



and its Controlled Entities

ABN 12 145 184 667

Half Year Financial Report

30 JUNE 2022

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES

CORPORATE INFORMATION

DIRECTORS

Mr Robert Martin	Non-Executive Chairman
Mr Michel Leu	Non-Executive Director
Mr Alex Cheeseman	Non-Executive Director
Mr John Markovic	Non-Executive Director

COMPANY SECRETARY

Mr Harry Spindler

REGISTERED AND PRINCIPAL OFFICE

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Perth WA 6000
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Website www.criticalresources.com.au

POSTAL ADDRESS

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AUDITORS

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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)

ASX Code CRR

ACN 145184667

ABN 12 145184667

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 145184667

"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 2022

The directors of Critical Resources Limited, ("Critical Resources" or "the Company") submit the financial report of the Company and its controlled entities ("the Group") for the half year ended 30 June 2022.

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 Michael Leu	Non-Executive Director
Mr Alex Cheeseman	Non-Executive Director (appointed 6 January 2022)
Mr John Markovic	Non-Executive Director (appointed 12 August 2022)

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 Alex Biggs	Managing Director (resigned 15 July 2022)
Mr Jihad Malaeb	Non-Executive Director (resigned 12 August 2022)

COMPANY SECRETARY

Mr Chris Achurch (resigned 22 July 2022)
Mr Harry Spindler (appointed 22 July 2022)

PRINCIPAL ACTIVITIES

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

RESULTS

The loss for the consolidated entity after providing for income tax amounted to \$1,094,097 (30 June 2021: \$969,449).

REVIEW OF OPERATIONS

Corporate

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

On 5 January 2022, the Company completed a capital raising of \$4.0 million before costs via the issue of 137,931,034 fully paid ordinary shares at \$0.029 per share with 45,977,011 free attaching unlisted options exercisable at \$0.04 and expiring 3 December 2024. As of 30 June 2022, 9,030,119 options had been exercised at \$0.04 per option, generating an additional \$361,205.

On 17 February 2022 the Company completed a placement to sophisticated and institutional investors raising \$12.5 million before costs via the issue of 147,058,824 fully paid ordinary shares at \$0.085 per share.

Lithium Project Acquisitions

In October 2021, the Company signed a binding terms sheet to acquire 100% interest in the Mavis Lake Lithium Project in Ontario, Canada. The Company paid a non-refundable exclusivity fee of A\$200,000 to allow project due diligence.

In January 2022, the Company completed the acquisition of the Mavis Lake Lithium Project in consideration for:

- \$1.5 million cash payment to the Sellers;

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2022

- the issue of 68,000,000 fully paid ordinary shares in the Company to the Sellers (or their nominees) at an issue price of \$0.022 per share (a deemed value of \$1.496 million) ("Consideration Shares");
- the issue \$200,000 in fully paid ordinary shares in the Company to the deal Facilitator, using 15 day volume weighted average price ("VWAP") up to a maximum of 8,000,000 fully paid ordinary shares; and
- the Payment of deferred consideration upon definition of JORC Compliant Resource (refer to details in note 11).

In February 2022 the Company completed the acquisition of the 100% interest in the Graphic Lake Lithium Project in Ontario, Canada in consideration for;

- a \$80,000 cash payment (including \$10,000 paid as an option fee);
- the issue \$120,000 in fully paid ordinary shares in the Company to the Seller (or their nominee) calculated at a 20-day VWAP; and
- the issue of a 1.5% Net Smelter Royalty ("NSR") capped at C\$500,000 with the option to purchase at any time for C\$500,000.

Strategic investment in downstream industry

In March 2022, the Company completed a C\$1 Million (A\$1,087,488) investment into 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 and, expire on 28 February 2024.

Exploration Activities

A brief overview of each of the existing projects and the work conducted during the course of the half year and up to the date of this report is as follows:

Mavis Lake Lithium Project, Canada

During the half year, the Company commenced its inaugural drilling program at the Mavis Lake lithium project in Ontario.

