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**and its Controlled Entities**

ABN 12 145 184 667

**Half Year Financial Report**

**30 JUNE 2023**

# CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES CORPORATE INFORMATION

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## DIRECTORS

|                   |                        |
|-------------------|------------------------|
| Mr Robert Martin  | Non-Executive Chairman |
| Mr Alex Cheeseman | Managing Director      |
| Mr John Markovic  | Non-Executive Director |

## COMPANY SECRETARY & INTERIM CFO

Mr Harry Spindler

## REGISTERED AND PRINCIPAL OFFICE

Level 50, 108 St Georges Terrace  
Perth WA 6000  
Telephone (08) 9389 4499  
Website [www.criticalresources.com.au](http://www.criticalresources.com.au)

## POSTAL ADDRESS

PO Box 1024  
West Leederville WA 6007

## AUDITORS

BDO Audit (WA) Pty Ltd  
Level 9, Mia Yellagonga Tower 2  
5 Spring Street  
Perth WA 6000

## SHARE REGISTER

Computershare Investor Services Pty Limited  
GPO Box 2975  
Melbourne, VIC 3001  
Telephone 1300 850 505  
(03) 9415 4000

Critical Resources Limited shares are listed on the Australian Securities Exchange (ASX)

|                 |                |
|-----------------|----------------|
| <b>ASX Code</b> | CRR            |
| <b>ACN</b>      | 145 184 667    |
| <b>ABN</b>      | 12 145 184 667 |

In this report, the following definitions apply:

**"Board"** means the Board of Directors of Critical Resources Limited

**"Critical"** or the **"Company"** means Critical Resources Limited ABN 12 145 184 667

**"Group"** means Critical Resources Limited and its controlled entities

**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES**  
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# **CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT FOR THE HALF YEAR ENDED 30 JUNE 2023**

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The directors of Critical Resources Limited, ("Critical Resources", "CRR" or "the Company") submit the financial report of the Company and its controlled entities ("the Group") for the half year ended 30 June 2023.

## **DIRECTORS**

The names and details of the Directors of Critical Resources in office during the half year and until the date of this report are set out below. Each director was in office for the entire period unless stated otherwise.

The names and particulars of directors who are in office at the date of this report:

|                   |                        |
|-------------------|------------------------|
| Mr Robert Martin  | Non-Executive Chairman |
| Mr Alex Cheeseman | Managing Director      |
| Mr John Markovic  | Non-Executive Director |

The names and particulars of directors who are not in office at the date of this report but who held office during the period:

|                |   |
|----------------|---|
| Mr Michael Leu | Non-Executive Director (resigned 27 March 2023) |
|----------------|---|

## **COMPANY SECRETARY**

Mr Harry Spindler

## **PRINCIPAL ACTIVITIES**

The principal activity of the Group during the period was mineral exploration and development.

## **FINANCIAL RESULTS**

The loss for the Group for the six months ended 30 June 2023 amounted to \$3,416,862 (30 June 2022: loss of \$1,094,097). As of 30 June 2023, the Group had cash and cash equivalents of \$2,000,944 (31 December 2022: \$8,573,127) and net assets of \$21,700,797 (31 December 2022: \$24,543,597). With an increased focus of effort and resources on the Mavis Lake and Halls Peak projects, the Company as matter of prudence has recognised a provision for impairment relating to its Oman projects during the period.

## **REVIEW OF OPERATIONS**

Critical Resources is an ASX listed company focused on the advancement and development of critical metals projects for a decarbonised future. The Company holds a suite of lithium prospects across Ontario, Canada, including Mavis Lake, Graphic Lake, Plaid and Whiteloon Lake Projects. The Company's other projects include the Halls Peak Project in NSW, Australia, a high-quality base metals project with significant potential and the Block 4 and Block 5 copper project, located in Oman.

The Company's primary objective is the rapid development of its flagship Mavis Lake Lithium Project. Mavis Lake has a JORC 2012 compliant Mineral Resource Estimate of 8 million tonnes at 1.07% Li<sub>2</sub>O and has near-term development potential. Critical Resources has completed over 30,000m of drilling at Mavis Lake and continues exploration field work on identified targets and drilling to increase the resource base. In addition, the Company has also commenced technical studies and environmental monitoring programs that will underpin the transition from explorer to developer.

## **Corporate**

The following events summarise the major corporate activities during the half year:

- In February 2023, the Company issued 4,422,253 fully paid ordinary shares following the conversion of the equal number of options at \$0.04 per share.
- Mr Anthony Tse, former Managing Director and Chief Executive Officer of lithium operator and project developer, Galaxy Resources (now merged with Orocobre to form Allkem), was engaged in June 2023 as a Strategic Advisor. Mr Tse provides support to the Company Board in delivery of its growth strategy, centred on the Mavis Lake Lithium Project. He has extensive

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# CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES

## DIRECTORS' REPORT

### FOR THE HALF YEAR ENDED 30 JUNE 2023

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experience in developing lithium companies and delivering high-value shareholder outcomes through acquisition, divestment and merger activity.

- Subsequent to period end, the Company completed a capital raising of \$10.2 million before costs via the issue of 129,161,955 fully paid ordinary shares at an issue price of CAD\$0.0545 (AUD\$0.0609) per share as Canadian 'flow-through shares', and the issue of 51,111,111 fully paid ordinary shares at an issue price of AUD\$0.045 per share to institutional and professional investors.

#### **Strategic Acquisition Expanding Mavis Lake Footprint**

In January 2023, the Company completed the acquisition of the Gullwing-Tot Lakes property, comprising 358 individual claims totalling ~7,518 hectares. The property is located approximately 9km northeast of Critical Resources' Mavis Lake 'Main Zone'.

In addition to this acquisition, the Company staked additional claims extending the Mavis Lake project area and ultimately connecting the Mavis Lake with Gullwing-Tot Lakes areas, forming a new, contiguous and enlarged Mavis Lake Project Area. The new combined area of the Mavis Lake Project represents a 324% increase and now covers approximately 22,984 hectares.

Considered to be highly prospective for lithium mineralisation, historical exploration identified multiple spodumene-bearing pegmatites over the project area.

The key transaction terms were: (a) CAD\$600,000 cash payment to the vendor; (b) the issue of CAD\$600,000 in shares to the vendor (or nominees) of deemed value (issued 30 December 2022); and (c) agreement to a 1% Gross Margin Royalty for mineral production within the mining claims acquired by the Company.

#### **Exploration Activities**

A brief overview of each of the existing projects and the work conducted during the course of the half year is as follows:

##### **Lithium Portfolio, Canada (Ontario)**

##### ***Mavis Lake Lithium Project, Canada***

Following on from the Company's exceptional exploration program completed in 2022, the Company recommenced its drilling program at Mavis Lake in early January 2023 (following a short pause of drilling works over the Christmas/New Year period). The program commenced with two drill rigs in order to maximise tonnage for the maiden Mineral Resource Estimate. The Board commenced the 2023 program with a commitment to a minimum of 20,000m of drilling at Mavis Lake.

