



**CZR RESOURCES LTD
& CONTROLLED ENTITIES
ABN 91 112 866 869**

**CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

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CORPORATE DIRECTORY

DIRECTORS

Russell Clark (Chairman)
Stefan Murphy
Annie Guo

COMPANY SECRETARY

Trevor O'Connor

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STOCK EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: CZR

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2022.

DIRECTORS

The names of directors who held office during or since the end of the half-year:

Russell Clark (Chairman)
Stefan Murphy
Annie Guo

RESULTS OF OPERATIONS

The Company realised a net loss of \$3,845,820 for the half-year ended 31 December 2022 (2021: \$3,048,778).

REVIEW OF OPERATIONS

Introduction

CZR is a Western Australia focused mineral exploration and development company with five projects, all in joint-venture with its major shareholder, Creasy Group. All projects are strategically located, proximal to infrastructure and cover prospective geology with established iron ore, gold and base metal endowment.

CZR's primary development asset is the Robe Mesa iron ore deposit, part of the Yarraloola project. The Company is progressing the Definitive Feasibility Study (DFS) and approvals for mining, with a focus on expanding the current JORC Resource and Reserve and targeting a production rate of +3Mtpa.

In addition to the development of Robe Mesa, CZR is also progressing several prospective gold, base metal and iron ore exploration projects – well located in close proximity to major mines and discoveries.

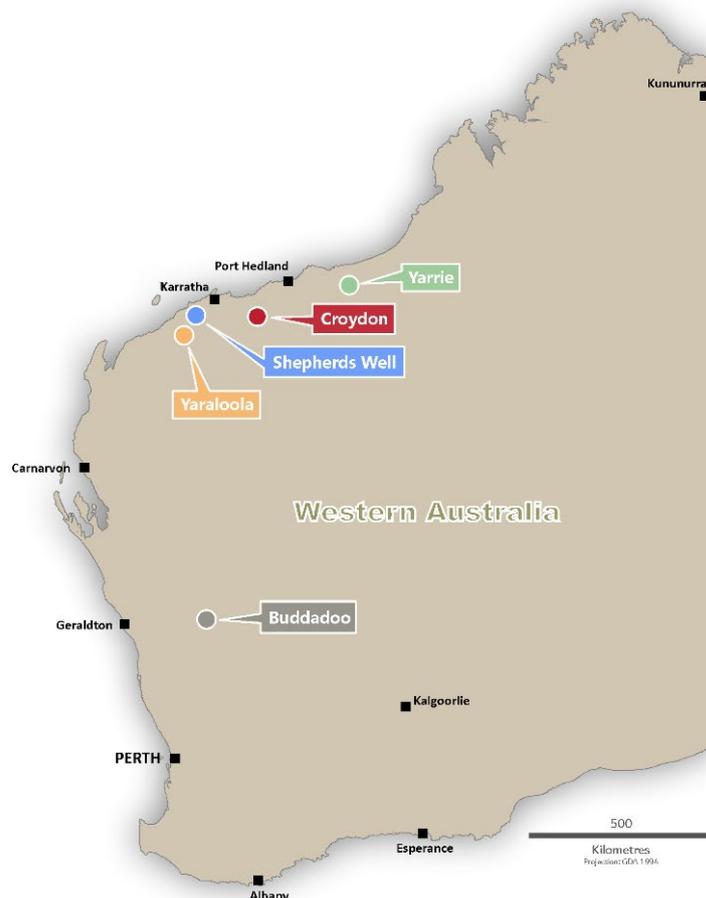


Figure 1. Location of the CZR tenements in Western Australia.

DIRECTORS' REPORT (Continued)

Robe Mesa Iron Ore Deposit (Yarraloola Project) – West Pilbara (85% CZR)

The Robe Mesa deposit sits within the Robe Valley Channel Iron Deposits (Robe Valley CID), adjacent to the Robe River JV operations. The Robe River JV (Rio Tinto 53%, Mitsui 33%, Nippon Steel 14%), operated by Rio Tinto, has been mining Robe Valley CID since the 1970's and has current mining operations at Mesa A, Warrambo and Mesa J, with rail linking to export facilities at Cape Lambert.

The Robe River JV recently invested \$1.7B in the Robe Valley JV to replace production from existing mines at Mesa A, Warrambo and Mesa J. Production commenced at Mesa B, C and H in August 2021 and extensive drilling was completed during late CY22 at Mesa F, effectively surrounding CZR's Robe Mesa deposit.