Designated "Phase 1", a total of 37 holes were drilled for a total of 5,000 drill meters. Phase 1 drilling consisted of 50m drill hole spacing to test continuity of mineralisation and support future resource modelling requirements. 35 of the 37 drill holes intersected spodumene-bearing pegmatites, providing increased confidence for continued resource development and resource definition centric exploration.

Subsequent to the end of the half year, the Company advised of the commencement of a "Phase 2" drilling program including an additional 5,000 drill meters (refer to ASX Announcement released 13 July 2022). The Phase 2 drilling program is aimed at extending the known strike of the mineralised pegmatite and is being conducted in such a manner to support future resource modelling requirements. The Company has regularly provided market updates on both visual confirmation of mineralisation and independent assay results throughout the conduct of the Mavis Lake drilling program, and will continue to release results as they become available.

The Company advised in ASX Announcement released on 25 August 2022, an extension to its current drilling campaign with "Phase 3" drilling which will step out with an increase drill hole spacing of 100m. The Phase 3 program is ongoing.

Graphic Lake Lithium Project, Canada

During the half year, the Company commenced a field work program at the Graphic Lake lithium project in Ontario. The program consisted of biogeochemical and lithogeochemical sampling and outcrop mapping to support the identification of prospective lithium-bearing targets for drilling. At

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2022

30 June 2022, the company has samples collected and ready for analysis by an independent laboratory located in Canada.

Plaid and Whiteloon Lake Projects, Canada

During the half year, the Company staked land to form the Plaid and Whiteloon Lake Projects, the total project area is approximately 5,700 Ha and is in close proximity to a number of well-known lithium exploration projects. Growth of the Company's land holding in prospective lithium regions is consistent with the longer-term strategy and lithium portfolio approach within Ontario, Canada.

Halls Peak Project, Australia

Gibsons Prospect

Drilling began at Gibsons' on 22 November 2021, the drilling program was designed to extend known mineralisation and confirm the potential for a large scale sedex deposit with an emphasis on discovery at depth. The Company completed 20 drill holes at Gibsons prospect at the Halls Peak Project in New South Wales, for a total of 4,070m drill meters on 30 June 2022.

Assay results received during the half year confirmed all thirteen holes (assayed to date), intersected significant intervals of zinc, lead, copper and silver bearing sulphide mineralisation. Notably, mineralisation at depth continues to build on and expand the potential of the Halls Peak System as a large mineralised system with numerous widespread high-grade zinc-lead-copper-silver deposits.

Sunnyside Prospect

Regulatory approval was received during the half year for up to 1,700m of diamond drilling at the Sunnyside prospect, which lies 1.5km north-west from the Gibsons prospect. The identified drill targets test for potential mineralisation to a maximum depth of 700m.

Subsequent to reporting date, the Company has selected the most prospective target with a view to test the target identified and potential continuity of mineralisation between Sunnyside and the extensive mineralisation confirmed at the Gibsons Prospect. The Company anticipates it will conclude its 2022 Halls Peak drilling program after the primary Sunnyside target has been drilled. The Company will then move into data interpretation, resource modelling and definition to confirm the current size and scale of a potential of the Halls Peak Project.

Sohar Copper Project (Block 4 and 5), Oman

Exploration and evaluation work progressed during the half year. With a 2012 JORC resource of 0.84Mt at 3.4% Cu on Block 5, commercial discussions regarding the Sohar Project continue with a range of interested parties.

Compliance Statement

This report contains information on the Mavis Lake Lithium Project, Canada extracted from ASX market announcements dated 28 April 2022, 4 May 2022, 11 May 2022, 17 May 2022, 20 May 2022, 31 May 2022, 16 June 2022, 22 June 2022 and 7 July 2022 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.

This report contains information on the Halls Peak Project, Australia extracted from ASX market announcements dated 11 January 2022, 9 February 2022, 21 February 2022, 5 April 2022, 23 May 2022 and 26 May 2022 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.