Drill testing of outcrops adjacent to the Mavis Lake Main Zone allowed for the discovery of a Southern Zone, further testing of the Southern Zone is required to build up a comprehensive understanding of the entire 'Main Zone' Area.

Drilling at the Mavis Lake Main Zone during the period continued to intercept mineralised pegmatite with multiple thick intercepts over 15m wide with grades consistently over 1.1% Li<sub>2</sub>O, with localised sections over very high-grade, over 1.6% Li<sub>2</sub>O.

Following the deployment of its rapid exploration and drilling programs, the Company announced a Maiden, JORC Code 2012, Inferred Mineral Resource Estimate (MRE) of 8Mt at 1.07% Li<sub>2</sub>O for the Mavis Lake Lithium Project (refer announcement dated 5 May 2023). The release of the MRE placed the Company into a small group, becoming one of only two ASX-listed Companies to hold a JORC Code 2012 Compliant MRE for Lithium in Ontario, Canada.

Subsequent to the release of the maiden MRE, the Company released assay results in June (that were not included in the MRE), demonstrating clear potential for a future resource upgrade with multiple thick intercepts up to 74m thick, with lithium grades ranging from 0.99% Li<sub>2</sub>O to 1.59% Li<sub>2</sub>O.

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# CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES

## DIRECTORS' REPORT

### FOR THE HALF YEAR ENDED 30 JUNE 2023

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Consistent with the Company's strategy of delivering continued Resource growth in parallel with advancing project development work streams, initial results were received during the period for metallurgical test work. Assay results confirmed a high-grade, low-impurity, coarse concentrate product could be produced from a simple heavy liquid separation (HLS) process. Additional flotation test work confirmed recoveries up to 87.3% from a hybrid flow-sheet combining coarse and fines concentrate products.

The Company commenced its summer exploration fieldwork program in May, undertaking initial exploration activities on the northern prospects of the Mavis Lake Project Area (targeting the Gullwing, Little Wing and Tot pegmatites). The field-based exploration work involved mapping and rock-chip sampling, all aimed at developing future drilling targets. Permitting worked commenced to allow future drilling of the Gullwing, Little Wing and Tot pegmatites.

#### **Graphic Lake Lithium Project**

With a focus of effort and resources on Mavis Lake, no work was undertaken at Graphic Lake during the period.

#### **Plaid and Whiteloon Lake Projects**

With a focus of effort and resources on Mavis Lake, no work was undertaken at Plaid and Whiteloon Lake during the period.

#### **Halls Peak Base Metals Project – Australia (NSW)**

During the period, all field work was constrained to rehabilitation and environmental inspections post the 2022 drilling program. Desktop work was completed, resulting in the release a Maiden, JORC Code 2012, Inferred MRE 840,000 tonnes @ 3.7% zinc, 1.5% lead, 0.44% copper, 30 grams/tonne silver and 0.1 grams/tonne of gold at a 2.0% zinc cut-off grade (refer to announcement dated 30 June 2023). The project mineralisation remains open along strike and at depth offering the potential for resource upgrade from follow up drilling.

#### **Copper Project (Block 4/ Block 5) – Oman (Sohar)**

With a focus of effort and resources on Mavis Lake, no substantial work was undertaken at Block 4 or Block 5 during the period. With a 2012 JORC compliant resource of 0.84Mt at 3.4% Cu on Block 5, commercial discussions regarding the Sohar Project continue with a range of interested parties.

#### **ESG and Sustainability**

During the period, Critical Resources executed an Agreement In Principle ("AIP") with the Wabigoon Lake Ojibway Nation ("WLON") related to ongoing exploration and project development activities at the Mavis Lake Lithium Project.

The AIP follows 18 months of positive engagement between the Company and WLON, the AIP defines how WLON and Critical Resources will work together to conduct continued exploration and project development activities. It also lays the foundation for the development of a consultation framework and an impact benefit agreement associated with future operations at Mavis Lake.

#### **Compliance Statement**

*This report contains information on the Mavis Lake Lithium Project, Canada extracted from ASX market announcements dated 12 January 2023, 23 January 2023, 31 January 2023, 9 February 2023, 16 February 2023, 27 February 2023, 14 March 2023, 27 March 2023, 3 April 2023, 17 April 2023, 18 April 2023, 5 May 2023, 18 May 2023 and 27 June 2023 and reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX market announcement and, in the case of estimates of Mineral Resources (as that term is defined in the JORC Code) that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.*

# CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES

## DIRECTORS' REPORT

### FOR THE HALF YEAR ENDED 30 JUNE 2023

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*This report contains information on the Halls Peak Project, Australia extracted from ASX market announcements dated 30 June 2023 and reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX market announcement and, in the case of estimates of Mineral Resources (as that term is defined in the JORC Code) that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.*

*Critical Resources confirms that it is not aware of any new information or data that materially affects the information included in this report and that all material assumptions and technical parameters underpinning the Mineral Resource estimate in the ASX announcement "Force to Acquire High Grade Copper Projects in Oman" released on 1 September 2020 continued to apply and have not material changed.*

#### **Forward looking statements**

*This report may contain certain forward-looking statements and projections. Such forward looking statements/projections are estimates for discussion purposes only and should not be relied upon. Forward looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved. Critical Resources Limited does not make any representations and provides no warranties concerning the accuracy of the projections, and disclaims any obligation to update or revise any forward looking statements/projects based on new information, future events or otherwise except to the extent required by applicable laws. While the information contained in this report has been prepared in good faith, neither Critical Resources Limited or any of its directors, officers, agents, employees or advisors give any representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement.*

#### **SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

Subsequent to the financial period end the following key events have occurred:

- On 25 July 2023, the Company announced the assay results for Drill Hole MF23-207, with 74.4m at 1.18% Li<sub>2</sub>O, providing a clear pathway for future Resource upgrade and growth at the Mavis Lake Project.
- Following the announcement of the Company's maiden MRE of 8MT @ 1.07% at Mavis Lake in May 2023, the Company subsequently completed the payment of the Milestone 1 Deferred Consideration for this project including a cash payment of \$1.5 million to the project vendors together with the issue of 2,322,341 fully paid ordinary shares in consideration of the Mavis Lake Facilitator Milestone 1 Shares as approved by shareholders on 15 December 2021.
- On 3 August and 8 August 2023, the Company completed a capital raise of \$10.2 million constituting:
  - CAD\$7,039,327 (AUD \$7,865,169) through the issue of 129,161,955 fully paid ordinary shares at an issue price of CAD\$0.0545 (AUD\$0.0609) per share as Canadian 'flow-through shares'; and
  - AUD\$2,300,000 through the issue of 51,111,111 fully paid ordinary shares at an issue price of AUD\$0.045 per share to institutional and professional investors.
- On 29 August 2023, the Company announced the appointments of Mr Stewart Bailey (Study Manager) and Mr Brady Jenkins (Principal Process Engineer and recognised Competent Person for Metallurgy) in support of the Company's strategy of delivering continued resource and exploration growth whilst in parallel advancing project development.

#### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Company during the half year.

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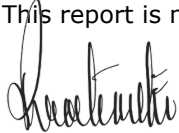
**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES  
DIRECTORS' REPORT  
FOR THE HALF YEAR ENDED 30 JUNE 2023**

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**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 7 for the half year ended 30 June 2023.

This report is made in accordance with a resolution of directors.



**Mr Robert Martin**  
**Non-Executive Chairman**  
Perth, Western Australia  
13 September 2023

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## DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF CRITICAL RESOURCES LIMITED

As lead auditor for the review of Critical Resources Limited for the half-year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Critical Resources Limited and the entities it controlled during the period.



**Glyn O'Brien**

**Director**

**BDO Audit (WA) Pty Ltd**

Perth,

13 September 2023

**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 30 JUNE 2023**

|  | Notes | 30 Jun 2023<br>\$  | 30 Jun 2022<br>\$  |
|--|-------|--------------------|--------------------|
| Interest income  |       | 1,011              | 21,684             |
| Other income   | 3     | 1,450,183          | 545,378            |
| Administrative expenses  |       | (569,784)          | (444,904)          |
| Consulting and staff costs   |       | (772,593)          | (733,481)          |
| Impairment of assets   | 4     | (3,242,099)        | -                  |
| Depreciation   |       | (3,333)            | (714)              |
| Share based payments   | 11    | (273,590)          | (481,342)          |
| Finance costs  |       | (6,657)            | (718)              |
| <b>Profit/(Loss) before income tax expense</b>                     |       | <b>(3,416,862)</b> | <b>(1,094,097)</b> |
| Income tax expense   |       | -                  | -                  |
| <b>Profit/(Loss) for the period</b>                                |       | <b>(3,416,862)</b> | <b>(1,094,097)</b> |
| <b>Other comprehensive income/(loss)</b>                           |       |                    |                    |
| Exchange difference on translating foreign operations              |       | 129,617            | 143,564            |
| Revaluation and exchange (decrease) in financial assets            |       | (6,036)            | -                  |
| Other comprehensive income for period, net of tax                  |       | 123,581            | 143,564            |
| <b>Total other comprehensive (loss) for the period, net of tax</b> |       | <b>(3,293,281)</b> | <b>(950,533)</b>   |
| Net profit/(loss) for the period attributable to:                  |       |                    |                    |
| Owners   |       | (2,030,028)        | (1,060,151)        |
| Non-controlling interests  |       | (1,386,834)        | (33,946)           |
| <b>Net profit/(loss) for the period</b>                            |       | <b>(3,416,862)</b> | <b>(1,094,097)</b> |
| Total comprehensive (loss) for the period attributed to:           |       |                    |                    |
| Owners   |       | (1,902,777)        | (955,935)          |
| Non-controlling interests  |       | (1,390,504)        | 5,402              |
| <b>Total comprehensive income/(loss) for the period</b>            |       | <b>(3,293,281)</b> | <b>(950,533)</b>   |
| <b>Loss per share</b>  |       |                    |                    |
| Basic and diluted loss per share (cents per share)                 |       | <b>(0.15)</b>      | <b>(0.08)</b>      |

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

**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2023**

|                                      |       | 30 Jun 2023       | 31 Dec 2022       |
|--------------------------------------|-------|-------------------|-------------------|
|                                      | Notes | \$                | \$                |
| <b>ASSETS</b>                        |       |                   |                   |
| <b>Current assets</b>                |       |                   |                   |
| Cash and cash equivalents            |       | 2,000,994         | 8,573,127         |
| Trade and other receivables          |       | 632,078           | 233,758           |
| Other assets                         |       | 176,402           | 799,403           |
| <b>Total current assets</b>          |       | <b>2,809,474</b>  | <b>9,606,288</b>  |
| <b>Non-current assets</b>            |       |                   |                   |
| Plant and equipment                  |       | 18,340            | 16,858            |
| Exploration and evaluation           | 4     | 22,122,640        | 19,565,051        |
| Right-of-use assets                  |       | 115,271           | 141,872           |
| Financial assets                     | 5     | 808,534           | 814,570           |
| <b>Total non-current assets</b>      |       | <b>23,064,785</b> | <b>20,538,351</b> |
| <b>Total assets</b>                  |       | <b>25,874,259</b> | <b>30,144,639</b> |
| <b>LIABILITIES</b>                   |       |                   |                   |
| <b>Current liabilities</b>           |       |                   |                   |
| Trade and other payables             | 6     | 1,733,744         | 1,680,217         |
| Financial liabilities                |       | -                 | 16,502            |
| Flow-through share premium liability | 7     | 757,521           | 2,207,704         |
| Lease liabilities                    |       | 52,376            | 48,823            |
| Provisions                           | 8     | 1,559,062         | 1,550,024         |
| <b>Total current liabilities</b>     |       | <b>4,102,703</b>  | <b>5,503,270</b>  |
| <b>Non-current liabilities</b>       |       |                   |                   |
| Lease liabilities                    |       | 70,759            | 97,772            |
| <b>Total non-current liabilities</b> |       | <b>70,759</b>     | <b>97,772</b>     |
| <b>Total liabilities</b>             |       | <b>4,173,462</b>  | <b>5,601,042</b>  |
| <b>Net assets</b>                    |       | <b>21,700,797</b> | <b>24,543,597</b> |
| <b>Equity</b>                        |       |                   |                   |
| Issued capital                       | 9     | 70,806,811        | 70,629,920        |
| Reserves                             | 10    | 1,288,765         | 887,924           |
| Accumulated losses                   |       | (49,573,791)      | (47,543,763)      |
| Non-Controlling interest             |       | (820,988)         | 569,516           |
| <b>Total equity</b>                  |       | <b>21,700,797</b> | <b>24,543,597</b> |

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

**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 30 JUNE 2023**

|   | Notes | 30 Jun 2023<br>\$  | 30 Jun 2022<br>\$  |
|---|-------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>                   |       |                    |                    |
| Interest received   |       | 1,011              | 21,684             |
| Payments to suppliers and employees                           |       | (686,169)          | (1,042,411)        |
| Interest paid   |       | -                  | (718)              |
| <b>Net cash flows used in operating activities</b>            |       | <b>(685,158)</b>   | <b>(1,021,445)</b> |
| <b>Cash flows from investing activities</b>                   |       |                    |                    |
| Acquisition of subsidiary - cash                              |       | -                  | 9,471              |
| Payments for acquisitions                                     | 12    | (658,308)          | (1,633,749)        |
| Payments for financial assets                                 |       | -                  | (1,087,488)        |
| Payments for exploration and evaluation                       |       | (5,389,602)        | (3,720,325)        |
| Purchase of plant and equipment                               |       | (4,668)            | (2,188)            |
| <b>Net cash flows used in investing activities</b>            |       | <b>(6,052,578)</b> | <b>(6,434,279)</b> |
| <b>Cash flows from financing activities</b>                   |       |                    |                    |
| Proceeds from issue of shares – exercise of options           |       | 176,890            | 361,205            |
| Proceeds from issue of shares – placements                    |       | -                  | 12,500,000         |
| Share issue costs   |       | -                  | (1,053,983)        |
| Payments for insurance funding                                |       | (16,502)           | (10,359)           |
| Payments for lease liabilities                                |       | (30,000)           | -                  |
| <b>Net cash flows from financing activities</b>               |       | <b>130,388</b>     | <b>11,796,863</b>  |
| Net (decrease) in cash and cash equivalents                   |       | (6,607,348)        | 4,341,139          |
| Cash and cash equivalents at beginning of period              |       | 8,573,127          | 4,768,404          |
| Effects of exchange rate changes on cash and cash equivalents |       | 35,215             | (12,286)           |
| <b>Cash and cash equivalents at end of period</b>             |       | <b>2,000,994</b>   | <b>9,097,257</b>   |