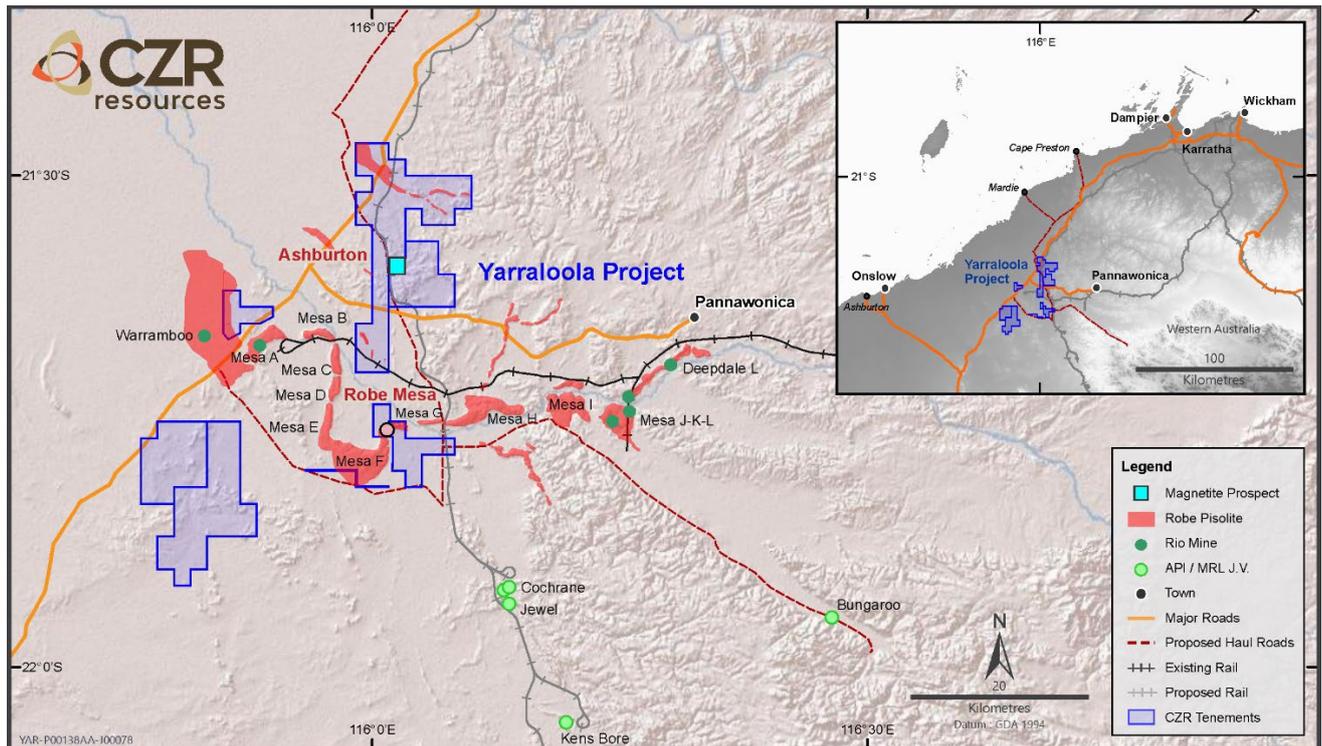


Figure 2. CZR's Yarraloola project and Robe Mesa deposit showing local infrastructure and iron ore deposits. Insert map showing regional infrastructure of the West Pilbara, relative to the Robe Mesa deposit

Resource-Reserve Upgrade

During H1 FY23, CZR completed a total of 94 Reverse Circulation (RC) drill holes for 5,738 metres, focused on expanding the Resource to the north and infill drilling the lower CID in the south of the deposit. Assay results reported on 21 November 2022 showed strong Direct Shipping Ore (DSO) mineralisation outside of the pit designs modelled in the December 2020 Pre-Feasibility Study (PFS). Of particular note was the northern extension where the highest iron ore grades to-date were returned.

The depth to the base of mineralisation is still very shallow, on average only 51 metres below surface, with a maximum depth of 61m below surface. All mining will be above the water table with all waste back-filled in the mining void, minimising the environmental impact.