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT FOR THE HALF YEAR ENDED 30 JUNE 2022

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

No matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, apart from:

- As announced on 13 July 2022, commencement of a Phase 2 drilling program at Mavis Lake Lithium Project, Canada (additional 5,000m of drilling for a total of 10,000m) following completion of inaugural 5,000m Phase 1 drilling program;
- As announced on 15 July 2022, the resignation of Mr Alex Biggs from position of Managing Director/Chief Executive Officer;
- As announced on 5 August 2022 and 18 August 2022, the exploration Licenses for the Sohar Copper Project in Oman, have been extended to 18 June 2023 in consideration for the payment of exploration license renewal fees; and
- As announced on 25 August 2022, commencement of a Phase 3 drilling program at Mavis Lake Lithium Project, Canada (additional 2,500m of drilling for a total of 12,500m).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 6 for the half year ended 30 June 2022.

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



Mr Robert Martin
Non-Executive Chairman
Perth, Western Australia
6 September 2022

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 2022, 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

6 September 2022

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2022

		30 Jun 2022	30 Jun 2021
	Notes	\$	\$
Continuing Operations			
Interest income		21,684	2,242
Other income	3	545,378	-
Administrative expenses		(444,904)	(268,974)
Consulting and staff costs		(733,481)	(351,238)
Depreciation		(714)	(11,154)
Share based payments	10	(481,342)	(35,193)
Finance costs		(718)	(305,132)
(Loss) before income tax expense		(1,094,097)	(969,449)
Income tax expense		-	-
(Loss) for the period		(1,094,097)	(969,449)
Other comprehensive income/(loss)			
Exchange difference on translating foreign operations		143,564	(4,467)
Total other comprehensive (loss) for the period, net of tax		(950,533)	(973,916)
Net (loss) for the period attributable to:			
Owners		(1,060,151)	(975,577)
Non-controlling interests		(33,946)	6,128
Net (loss) for the period		(1,094,097)	(969,449)
Total comprehensive (loss) for the period attributed to:			
Owners		(955,935)	(978,346)
Non-controlling interests		5,402	4,430
Total comprehensive (loss) for the period		(950,533)	(973,916)
Loss per share			
Basic and diluted loss per share (cents per share)		(0.08)	(0.10)

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 PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2022

		30 Jun 2022	31 Dec 2021
	Notes	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		9,097,257	4,768,404
Trade and other receivables		295,372	87,442
Other assets		174,337	416,429
Total current assets		9,566,966	5,272,275
Non-current assets			
Plant and equipment		4,400	1,547
Exploration and evaluation	4	12,859,696	2,769,008
Financial assets	5	1,051,987	-
Total non-current assets		13,916,083	2,770,555
Total assets		23,483,049	8,042,830
LIABILITIES			
Current liabilities			
Trade and other payables	6	2,017,411	1,480,135
Financial liabilities	7	42,948	4,000,000
Provisions		68,517	-
Total current liabilities		2,128,876	5,480,135
Total liabilities		2,128,876	5,480,135
Net assets		21,354,173	2,562,695
Equity			
Issued capital	8	66,085,956	46,825,287
Reserves	9	1,051,415	645,978
Accumulated losses		(46,355,773)	(45,475,743)
		20,781,598	1,995,522
Non-Controlling interest		572,575	567,173
Total equity		21,354,173	2,562,695