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

**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 30 JUNE 2023**

|   | Issued<br>Capital | Reserves         | Accumulated<br>Losses | Non-<br>Controlling<br>Interest | Total Equity      |
|---|-------------------|------------------|-----------------------|---------------------------------|-------------------|
|   | \$                | \$               | \$                    |                                 | \$                |
| <b>Balance at 1 January 2023</b>                                | <b>70,629,920</b> | <b>887,924</b>   | <b>(47,543,763)</b>   | <b>569,516</b>                  | <b>24,543,597</b> |
| Loss for the period   | -                 | -                | (2,030,028)           | (1,386,834)                     | (3,416,862)       |
| Other comprehensive<br>income/(loss) for the period             | -                 | 127,251          | -                     | (3,670)                         | 123,581           |
| Total comprehensive<br>income/(loss) for the period             | -                 | 127,251          | (2,030,028)           | (1,390,504)                     | (3,293,281)       |
| <b>Transactions with owners<br/>in their capacity as owners</b> |                   |                  |                       |                                 |                   |
| Options issued  | -                 | 106,541          | -                     | -                               | 106,541           |
| Performance rights  | -                 | 167,049          | -                     | -                               | 167,049           |
| Shares issued – exercise of<br>options                          | 176,891           | -                | -                     | -                               | 176,891           |
| <b>Balance at 30 June 2023</b>                                  | <b>70,806,811</b> | <b>1,288,765</b> | <b>(49,573,791)</b>   | <b>(820,988)</b>                | <b>21,700,797</b> |
| <b>Balance at 1 January 2022</b>                                |                   |                  |                       |                                 |                   |
| <b>Balance at 1 January 2022</b>                                | <b>46,825,287</b> | <b>645,978</b>   | <b>(45,475,743)</b>   | <b>567,173</b>                  | <b>2,562,695</b>  |
| Loss for the period   | -                 | -                | (1,060,151)           | (33,946)                        | (1,094,097)       |
| Other comprehensive<br>income/(loss) for the period             | -                 | 104,216          | -                     | 39,348                          | 143,564           |
| Total comprehensive<br>income/(loss) for the period             | -                 | 104,216          | (1,060,151)           | 5,402                           | (950,533)         |
| <b>Transactions with owners<br/>in their capacity as owners</b> |                   |                  |                       |                                 |                   |
| Options issued  | -                 | 24,542           | -                     | -                               | 24,542            |
| Performance rights  | -                 | 456,800          | -                     | -                               | 456,800           |
| Reserve transfer  | -                 | (180,121)        | 180,121               | -                               | -                 |
| Share issue costs   | (813,984)         | -                | -                     | -                               | (813,984)         |
| Shares issued – exercise of<br>options                          | 361,205           | -                | -                     | -                               | 361,205           |
| Shares issued – acquisitions                                    | 3,213,448         | -                | -                     | -                               | 3,213,448         |
| Shares issued – Placement                                       | 16,500,000        | -                | -                     | -                               | 16,500,000        |
| <b>Balance at 30 June 2022</b>                                  | <b>66,085,956</b> | <b>1,051,415</b> | <b>(46,355,773)</b>   | <b>572,575</b>                  | <b>21,354,173</b> |

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

# CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE HALF YEAR ENDED 30 JUNE 2023

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (a) Basis of preparation

These consolidated general purpose financial statements for the interim half year reporting period ended 30 June 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These consolidated general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

##### (b) New or amended Accounting Standards and Interpretations adopted

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

##### (c) Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the half year ended 30 June 2023, the Group recorded a loss of \$3,416,862 (30 June 2022: loss of \$1,094,097), had net cash outflows from operating activities of \$685,158 (30 June 2022: \$1,021,445) and had cash and cash equivalents of \$2,000,944 (31 December 2022: \$8,573,127).

The Directors are mindful of the Company's working capital requirements and cognisant of its developed capital management program that will provide funding to maximise the potential of its current asset portfolio and provide a strong base for increasing shareholder value. As referred to in note 13, in early August 2023, the Company successfully completed a capital raising of \$10.2 million consistent with the Company's capital management program.

##### (d) Critical accounting estimates and judgements

The preparation of financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparation the interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the annual consolidated financial statements as at and for the year ended 31 December 2022.

#### 2. SEGMENT INFORMATION

The consolidated entity has identified its operating segments based on geographical location, with the consolidated entity having operated in three locations: Australia, the Sultanate of Oman, and Canada. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2023**

The following table presents the selected segment results information for the half year ended 30 June 2023 and balance sheet information as at 30 June 2023 for the Group's reportable segments.

| <b>2023</b>                           | <b>Australia</b> | <b>Sultanate of Oman</b> | <b>Canada</b>      | <b>Corporate</b>   | <b>Total</b>       |
|---------------------------------------|------------------|--------------------------|--------------------|--------------------|--------------------|
|                                       | <b>\$</b>        | <b>\$</b>                | <b>\$</b>          | <b>\$</b>          | <b>\$</b>          |
| <b>Segment performance</b>            |                  |                          |                    |                    |                    |
| Interest income                       | -                | -                        | -                  | 1,011              | 1,011              |
| Other income                          | -                | -                        | 1,450,183          | -                  | 1,450,183          |
| Finance costs                         | -                | -                        | -                  | (6,657)            | (6,657)            |
| Depreciation                          | -                | -                        | (763)              | (2,570)            | (3,333)            |
| Impairment of assets                  | -                | (3,242,099)              | -                  | -                  | (3,242,099)        |
| <b>Segment result</b>                 | <b>(416)</b>     | <b>(3,274,230)</b>       | <b>1,394,728</b>   | <b>(1,536,945)</b> | <b>(3,416,862)</b> |
| <b>Segment assets</b>                 |                  |                          |                    |                    |                    |
| Cash, trade and other receivables     | -                | 222,093                  | 1,647,466          | 131,435            | 2,000,994          |
| Trade and other receivables           | -                | 22                       | 569,988            | 62,068             | 632,078            |
| Other assets                          | -                | 5,539                    | 53,816             | 117,047            | 176,402            |
| Plant and equipment                   | -                | -                        | 5,132              | 13,208             | 18,340             |
| Right-of-use assets                   | -                | -                        | -                  | 115,271            | 115,271            |
| Financial assets                      | -                | -                        | -                  | 808,534            | 808,534            |
| Exploration and evaluation assets     | 4,157,488        | -                        | 17,965,152         | -                  | 22,122,640         |
| <b>Total segment assets</b>           | <b>4,157,488</b> | <b>227,654</b>           | <b>20,241,554</b>  | <b>1,247,563</b>   | <b>25,874,259</b>  |
| <b>Segment liabilities</b>            |                  |                          |                    |                    |                    |
| Trade payables                        | (706)            | (150,176)                | (855,456)          | (727,406)          | (1,733,744)        |
| Lease liabilities                     | -                | -                        | -                  | (123,135)          | (123,135)          |
| Provisions                            | -                | (37,704)                 | (6,250)            | (1,515,108)        | (1,559,062)        |
| Flow-through shares premium liability | -                | -                        | (757,521)          | -                  | (757,521)          |
| <b>Total segment liabilities</b>      | <b>(706)</b>     | <b>(187,880)</b>         | <b>(1,619,227)</b> | <b>(2,365,649)</b> | <b>(4,173,462)</b> |