The assay results were incorporated in the upgraded Mineral Resource estimate (ASX announcement 12 December 2022), which increased to 45.2Mt at 56% Fe (62.7% Fe calcined), representing an 83% increase from 24.7Mt in the past 12 months.

The increased tonnes were primarily from drilling of the northern extension, an area not previously drilled and outside of the Mineral Resource and 2020 Pre-Feasibility Study (PFS) pit designs. Drilling of the lower Channel Iron Deposit (CID) in the south of the Robe Mesa deposit also intersected thick mineralisation which also contributed to the overall increase in tonnes.

DIRECTORS' REPORT (Continued)

The updated Mineral Resource estimate represents the completion of drilling within the proposed mining footprint at Robe Mesa (Figure 3), a key milestone for the project's DFS. In addition, over 80% of the Mineral Resource estimate is categorised as Indicated (Figure 4), an important step in maximising the Resource to Reserve conversion.

CZR also completed a diamond drill program in July 2022, with metallurgical and geotechnical test work completed during the December quarter. The results will provide data for process plant specifications, material handling data for shipping and sinter test work for customer acceptance trials, as well as geotechnical pit design and drill and blast parameters.

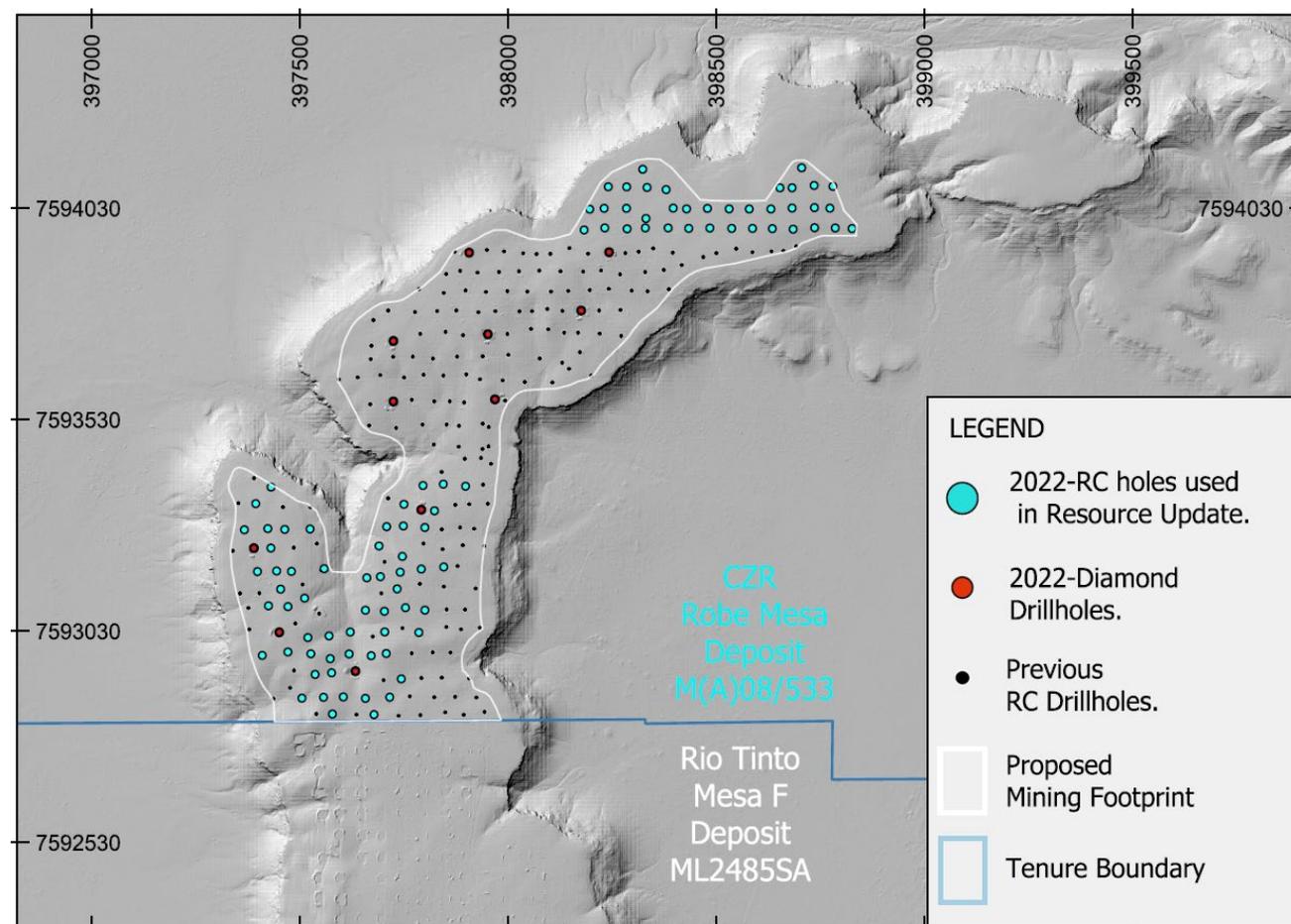


Figure 3. Robe Mesa Resource area with drill hole collars

Cut-Off Grade	Category	Tonnes Mt	Fe %	SiO2 %	Al2O3 %	LOI %	P %	S %	Fe _{ca} %
55% Fe	Indicated	36.0	56.0	5.9	2.8	10.6	0.04	0.02	62.7
	Inferred	9.2	56.1	5.6	2.7	10.8	0.04	0.02	62.9
	Total	45.2	56.0	5.8	2.8	10.7	0.04	0.02	62.7
50% Fe	Indicated	71.8	54.4	7.5	3.3	10.7	0.04	0.02	61.0
	Inferred	17.8	54.3	7.6	3.3	10.8	0.04	0.02	60.8
	Total	89.6	54.4	7.5	3.3	10.8	0.04	0.02	61.0

Table 1. December 2022 updated Robe Mesa Mineral Resource

Fe_{ca} is the calcined iron-content calculated as $(Fe\% / (100 - LOI\%)) * 100$ and represents the amount iron after the volatiles (mainly held as weakly bound water in the structure of the hydrous iron-rich minerals) is excluded from the analysis.

DIRECTORS' REPORT (Continued)