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 2022

	Notes	30 Jun 2022 \$	30 Jun 2021 \$
Cash flows from operating activities			
Interest received		21,684	2,242
Payments to suppliers and employees		(1,042,411)	(637,379)
Interest paid		(718)	(6,658)
Net cash flows used in operating activities		(1,021,445)	(589,033)
Cash flows from investing activities			
Acquisition of subsidiary - cash		9,471	-
Payments for acquisitions		(1,633,749)	-
Payments for financial assets		(1,087,488)	-
Payments for exploration and evaluation		(3,720,325)	(501,205)
Purchase of plant and equipment		(2,188)	(1,561)
Net cash flows used in investing activities		(6,434,279)	(502,766)
Cash flows from financing activities			
Proceeds from issue of shares – exercise of options		361,205	748,889
Proceeds from issue of shares – placements		12,500,000	-
Share issue costs		(1,053,983)	-
Payments for insurance funding		(10,359)	-
Net cash flows from financing activities		11,796,863	748,889
Net (decrease) in cash and cash equivalents		4,341,139	(342,910)
Cash and cash equivalents at beginning of period		4,768,404	1,846,553
Effects of exchange rate changes on cash and cash equivalents		(12,286)	-
Cash and cash equivalents at end of period		9,097,257	1,503,643

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 2022

	Issued Capital	Reserves	Accumulated Losses	Non-Controlling Interest	Total Equity
	\$	\$	\$		\$
Balance at 1 January 2022	46,825,287	645,978	(45,475,743)	567,173	2,562,695
(Loss) for the period	-	-	(1,060,151)	(33,946)	(1,094,097)
Other comprehensive income for the period	-	104,216	-	39,348	143,564
Total comprehensive income/(loss) for the period	-	104,216	(1,060,151)	5,402	(950,533)
Transactions with owners in their capacity as owners					
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 options	361,205	-	-	-	361,205
Shares issued – acquisitions	3,213,448	-	-	-	3,213,448
Shares issued – Placement	16,500,000	-	-	-	16,500,000
Balance at 30 June 2022	66,085,956	1,051,415	(46,355,773)	572,575	21,354,173
Balance at 1 January 2021	45,277,303	4,647,064	(48,372,673)	491,797	2,043,491
Loss for the period	-	-	(975,577)	6,128	(969,449)
Other comprehensive income/(loss) for the period	-	(2,769)	-	(1,698)	(4,467)
Total comprehensive income/(loss) for the period	-	(2,769)	(975,577)	4,430	(973,916)
Transactions with owners in their capacity as owners					
Options issued	-	13,195	-	-	13,195
Performance rights	-	21,998	-	-	21,998
Reserve transfer	-	(4,625,122)	4,674,204	(20,289)	28,793
Shares issued – exercise of options	748,889	-	-	-	748,889
Shares issued – settlement of debt	600,000	-	-	-	600,000
Balance at 30 June 2021	46,626,192	54,366	(44,674,204)	475,938	2,482,450

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 2022

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 2022 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 2021 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.

(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 2021, other than those disclosed in Note 11.

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.

Activity by segment

Exploration Australia

The Exploration Australia segment includes the following exploration projects:

- Halls Peak Base Metals Project in New South Wales

Exploration Sultanate of Oman

The Exploration in The Sultanate of Oman segment includes the following exploration projects:

- Block 4
- Block 5

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2022

Exploration Canada

The Exploration Canada segment includes the following exploration projects:

- Mavis Lake Lithium Project;
- Graphic Lake Lithium Project; and
- Plaid and Whiteloon Lithium Projects

Corporate

The Corporate segment includes the following exploration projects:

- Corporate (Australia); and
- Corporate (Canada);

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

2022	Exploration Australia \$	Exploration Sultanate of Oman \$	Exploration Canada \$	Corporate \$	Total \$
Segment performance					
Interest income	-	-	-	21,684	21,684
Other income	-	-	-	545,378	545,378
Finance costs	-	-	-	(718)	(718)
Depreciation	-	-	-	(714)	(714)
Segment result	(2,072)	(80,339)	(59,682)	(952,004)	(1,094,097)
Segment assets					
Cash	-	222,857	33,630	8,840,770	9,097,257
Trade and other receivables	-	877	213,534	80,961	295,372
Other assets	-	11,915	2,820	159,602	174,337
Plant and equipment	-	-	2,036	2,364	4,400
Financial assets	-	-	-	1,051,987	1,051,987
Exploration and evaluation assets	2,978,497	2,884,970	6,996,229	-	12,859,696
Total segment assets	2,978,497	3,120,619	7,248,249	10,135,684	23,483,049
Segment liabilities					
Trade payables	706	135,647	1,114,958	766,100	2,017,411
Other liabilities	-	-	-	42,948	42,948
Provisions	-	35,607	2,596	30,314	68,517
Total segment liabilities	706	171,254	1,117,554	839,362	2,128,876