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**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2023**

The following table presents the selected segment results information for the half year ended 30 June 2022 and balance sheet information as at 31 December 2022 for the Group's reportable segments.

| <b>2022</b>                           | <b>Australia</b> | <b>Sultanate of Oman</b> | <b>Canada</b>     | <b>Corporate</b> | <b>Total</b>       |
|---------------------------------------|------------------|--------------------------|-------------------|------------------|--------------------|
|                                       | <b>\$</b>        | <b>\$</b>                | <b>\$</b>         | <b>\$</b>        | <b>\$</b>          |
| <b>Segment performance</b>            |                  |                          |                   |                  |                    |
| Interest income                       | -                | -                        | -                 | 21,684           | 21,684             |
| Other income                          | -                | -                        | -                 | 545,378          | 545,378            |
| Finance costs                         | -                | -                        | -                 | (718)            | (718)              |
| Depreciation                          | -                | -                        | -                 | (714)            | (714)              |
| <b>Segment result</b>                 | <b>(2,072)</b>   | <b>(80,339)</b>          | <b>(59,682)</b>   | <b>(952,004)</b> | <b>(1,094,097)</b> |
| <b>Segment assets</b>                 |                  |                          |                   |                  |                    |
| Cash                                  | -                | 255,572                  | 7,278,827         | 1,038,728        | 8,573,127          |
| Trade and other receivables           | -                | 1,168                    | 137,054           | 95,536           | 233,758            |
| Other assets                          | -                | 9,000                    | 3,400             | 787,003          | 799,403            |
| Plant and equipment                   | -                | -                        | 5,748             | 11,110           | 16,858             |
| Exploration and evaluation assets     | 4,056,799        | 3,055,372                | 12,452,880        | -                | 19,565,051         |
| Right-of-use assets                   | -                | -                        | -                 | 141,872          | 141,872            |
| Financial assets                      | -                | -                        | -                 | 814,570          | 814,570            |
| <b>Total segment assets</b>           | <b>4,056,799</b> | <b>3,321,112</b>         | <b>19,877,909</b> | <b>2,888,819</b> | <b>30,144,639</b>  |
| <b>Segment liabilities</b>            |                  |                          |                   |                  |                    |
| Trade payables                        | 706              | 149,875                  | 1,132,348         | 397,288          | 1,680,217          |
| Flow-through shares premium liability | -                | -                        | 2,207,704         | -                | 2,207,704          |
| Lease liabilities                     | -                | -                        | -                 | 146,595          | 146,595            |
| Financial liabilities                 | -                | -                        | -                 | 16,502           | 16,502             |
| Provisions                            | -                | 43,573                   | 1,117             | 1,505,334        | 1,550,024          |
| <b>Total segment liabilities</b>      | <b>706</b>       | <b>193,448</b>           | <b>3,341,169</b>  | <b>2,065,719</b> | <b>5,601,042</b>   |

**3. OTHER INCOME**

|  | <b>30 Jun 2023</b> | <b>30 Jun 2022</b> |
|--|--------------------|--------------------|
|  | <b>\$</b>          | <b>\$</b>          |
| <b>Other income</b>                        |                    |                    |
| Flow-through premium recovery <sup>1</sup> | 1,450,183          | -                  |
| Other income <sup>2</sup>                  | -                  | 545,378            |
| <b>Total other income</b>                  | <b>1,450,183</b>   | <b>545,378</b>     |

<sup>1</sup>The Company has incurred qualifying Canadian exploration expenses as defined under the Income Act, Canada ("Qualifying CEE") and accordingly, recognised flow-through premium recoveries during the half year ended 30 June 2023.

<sup>2</sup>The Company has completed the termination of mineral interests in relation to its projects in the Democratic Republic of Congo (DRC) and Malawi and any associate liabilities.



**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2023**

**4. EXPLORATION & EVALUATION**

|   | <b>30 Jun 2023</b> | <b>31 Dec 2022</b> |
|---|--------------------|--------------------|
|   | <b>\$</b>          | <b>\$</b>          |
| <b>Opening Balance</b>  | 19,565,051         | 2,769,008          |
| <i>Movement:</i>  |                    |                    |
| Capitalised exploration expenditure – New South Wales, Australia      | 98,173             | 3,464,068          |
| Capitalised exploration expenditure – Oman                            | 184,880            | 731,327            |
| Capitalised exploration expenditure – Canada acquisition <sup>1</sup> | 1,245,950          | 5,184,233          |
| Capitalised exploration expenditure – Deferred consideration          | -                  | 1,500,000          |
| Capitalised exploration expenditure – Canada                          | 4,148,676          | 5,768,646          |
| Provision for impairment – Oman <sup>2</sup>                          | (3,242,099)        | -                  |
| Foreign exchange adjustment   | 122,009            | 147,769            |
| <b>Closing Balance</b>  | <b>22,122,640</b>  | <b>19,565,051</b>  |

<sup>1</sup>Refer to Note 12.

<sup>2</sup> The Company's assessment of the carrying amount for the Group's exploration and development expenditures was made after considering prevailing market conditions together with previous expenditures, exploration success and work carried out on the Company's projects with focus on high value opportunities ahead, and in line with accounting treatments and purposes, included an impairment provision for the Company's interests in the same.

**5. FINANCIAL ASSETS**

In March 2022, The Company completed a C\$1 Million (A\$1,087,488) investment in Volt Carbon Technologies (Volt) (TSXV: VCT), a technology company focussed on high-performance solid-state lithium-ion battery development, and scalable air classification technologies for natural graphite beneficiation.

The Company has been issued 8,000,000 Common Units in Volt. Each Common Unit consists of one common share in the capital of Volt (each a "Share") at a price of C\$0.125 per Share and one half of one (0.5) common share purchase warrant ("Warrant"). The issued warrants have an exercise price of C\$0.25 per warrant, expire on 28 February 2024.

*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.