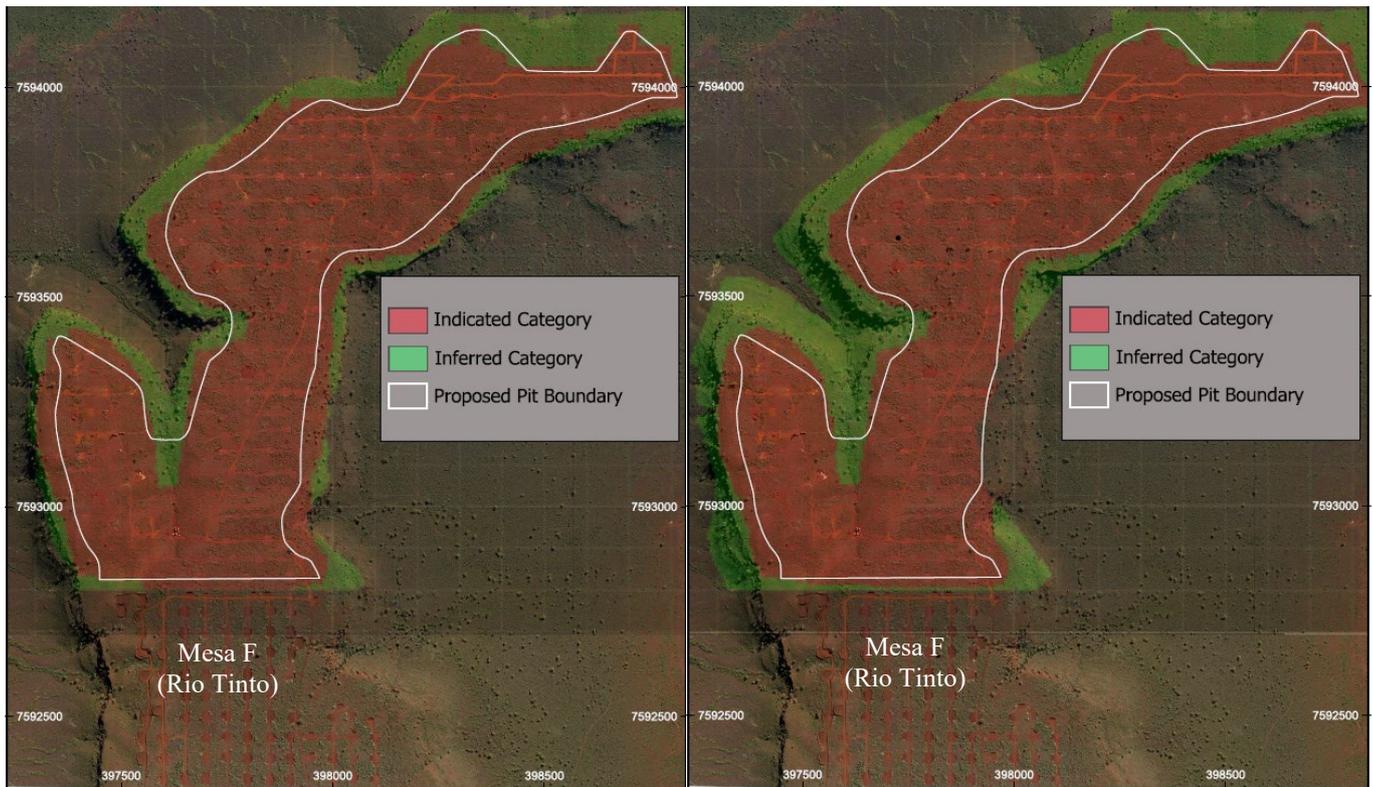


Figure 4. Plan view showing the classification of the mineralisation. Upper channel – left and lower channel – right (Indicated Resource – orange, Inferred Resource - green).

Port Development

On 16 December 2022 CZR announced that it had entered into a binding Memorandum of Understanding (MoU) with Strike Resources Limited (**SRK**) and CSL Australia Pty Ltd (**CSL**) to form a consortium (Port of Ashburton Consortium (PAC)) to secure approvals for the construction of a bulk loading facility for export of iron ore from the Port of Ashburton, Onslow (**POA Facility**).

The PAC is undertaking preliminary designs for an integrated facility, including road train unloading, storage shed, transshipment vessel (TSV) loader and ancillary fixed and mobile infrastructure. If approved, the PAC will formalise an agreement to construct a ~5 Mtpa, low-cost, environmentally sustainable iron ore and bulk material export solution from the existing Port of Ashburton.

CZR has a 50% participating interest in the PAC, reducing its total capital cost contribution for developing the POA Facility, while maintaining a minimum 67% of the proposed export capacity. In addition to capex savings, CZR will also benefit from opex savings, with a higher throughput facility, and significantly closer port than that assessed in the PFS (which was Utah Point in Port Hedland).

CSL will provide the other Parties with a feasibility study, assessing the method, costs and requirements of the transshipment and marine operations and shall have a first right of refusal to provide transshipment services.

The POA Facility is an important step in CZR securing a low cost and sustainable export solution, in close proximity to its Robe Mesa iron ore project. The POA Facility will be incorporated in the Definitive Feasibility Study (DFS) and mine production scheduling, currently underway.

DIRECTORS' REPORT (Continued)