The following table presents the selected segment results information for the half year ended 30 June 2021 and balance sheet information as at 31 December 2021 for the Group's reportable segments.

2021	Exploration Australia \$	Sultanate of Oman \$	Canada \$	Corporate \$	Total \$
Segment performance					
Interest income	-	-	-	2,242	2,242
Finance costs	-	-	-	(305,132)	(305,132)
Depreciation	-	-	-	(11,154)	(11,154)
Segment result	(20,072)	(141,195)	-	(808,182)	(969,449)

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2022

Segment assets

Cash	-	257,124	-	4,511,280	4,768,404
Trade and other receivables	-	-	-	87,442	87,442
Other assets	-	12,908	-	403,521	416,429
Plant and equipment	-	-	-	1,547	1,547
Exploration and evaluation assets	592,732	2,176,276	-	-	2,769,008
Total segment assets	592,732	2,446,308	-	5,003,790	8,042,830

Segment liabilities

Trade payables	706	185,287	-	1,294,142	1,480,135
Other liabilities	-	-	-	4,000,000	4,000,000
Total segment liabilities	706	185,287	-	5,294,142	5,480,135

30 Jun 2022 **30 Jun 2021**
\$ **\$**

3. OTHER INCOME

Other income		
Other income ¹	545,378	-
Total other income	545,378	-

¹The 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.

30 Jun 2022 **31 Dec 2021**
\$ **\$**

4. EXPLORATION & EVALUATION

Exploration & evaluation activities capitalised

Opening Balance	2,769,008	1,398,797
Capitalised exploration expenditure – New South Wales, Australia	2,385,765	592,732
Capitalised exploration expenditure – Oman	593,156	690,359
Capitalised exploration expenditure – Canada acquisition	5,184,233	-
Capitalised exploration expenditure – Canada	1,811,996	-
Foreign exchange adjustment	115,538	87,120
Closing Balance	12,859,696	2,769,008

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2022

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.

	30 Jun 2022
	\$
Financial assets at fair value through other comprehensive income	\$
Listed ordinary shares	901,832
Warrants	150,155
Total financial assets at fair value through other comprehensive income	1,051,987

Reconciliation:

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

	Shares	Warrants	Total
Opening fair value as at 1 January 2022			-
Cash consideration paid	1,087,488	-	1,087,488
Revaluation increments/(decrements)	(217,497)	144,853	(72,644)
Foreign exchange increments	31,841	5,302	37,143
Closing fair value as at 30 June 2022	901,832	150,155	1,051,987

	30 Jun 2022	31 Dec 2021
	\$	\$
6. TRADE AND OTHER PAYABLES		
Trade payables	1,822,991	1,222,407
Employee related payables	17,229	43,257
Other payables and accruals	177,191	214,471
Total trade and other payables	2,017,411	1,480,135
7. FINANCIAL LIABILITIES		
Unissued capital ¹	-	4,000,000
Insurance funding	42,948	-
Total financial liabilities	42,948	4,000,000

¹Capital raising funds of 4 million were received prior to the reporting date and were held in trust as at 31 December 2021. On 5 January 2022, 137,931,034 fully paid ordinary shares and 45,977,011 free attaching unlisted options exercisable at \$0.04 per option and expiring 3 December 2024, were issued