*Fair value hierarchy*

The following asset, is measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

|  | <b>30 Jun 2023</b> | <b>31 Dec 2022</b> |
|--|--------------------|--------------------|
|  | <b>\$</b>          | <b>\$</b>          |
| <b>Financial assets at fair value through other comprehensive income</b>       |                    |                    |
| Listed ordinary shares and warrants <sup>1</sup>                               | 759,534            | 765,570            |
| <b>Total financial assets at fair value through other comprehensive income</b> | <b>759,534</b>     | <b>765,570</b>     |
| Deposit  | 49,000             | 49,000             |
| <b>Total financial assets</b>  | <b>808,534</b>     | <b>814,570</b>     |

**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2023**

<sup>1</sup>Reconciliation:

Reconciliation of the fair values at the beginning and end of the current half year are set out below:

|  | 30 Jun 2023    | 31 Dec 2022    |
|--|----------------|----------------|
|  | \$             | \$             |
| <b>Opening fair value as at 1 January 2023</b> | 765,570        | 1,087,488      |
| Revaluation increments/(decrements)            | (39,937)       | (321,461)      |
| Foreign exchange increments/(decrements)       | 33,901         | (457)          |
| <b>Closing fair value as at 30 June 2023</b>   | <b>759,534</b> | <b>765,570</b> |

**6. TRADE AND OTHER PAYABLES**

|  | 30 Jun 2023      | 31 Dec 2022      |
|--|------------------|------------------|
|  | \$               | \$               |
| Trade payables                               | 1,552,379        | 1,438,505        |
| Employee related payables                    | 20,995           | 41,856           |
| Other payables and accruals                  | 160,370          | 199,856          |
| <b>Closing fair value as at 30 June 2023</b> | <b>1,733,744</b> | <b>1,680,217</b> |

**7. FLOW-THROUGH SHARE PREMIUM LIABILITY**

|   | 30 Jun 2023    | 31 Dec 2022      |
|---|----------------|------------------|
|   | \$             | \$               |
| Flow-through share premium liability <sup>1</sup> | 757,521        | 2,207,704        |
| <b>Total financial liabilities</b>                | <b>757,521</b> | <b>2,207,704</b> |

<sup>1</sup>Flow-through share premium liability

The flow-through share premium liability balance is related to the share placement of flow-through shares, as defined under the Income Act of Canada, the Company completed in December 2022. The reported amount is the remaining balance of the premium from issuing the flow-shares. The Company is committed to incurring on or before 31 December 2023 qualifying Canadian exploration expenses as defined under the Income Act, Canada ("Qualifying CEE") in the amount equal to the gross proceeds raised in connection with the flow-through share placement. None of the Qualifying CEE will be available to the Company for future deduction from taxable income.

**8. PROVISIONS**

|                                     | 30 Jun 2023      | 31 Dec 2022      |
|-------------------------------------|------------------|------------------|
|                                     | \$               | \$               |
| <b>CURRENT</b>                      |                  |                  |
| Deferred consideration <sup>1</sup> | 1,500,000        | 1,500,000        |
| Annual leave                        | 59,062           | 50,024           |
| <b>Total current provisions</b>     | <b>1,559,062</b> | <b>1,550,024</b> |

<sup>1</sup> Mavis Lake Lithium Project - Canada

In January 2022, the Company completed the acquisition a 100% interest in the Mavis Lake Lithium Project which included deferred consideration payments subject to the satisfaction of two milestones relating to the definition of a JORC compliance resource. Following the announcement of the Company's maiden MRE of 8MT @ 1.07% at Mavis Lake in May 2023, the Company subsequently completed the payment of the Milestone 1 Deferred Consideration for this project including a cash payment of \$1.5 million to the project vendors together with the issue of 2,322,341 fully paid ordinary shares in consideration of the Mavis Lake Facilitator Milestone 1 Shares as approved by shareholders on 15 December 2021.

**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2023**

**9. ISSUED CAPITAL**

|   | 30 Jun 2023<br>\$           | 31 Dec 2022<br>\$           |
|---|-----------------------------|-----------------------------|
| <b>a) Issued and paid up capital</b>              |                             |                             |
| Ordinary shares fully paid                        | 70,806,811                  | 70,629,920                  |
|   | <b>Number of<br/>Shares</b> | <b>Number of<br/>Shares</b> |
| Ordinary shares fully paid                        | 1,594,754,872               | 1,590,332,619               |
| <b>b) Movement in shares on issue</b>             |                             |                             |
|   | <b>Number of<br/>Shares</b> | <b>\$</b>                   |
| <b>Balance at 1 January 2022</b>                  | <b>1,093,345,302</b>        | <b>46,825,287</b>           |
| Shares issued – placement<br>January              | 137,931,034                 | 4,000,000                   |
| Share issued – placement<br>February              | 147,058,824                 | 12,500,000                  |
| Share issue – asset acquisitions                  | 89,144,299                  | 3,750,705                   |
| Share issue – exercise of options                 | 12,536,533                  | 451,451                     |
| Share issue – conversion of<br>performance rights | 26,000,000                  | -                           |
| Share issue – flow through                        | 84,316,627                  | 6,672,011                   |
| Share issue – flow-through<br>premium             | -                           | (2,456,180)                 |
| Capital raising costs                             | -                           | (1,113,354)                 |
| <b>Balance at 31 December 2022</b>                | <b>1,590,332,619</b>        | <b>70,629,920</b>           |
| Share issue – exercise of options                 | 4,422,253                   | 176,891                     |
| <b>Balance as at 30 June 2023</b>                 | <b>1,594,754,872</b>        | <b>70,806,811</b>           |

**10. RESERVES**

|   | 30 Jun 2023<br>\$ | 31 Dec 2022<br>\$ |
|---|-------------------|-------------------|
| <b>a) Share based payments reserve</b>          |                   |                   |
| Opening balance                                 | 1,230,498         | 555,890           |
| Share based payment                             | 273,590           | 674,608           |
| <b>Closing balance</b>                          | <b>1,504,088</b>  | 1,230,498         |
| <b>b) Foreign currency translation reserve</b>  |                   |                   |
| Opening balance                                 | (20,656)          | 90,088            |
| Other comprehensive income                      | -                 | (180,122)         |
| Translation of foreign denominated subsidiaries | 133,288           | 69,378            |
| <b>Closing balance</b>                          | <b>112,632</b>    | <b>(20,656)</b>   |

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**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2023**

**c) Financial assets at fair value through OCI**

|   | 30 Jun 2023      | 31 Dec 2022      |
|---|------------------|------------------|
|   | \$               | \$               |
| Opening balance                             | (321,918)        | -                |
| Revaluation and foreign exchange increments | (6,036)          | (321,918)        |
| <b>Closing balance</b>                      | <b>(327,954)</b> | <b>(321,918)</b> |
| <b>Total Reserves</b>                       | <b>1,288,765</b> | <b>887,924</b>   |

**11. SHARE BASED PAYMENTS**

|   | 30 Jun 2023    | 30 Jun 2022    |
|---|----------------|----------------|
|   | \$             | \$             |
| <b>Share based payments expense</b>       |                |                |
| Options                                   | 106,541        | 24,542         |
| Performance Rights                        | 167,049        | 456,800        |
| <b>Total Share based payments expense</b> | <b>273,590</b> | <b>481,342</b> |

***Movement and valuation of Options***

During the six months ended 30 June 2023, the Company issued 3,000,000 options with an exercise price of AUD\$0.064 and expiry date 3 February 2026 in consideration for corporate consulting services. The fair value of these options has been fully expensed in the current period.