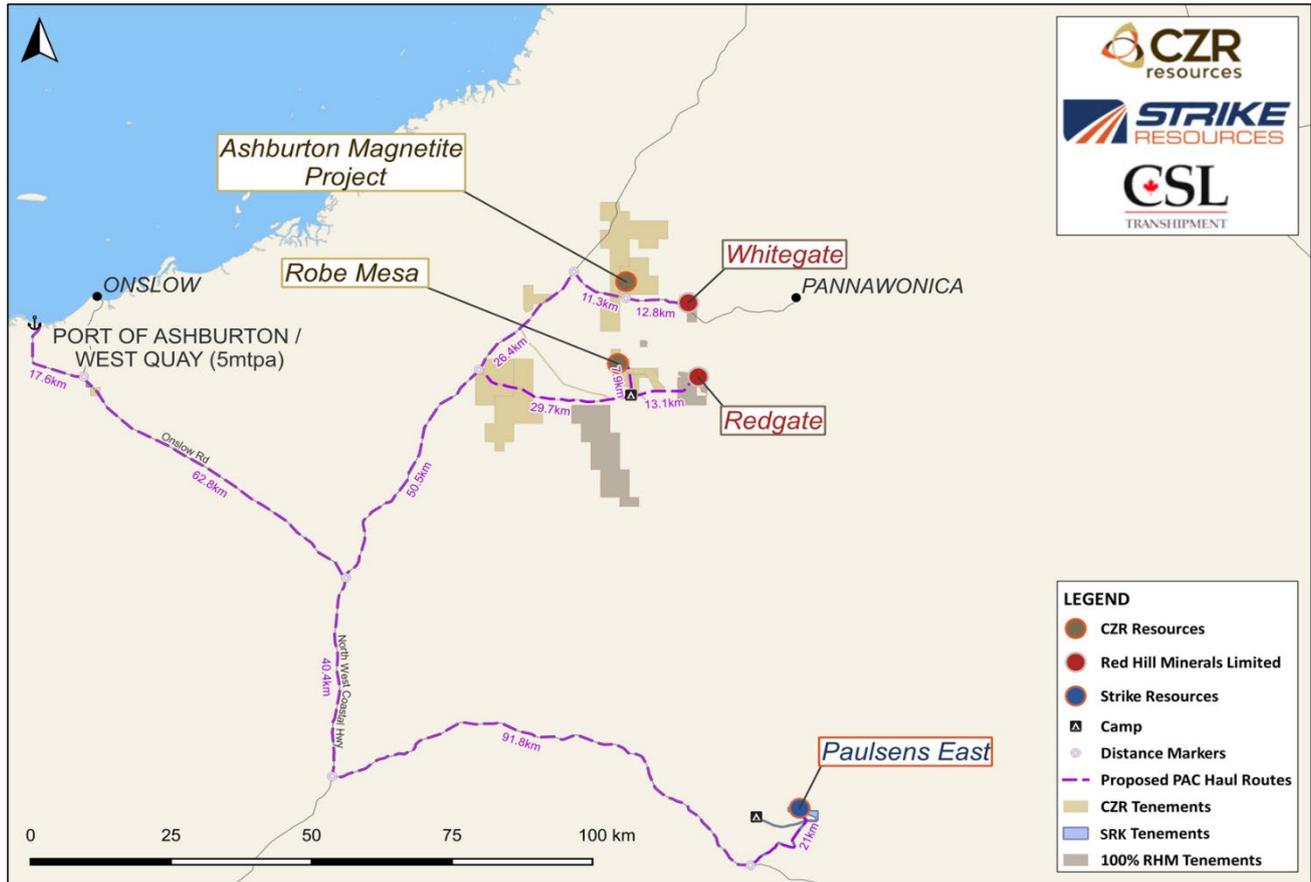


Figure 5. CZR's Robe Mesa iron ore project, Strike Resource's Pulsens East iron ore mine and Red Hill Minerals' Redgate and Whitegate deposits – Distances shown to the Port of Ashburton.

Native Title Agreement and Grant of Mining Licences

On 22 December 2022, CZR announced it had entered into the Robe Mesa Project Agreement (the "Agreement") with Robe River Kuruma Aboriginal Corporation (RRKAC). The Agreement sets out the framework and approvals for the purpose of:

- Protecting country;
- Facilitating mining operations at Robe Mesa; and
- Developing a meaningful, respectful relationship between CZR and the Robe River Kuruma People

The Agreement was reached through a collaborative approach, with a focus on current and future benefits for both parties. In particular, CZR has undertaken to minimise disturbance to Robe River Kuruma country, through low-impact mining, minimising water extraction and protecting areas of cultural heritage significance.

The Agreement also provides economic and social benefits to the Robe River Kuruma traditional owners and consent for mining to be undertaken at the Robe Mesa iron ore project.

With the signing of the Agreement and associated State Deed, Mining Licences M08/533 (Robe Mesa deposit) and M08/519 (P529 deposit) were granted in early January 2023 for a period of 21 years by the Department of Mines, Industry Regulation and Safety (DMIRS).

DIRECTORS' REPORT (Continued)