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	30 Jun 2022 \$	31 Dec 2021 \$
8. ISSUED CAPITAL		
a) Issued and paid up capital		
Ordinary shares fully paid	66,085,956	46,825,287
	Number of Shares	Number of Shares
Ordinary shares fully paid	1,488,015,239	1,093,345,302
b) Movement in shares on issue		
	Number of Shares	\$
Balance at 1 January 2021	985,900,858	45,277,303
Share issue – exercise of options	77,444,444	1,548,889
Share issue – conversion of loans	30,000,000	600,000
Capital raising costs	-	(600,905)
Balance as at 31 December 2021	1,093,345,302	46,825,287
Shares issued – placement January	137,931,034	4,000,000
Share issued – placement February	147,058,824	12,500,000
Share issue – asset acquisitions	76,649,960	3,213,448
Share issue – exercise of options	9,030,119	361,205
Share issue – conversion of performance rights	24,000,000	-
Capital raising costs	-	(813,984)
Balance as at 30 June 2022	1,488,015,239	66,085,956
9. RESERVES		
a) Share based payments reserve		
Opening balance	555,890	2,013,128
Transfer to accumulated losses	-	(2,004,824)
Share based payment	481,342	547,586
Closing balance	1,037,232	555,890
b) Foreign currency translation reserve		
Opening balance	90,088	92,007
Other comprehensive income	139,717	-
Translation of foreign denominated subsidiaries	(180,121)	(1,919)
Closing balance	49,684	90,088
c) Financial assets at fair value through OCI		
Opening balance	-	-
Revaluation and foreign exchange increments	(35,501)	-
Closing balance	(35,501)	-

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
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	30 Jun 2022	30 Jun 2021
	\$	\$
10. SHARE BASED PAYMENTS		
Share based payments expense		
Options	24,542	13,195
Performance Rights	456,800	21,998
Total Share based payments expense	481,342	35,193

Options

During the previous year, the following options were issued to Mr Alex Biggs (resigned 15 July 2022):

- Tranche A: 1,300,000 options, exercisable at \$0.05 each, with an expiry date of 30 June 2024. The options vest upon the Company's 30 day volume weighted average price of its fully paid ordinary shares being equal to or above 5 cents at any time after the date of issue. During the current period these options have vested, were not exercised as at 30 June 2022 and were cancelled on 15 July 2022.
- Tranche B: 1,300,000 options, exercisable at \$0.07 each, with an expiry date of 30 June 2024. The options vest upon the Company's 30 day volume weighted average price of its fully paid ordinary shares being equal to or above 7 cents at any time after the date of issue. During the current period these options have vested, were not exercised as at 30 June 2022 and were cancelled on 15 July 2022.
- Tranche C: 5,000,000 options, exercisable at \$0.10 each, with an expiry date of 30 June 2024. The options vest upon Mr Bigg's completing his 3 month probationary period with the Company. During the previous year these options have vested, were not exercised as at 30 June 2022 and were cancelled on 15 July 2022.

The fair value of the options of \$83,800 was recognised over the estimated vesting dates. An amount of \$24,542 has been recognised within Share based payments expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the current period, in respect of these awards.

Performance Rights

During the previous year, the following performance rights were issued Mr Alex Biggs (resigned 15 July 2022):

- Tranche A: 2,500,000 performance rights, with an expiry date of 30 June 2024. The performance rights will vest upon the Company successfully announcing on the ASX Markets Announcements platform JORC 2012 compliant Mineral Resource with a minimum tonnage of 0.5 million tonnes and a minimum grade of 5% zinc (or 5% zinc equivalent) at the Company's Halls Peak project in NSW.
- Tranche B: 2,500,000 performance rights, with an expiry date of 30 June 2024. The performance rights will vest upon the Company successfully announcing on the ASX Markets Announcements platform JORC 2012 compliant Mineral Resource with a minimum tonnage of 1.0 million tonnes and a minimum grade of 5% zinc (or 5% zinc equivalent) at the Company's Halls Peak project in NSW.