In determining the fair value of Option's granted during the six months ended 30 June 2023, the Company has applied a Black Scholes pricing model, used a dividend yield of nil, with other inputs in relation Options being:

| No issued | Grant date | Grant date share price | Expiry date | Expected volatility | Risk free rate | Fair value per option \$ |
|-----------|------------|------------------------|-------------|---------------------|----------------|--------------------------|
| 3,000,000 | 03/02/23   | \$0.058                | 03/02/26    | 100%                | 3.03%          | 0.0355                   |

***Movement and valuation of performance rights***

The movement in performance rights during the six months ended 30 June 2023 are as follows:

|   | Half year ended<br>30 Jun 2023 |   | Half year ended<br>30 Jun 2022 |   |
|---|--------------------------------|---|--------------------------------|---|
|   | No.                            | Weighted average grant date fair value \$ | No.                            | Weighted average grant date fair value \$ |
| Outstanding at the beginning of the period  | 4,000,000                      | 0.0756                                    | 34,000,000                     | 0.0235                                    |
| Issued during the period                    | 20,000,000*                    | 0.0409                                    | -                              | -   |
| Cancelled/Lapsed during the period          | (7,000,000)*                   | 0.0613                                    | -                              | -   |
| Exercised during the period                 | -                              | -   | (24,000,000)                   | 0.02417                                   |
| <b>Outstanding at the end of the period</b> | <b>17,000,000</b>              | <b>0.0406</b>                             | <b>10,000,000</b>              | <b>0.0220</b>                             |
| Exercisable at the end of the period        | -                              | -   | -                              | -   |

## **CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023**

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\* As approved by shareholders on 15 December 2022, the Company granted and accounted for 14 million performance rights and agreed to the cancellation of 4 million existing performance rights during the period ended 31 December 2022, and subsequently issued in January 2023.

In March 2023, the Company granted and issued 6,000,000 performance rights. In June 2023, 3,000,000 performance rights lapsed in accordance with their terms and conditions and the Company granted and accounted for (yet to be issued) 2,000,000 performance rights. Please refer to the details noted below.

Details of performance rights granted and associated performance hurdles at the end of the period are detailed below:

- (a) Operational: 1,500,000 Performance Rights (which convert on a 1:1 basis into Shares in the Company) upon the Company announcing a JORC Resource (inferred or greater) of 10Mt with a minimum 1.0% Li<sub>2</sub>O on or before June 2024.
- (b) Operational: 1,500,000 Performance Rights (which convert on a 1:1 basis into Shares in the Company) upon the Company announcing a JORC Resource (inferred or greater) of 20Mt with a minimum 1.0% Li<sub>2</sub>O on or before June 2024.
- (c) Operational: 1,000,000 Performance Rights (which convert on a 1:1 basis into Shares in the Company) upon the Company successfully announcing a scoping study on the Mavis Lake Project on the ASX Market Announcements Platform on or before 30 September 2023.
- (d) Operational: 1,000,000 Performance Rights (which convert on a 1:1 basis into Shares in the Company) upon the Company successfully announcing a Preliminary Feasibility Study for the Mavis Lake Project on the ASX Market on or before June 2024.
- (e) Operational: 1,000,000 Performance Rights (which convert on a 1:1 basis into Shares in the Company) upon the Company announcing a Bankable Feasibility Study on the ASX Market Announcements Platform or making Final Investment Decision on the Mavis Lake Lithium Project on or before June 2025.
- (f) Absolute shareholder return: 2,350,000 Performance Rights (which convert on a 1:1 basis into Shares in the Company) upon the Company achieving a market capitalisation of greater than \$150,000,000 for 30 consecutive trading days.
- (g) Absolute shareholder return: 2,750,000 Performance Rights (which convert on a 1:1 basis into Shares in the Company) upon the Company achieving a market capitalisation of greater than \$200,000,000 for 30 consecutive trading days.
- (h) Absolute shareholder return: 3,900,000 Performance Rights (which convert on a 1:1 basis into Shares in the Company) upon the Company achieving a market capitalisation of greater than \$300,000,000 for 30 consecutive trading days.
- (i) Operational: 2,000,000 Performance Rights (which convert on a 1:1 basis into Shares in the Company) upon the Company entering into and successfully announcing on the ASX Market Announcements Platform a binding and definitive strategic partnership agreement with a bankable strategic industry partner (operating in one or more of the following fields: chemical conversion; total aggregate contract value (including in kind commitments or cash total aggregate contract value (including in kind commitments or cash commitments) of not less than \$5,000,000 on or before 10 October 2025;
- (j) Operational: 2,000,000 Performance Rights (which convert on a 1:1 basis into Shares in the Company) upon the Company securing a mutually binding (take or pay) Offtake Agreement with a bankable counterparty for at least 30% of a Phase 1 production plan on or before 10 October 2025.

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**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2023**

Performance Rights Valuation

The fair value of the services received in return for PRs granted are measured by reference to the fair value of the PRs granted. The fair value of the services is recognised as an expense on a straight-line basis over the vesting period and is determined by multiplying the fair value per PR by the number of PRs expected to vest.

The probability of achieving market performance conditions is incorporated into the determination of the fair value per PR. No adjustment is made to the expense for PRs that fail to meet the market condition. The number of PRs expected to vest based on achievement of operational conditions, are adjusted over the vesting period in determining the expense to be recognised in the consolidated income statement. In order to convert PRs, the holders are required to be continually engaged with the Group at the time of achieving the performance hurdles.

In determining the fair value of PRs granted during the six months ended 30 June 2023, the Company has applied a barrier up-and-in Trinomial pricing model used an exercise price of nil and a dividend yield of nil. The following other inputs were used in the valuation model:

| No of PR's | Grant date | Grant date share price | Expiry date | Estimated vesting date | Expected volatility | Risk free rate | Fair value per PR | Performance hurdle |
|------------|------------|------------------------|-------------|------------------------|---------------------|----------------|-------------------|--------------------|
| 1,600,000  | 08/02/23   | \$0.056                | 31/03/26    | 31/12/25               | 100%                | 3.26%          | \$0.047           | (f)                |
| 2,000,000  | 08/02/23   | \$0.056                | 31/03/26    | 31/12/25               | 100%                | 3.26%          | \$0.043           | (g)                |
| 2,400,000  | 08/02/23   | \$0.056                | 31/03/26    | 31/12/25               | 100%                | 3.26%          | \$0.037           | (h)                |
| 750,000    | 09/06/23   | \$0.041                | 31/03/26    | 31/12/25               | 100%                | 3.26%          | \$0.047           | (f)                |
| 750,000    | 09/06/23   | \$0.041                | 31/03/26    | 31/12/25               | 100%                | 3.26%          | \$0.043           | (g)                |
| 500,000    | 09/06/23   | \$0.041                | 31/03/26    | 31/12/25               | 100%                | 3.26%          | \$0.037           | (h)                |

**12. ASSET ACQUISITIONS**

The acquisitions completed during the period were not accounted for as a business combination as the assets acquired did not meet the definition of a business as per AASB 3 Business Combinations at the date of the acquisition. Namely, the assets do not constitute an integrated set of activities, and assets that are capable of providing goods to customers, generating investment income, or generating other income from ordinary activities at the time of the acquisitions.