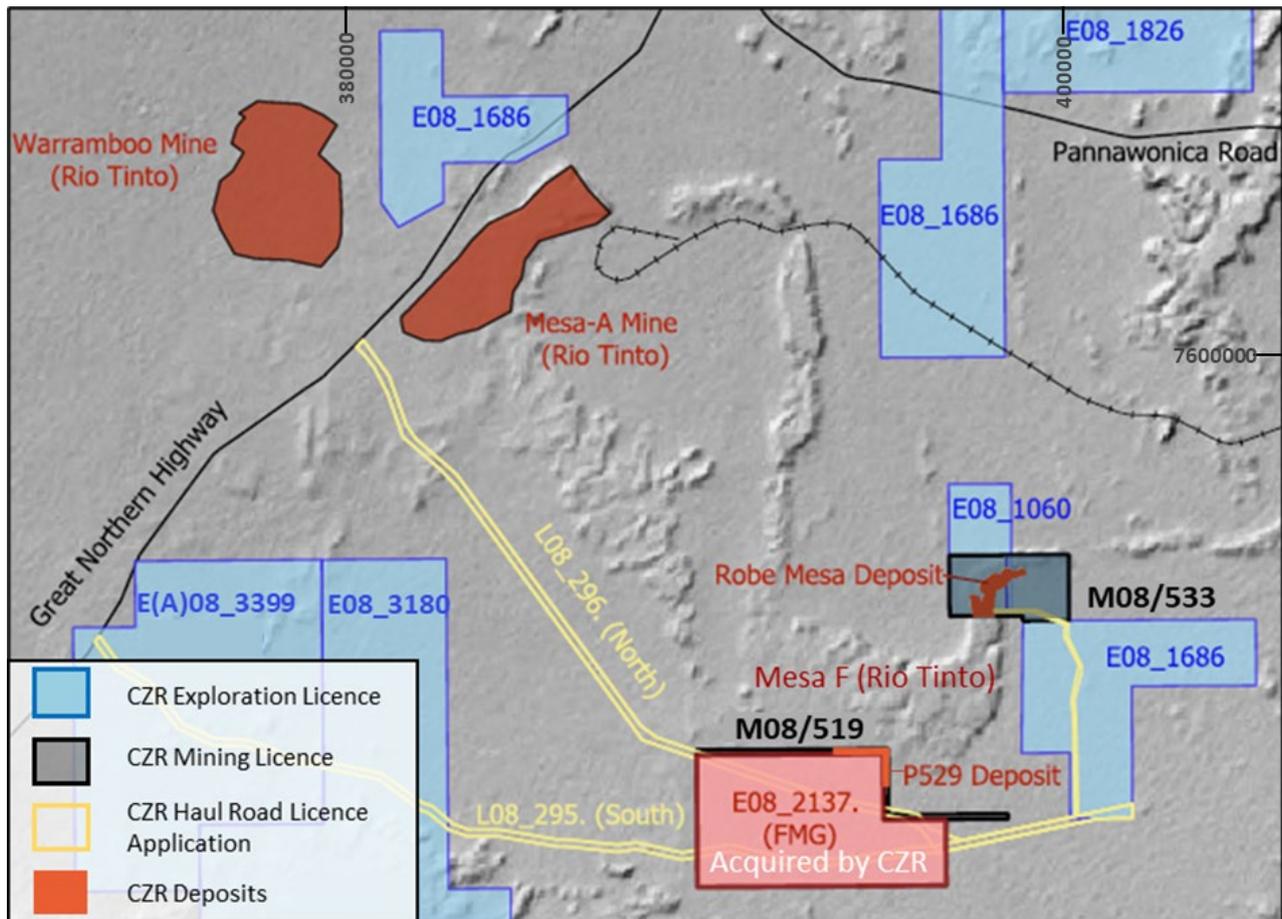


Figure 6. Robe Mesa Project area, with newly granted Mining Licences proximal to Rio Tinto's Robe Valley operations

Growth Projects

CZR continues to assess opportunities to grow the mine life and production rate from Robe Mesa, and on 20 December 2022 announced it had agreed with FMG Pilbara Pty Ltd (Fortescue), a subsidiary of Fortescue Metals Group Ltd (ASX: FMG), to acquire exploration tenement E08/2137. The purchase of this tenement was subsequently settled on 2 March 2023.

The Fortescue tenement covers the southern flank of Rio Tinto's Mesa F deposit and is contiguous with CZR's P529 deposit (Figure 6) and the combined Fortescue Tenement and P529 deposit ("**Robe South**") are located only 5km south of CZR's existing Robe Mesa deposit. A higher-grade zone of the P529 deposit extends into E08/2137, with this transaction now consolidating a 1.1km strike length of the higher-grade zone (Figure 7).

Consolidating Robe South provides CZR with a potential second source of iron ore for its Robe Mesa project, either as a standalone source or blended with the Robe Mesa deposit and is consistent with CZR's strategy of growing mine life and production rates for the broader Robe Mesa project.