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2022

- Tranche C: 5,000,000 performance rights, with an expiry date of 30 June 2024. The performance rights will vest upon the Company's 30 day volume weighted average price of its fully paid ordinary shares being equal to or above \$0.125 at any time after the date of issue.

As at 30 June 2022, no performance rights have vested and were cancelled on 15 July 2022. An amount of \$(61,152) has been recognised within Share based payments expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the current period, in respect of these awards.

During the previous year, the performance rights were issued to directors and company secretary. During the current period, remaining performance rights vested. The total fair value of the performance rights, of \$580,000, was recognised over the estimated vesting dates. An amount of \$510,729 has been recognised within Share based payments expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the current period, in respect of these awards as follows:

- Tranche A: 8,000,000 performance rights, with an expiry date of 30 June 2026. The performance rights will vest upon the Company's VWAP being at least \$0.05 over 20 consecutive trading days on which the Company's shares have actually traded.
- Tranche B: 8,000,000 performance rights, with an expiry date of 30 June 2026. The performance rights will vest upon the Company's VWAP being at least \$0.075 over 20 consecutive trading days on which the Company's shares have actually traded.
- Tranche C: 8,000,000 performance rights, with an expiry date of 30 June 2026. The performance rights will vest upon the Company's VWAP being at least \$0.10 over 20 consecutive trading days on which the Company's shares have actually traded.

During the current period, the following performance rights were granted to the Company's Non-Executive Director, Mr Alex Cheeseman:

- Tranche A: 2,000,000 performance rights, with an expiry date of 24 May 2027. The performance rights will vest upon the Company's VWAP being at least \$0.07 over 20 consecutive trading days on which the Company's shares have actually traded.
- Tranche B: 2,000,000 performance rights, with an expiry date of 24 May 2027. The performance rights will vest upon the Company's VWAP being at least \$0.09 over 20 consecutive trading days on which the Company's shares have actually traded.
- Tranche C: 2,000,000 performance rights, with an expiry date of 24 May 2027. The performance rights will vest upon the Company's VWAP being at least \$0.12 over 20 consecutive trading days on which the Company's shares have actually traded.

The barrier up-and-in trinomial pricing model has been used to value the performance rights. The following inputs were used in the valuation model:

Tranche	Number of performance rights	Grant date	Grant date share price	Expiry date	Estimated vesting date	Volatility %	Risk free rate %	Fair Value	Fair value per performance right
A	2,000,000	24 May 2022	\$0.079	24 May 2027	24 May 2027	100	3.04	\$156,000	\$0.078
B	2,000,000	24 May 2022	\$0.079	24 May 2027	24 May 2027	100	3.04	\$153,200	\$0.077
C	2,000,000	24 May 2022	\$0.079	24 May 2027	24 May 2027	100	3.04	\$149,200	\$0.075

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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As at 30 June 2022, the performance rights have not vested. The total fair value of the performance rights, of \$458,400, will be recognised over the estimated vesting dates. An amount of \$7,223 has been recognised within Share based payments expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the current period, in respect of these awards.

11. ASSET ACQUISITIONS

The acquisitions 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. 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.

Mavis Lake Lithium Project, Canada

In October 2021, the Company signed a binding terms sheet to acquire the Mavis Lake Lithium Project in Ontario, Canada. The Company paid a non-refundable exclusivity fee of \$200,000, incurred project due diligence and other transaction related costs.

In January 2022, the Company completed the acquisition in consideration for:

- a \$1.5 million cash payment to the Sellers;
- the issue of 68,000,000 fully paid ordinary shares in the Company to the Sellers (or their nominees) at an issue price of \$0.022 per share (a deemed value of \$1.496 million) ("Consideration Shares");
- the issue \$200,000 in fully paid ordinary shares in the Company to the deal Facilitator, using 15 day volume weighted average price ("VWAP") up to a maximum of 8,000,000 fully paid ordinary shares;

Deferred consideration (Note 13)

