About R3D Resources Limited

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





Annexure A: Convertible Note Terms

1. Issuer	R3D Resources Limited (the Note Issuer or the Company)
2. Investors	Sophisticated, wholesale, professional investors or other investors exempt from offer document disclosure by way of section 708 of the Corporations Act.
3. Aggregate Face Value	\$1,000,000 to \$1,500,000
4. First Issue Date	On receipt of drawdown funds, being no later than 15 January 2023
5. Maturity Date	12 months from the issue date
6. Drawdowns	Initial drawdown of \$1,000,000 (the First Notes) no later than 15 January 2023. R3D may elect, with at least 21 days notice to the Noteholders, for the drawing of an additional \$500,000 (pro-rata to their First Note holding) on the same terms as the First Notes in Further Notes, with such Further Notes to be issued and drawn no earlier than 15 March 2023 and no later than 15 June 2023.
7. Conversion	At the election of the Noteholders at any time prior to the Maturity Date into fully paid ordinary shares (Shares) which rank pari passu with all other Shares in R3D, subject to shareholder approval being received (note below). The Conversion Price is \$0.15 per Share.
8. Repayment	The Noteholders may not direct the repayment of the Notes in cash prior to the Maturity Date except on the occurrence of a Repayment Event. On the Maturity Date, the Noteholders must make an election in writing to either demand the repayment of the Notes in cash or convert the Notes into FPO Shares. If an election is not made by the Noteholder within 7 days after the Maturity Date, the Notes may be either repaid or converted into FPO Shares at the Company's sole discretion. Repayment Events include: <ul style="list-style-type: none"> • In the event of an insolvency event in the Note Issuer; • In the event that the Company (and its related bodies corporate) lose their ability to continue to operate their business;
9. Interest	15% per annum (simple interest) paid monthly.
10. Security	A General Security Agreement will be executed in favour of the Noteholders by the Note Issuer.
11. Shareholder Approval and Listing Rules	Issue of Notes will be made without Shareholder Approval, however conversion of the Notes into FPO Shares will be subject to shareholder approval to be sought within six months of the Notes being issued.
12. Fees	The Noteholders will receive establishment fees totalling up to 4% on drawn amounts to be paid within 7 days of the issue of the Notes.
13. Formal Agreements	Formal convertible note agreements and the General Security Agreement will be executed before the issue of the Notes which is expected before 15 January 2023.