For asset acquisitions settled via share-based payment arrangements, the Group measures the cost of the asset at the fair value of the asset acquired, or if this cannot be determined, at the fair value of the equity instruments. Consideration settled via issue of shares has been accounted under AASB 2 Share-based Payment. In measuring the fair value of the exploration project acquired, management considers generally accepted technical valuation methodologies and comparable transactions in determining fair value. Given the nature of the assets acquired, the fair value of the assets were unable to be determined and the transactions were recorded at the fair value of the equity instruments granted at acquisition date. Deferred consideration attributable to the transactions has been deemed to be not probable hence recognised at nil at acquisition date. Refer to Note 14 for further information.

**Gullwing- Tot Lake Project, Canada**

In January 2023, the Company completed the acquisition of the Gullwing-Tot Lake Project in Canada in consideration for:

- a cash payment of CAD\$600,000 to the Sellers;
- the issue of CAD\$600,000 fully paid ordinary shares in the Company to the sellers of deemed value (issued 30 December 2022); and
- granting the Seller a 1% Gross Margin Royalty for mineral production within the mining claims acquired by the Company

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**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2023**

Details of the acquisition are as follows:

|  | <b>30 Jun 2023</b> |
|--|--------------------|
|  | <b>\$</b>          |
| <b>Purchase consideration</b>                  |                    |
| Share issue – consideration                    | 537,257            |
| Cash consideration and transactions costs paid | 708,692            |
| <b>Total purchase consideration</b>            | <b>1,245,950</b>   |
| <b>Assets acquired</b>                         |                    |
| Exploration and evaluation                     | 1,245,950          |
| <b>Total assets acquired</b>                   | <b>1,245,950</b>   |

**13. EVENTS SUBSEQUENT TO REPORTING DATE**

Subsequent to financial period end the following key events have occurred:

- On 25 July 2023, the Company announced the assay results for Drill Hole MF23-207, with 74.4m at 1.18% Li<sub>2</sub>O, providing a clear pathway for future Resource upgrade and growth at the Mavis Lake Project.
- Following the announcement of the Company’s maiden MRE of 8MT @ 1.07% at Mavis Lake in May 2023, the Company subsequently completed the payment of the Milestone 1 Deferred Consideration for this project including a cash payment of \$1.5 million to the project vendors together with the issue of 2,322,341 fully paid ordinary shares in consideration of the Mavis Lake Facilitator Milestone 1 Shares as approved by shareholders on 15 December 2021.
- On 3 August and 8 August 2023, the Company completed a capital raise of \$10.2 million constituting:
  - CAD\$7,039,327 (AUD \$7,865,169) through the issue of 129,161,955 fully paid ordinary shares at an issue price of CAD\$0.0545 (AUD\$0.0609) per share as Canadian ‘flow-through shares’; and
  - AUD\$2,300,000 through the issue of 51,111,111 fully paid ordinary shares at an issue price of AUD\$0.045 per share to institutional and professional investors.
- On 29 August 2023, the Company announced the appointments of Mr Stewart Bailey (Study Manager) and Mr Brady Jenkins (Principal Process Engineer and recognised Competent Person for Metallurgy) in support of the Company’s strategy of delivering continued resource and exploration growth whilst in parallel advancing project development.

**14. CONTINGENT ASSETS AND LIABILITIES**

From time to time the Company may be party to claims from suppliers and service providers arising from operations in the ordinary course of business. From 31 December 2021, there has been no change in claims or contingent liabilities that are expected to materially impact, either individually or in aggregate the company’s financial position or results from operations other than:

*Mavis Lake Lithium Project, Canada*

In January 2022, the Company completed the acquisition of the Mavis Lake Lithium Project. The purchase consideration for this project included the payment of Deferred Consideration upon the achievement of two milestones. Following the announcement of the Company’s maiden MRE of 8MT @ 1.07% in May 2023, the JORC definition Milestone 1 below was satisfied, and the Company has subsequently completed payment of the deferred consideration (included in Note 8), Milestone 1 payments post 30 June 2023.

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## **CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023**

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Subject to the satisfaction of Milestone 2, being the definition of JORC Compliant Resource of not less than 10 million tonnes containing not less than 100,000t of Li<sub>2</sub>O using a cut-off grade of not less than 0.40% Li<sub>2</sub>O, the Company will be required to pay and issue Deferred Consideration, including, the payment of a \$1.5 million cash to the Sellers, and issue \$100,000 of fully paid ordinary shares in the Company (up to a maximum of 4,000,000 Shares) to the Facilitator (calculated with reference to the 15-day VWAP of the Company's shares immediately prior to the satisfaction of the Milestone) ("M2 Facilitator Shares").

In the event milestone 2 is not met within 5 years from the date of the Term Sheet, the obligation to issue the M2 Facilitator Shares will expire.

### *Graphic Lake Lithium Project, Canada*

In February 2022 the Company completed the acquisition of the Graphic Lake Lithium Project in Ontario, Canada. As part of the consideration for this acquisition the Company agreed to the issue of a 1.5% Net Smelter Royalty ("NSR") capped at C\$500,000, with the option for the Company to purchase at any time for C\$500,000.

### *Gullwing- Tot Lake Project, Canada*

In January 2023 the Company completed the acquisition of Gullwing-Tot Lake Project in Canada. As part of the consideration for this acquisition, the Company agreed to granting the Seller a 1% Gross Margin Royalty for mineral production within the mining claims acquired by the Company.

### *Copper Projects, Oman*

\$3.5 million loan indirectly owing to Savannah Plc, to be paid upon the achievement of mine development and production milestones on Block 5, and a 1.0% NSR royalty on company's respective proportion of metal sales from Block 4 and Block 5.

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**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES  
DIRECTORS' DECLARATION  
FOR THE HALF YEAR ENDED 30 JUNE 2023**

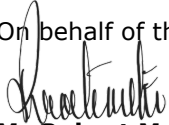
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In the directors' opinion:

- (a) The attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 '*Interim Financial Reporting*', the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
- (b) The attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial half year ended on that date; and
- (c) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



**Mr Robert Martin**  
**Non-Executive Chairman**  
Perth, Western Australia  
13 September 2023

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Critical Resources Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Critical Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.




### Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

BDO  


Glyn O'Brien  
Director

Perth,

13 September 2023

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