- Milestone 1:
 - payment of \$1.5 million cash to the Sellers; and
 - \$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) ("M1 Facilitator Shares");upon definition of JORC Compliant Resource of not less than 5 million tonnes containing not less than 50,000t of Li₂O using a cut-off grade of not less than 0.40% Li₂O, and
- Milestone 2:
 - payment of \$1.5 million cash to the Sellers; and
 - \$100,000 of fully paid ordinary shares (up to a maximum of 4,000,000 Shares) in the Company 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");

upon definition of JORC Compliant Resource of not less than 10 million tonnes containing not less than 100,000t of Li₂O using a cut-off grade of not less than 0.40% Li₂O (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 the relevant milestones are not met within 5 years from the date of the Terms Sheet, the obligation to issue the M1 and M2 Facilitator Shares will expire.

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2022

Details of the acquisition are as follows:

	30 June 2022 \$
Purchase consideration	
Share issue – consideration	3,093,448
Cash consideration and transactions costs paid	1,887,964
Total purchase consideration	4,981,412
Assets acquired	
Cash	9,471
Exploration and evaluation	4,970,976
Other assets	965
Total assets acquired	4,981,412

Graphic Lake Lithium Project, Canada

In February 2022 the Company completed the acquisition of the Graphic Lake Lithium Project in Ontario, Canada in consideration for;

- \$80,000 cash payment (including \$10,000 paid as an option fee);
- the issue A\$120,000 fully paid ordinary shares in the Company calculated at a 20-day VWAP (1,200,000 shares issued); and
- the issue of a 1.5% Net Smelter Royalty ("NSR") capped at C\$500,000 with the option to purchase at any time for C\$500,000 (Note 13).

Details of the acquisition are as follows:

	30 June 2022 \$
Purchase consideration	
Share issue – consideration	120,000
Cash consideration and transactions costs paid	93,257
Total purchase consideration	213,257
Assets acquired	
Exploration and evaluation	213,257
Total assets acquired	213,257

12. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, apart from:

- As announced on 13 July 2022, commencement of a Phase 2 drilling program at Mavis Lake Lithium Project, Canada (additional 5,000m of drilling for a total of 10,000m) following completion of inaugural 5,000m Phase 1 drilling program;

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2022

- As announced on 15 July 2022, the resignation of Mr Alex Biggs from position of Managing Director/Chief Executive Officer' and
- As announced on 5 August 2022 and 18 August 2022, the exploration Licenses for the Sohar Copper Project in Oman, have been extended to 18 June 2023 in consideration for the payment of exploration license renewal fees; and
- As announced on 25 August 2022, commencement of a Phase 3 drilling program at Mavis Lake Lithium Project, Canada (additional 2,500m of drilling for a total of 12,500m).

13. 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

Subject to the satisfaction of Milestones, the Company will be required to:

- pay and issue Deferred Consideration, Milestone 1:
 - payment of \$1.5 million cash to the Sellers; and
 - \$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) ("M1 Facilitator Shares");upon definition of JORC Compliant Resource of not less than 5 million tonnes containing not less than 50,000t of Li₂O using a cut-off grade of not less than 0.40% Li₂O, and
- pay and issue Deferred Consideration, Milestone 2:
 - payment of \$1.5 million cash to the Sellers; and
 - \$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");upon definition of JORC Compliant Resource of not less than 10 million tonnes containing not less than 100,000t of Li₂O using a cut-off grade of not less than 0.40% Li₂O (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 the relevant milestones are not met within 5 years from the date of the Terms Sheet, the obligation to issue the M1 and 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 in consideration of;

- the issue of a 1.5% Net Smelter Royalty ("NSR") capped at C\$500,000 with the option to purchase at any time for C\$500,000.

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

FOR THE HALF YEAR ENDED 30 JUNE 2022

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 2022 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
6 September 2022

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 2022, 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 2022 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 2022 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

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', is written over a faint, light blue BDO logo.

Glyn O'Brien

Director

Perth

6 September 2022