The Key transaction terms of the sale, which was subject to satisfaction of completion of the sale occurring, which occurred subsequent to the half-year end on 2 March 2023, was:

- CZR cash payment to Fortescue of \$150,000;
- 3.3 million CZR shares;
- 1% FOB Revenue royalty covering any future production from E08/2137 and M08/519 (does not include Robe Mesa deposit on M08/533); and
- Transaction completion was subject to condition precedent (Assignment of Access Agreement which Fortescue had the right to waive).

DIRECTORS' REPORT (Continued)

In addition to the resource potential on E08/2137, CZR has pegged two tenements as potential haul routes that cross through the acquired tenement. Securing the potential for road construction materials on the southern flank of Rio Tinto's Mesa F deposit made the acquisition even more attractive to CZR.

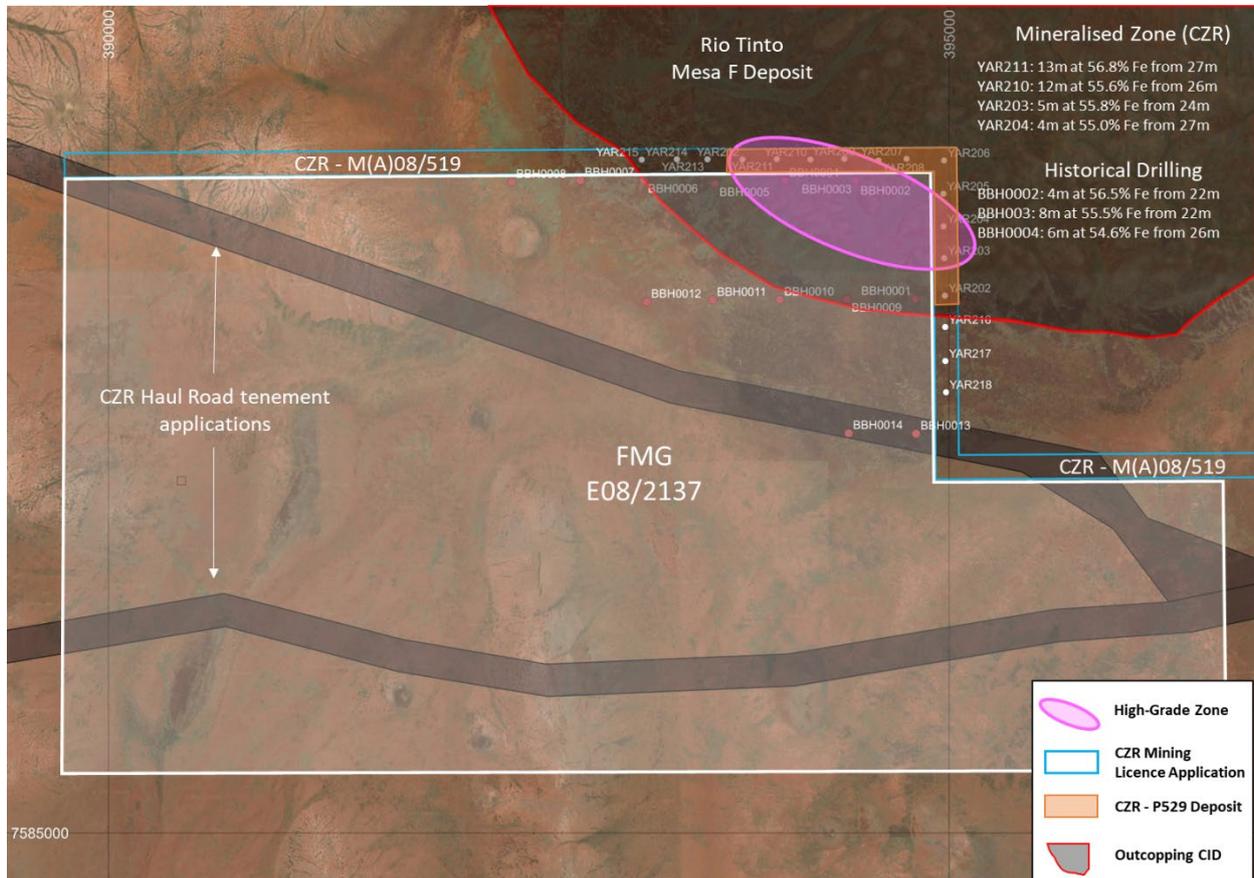


Figure 7. E08/2137 location relative to CZR's P529 deposit and higher-grade zone (magenta) on the southern flank of Rio Tinto's Mesa F deposit

Red Hill Minerals Cooperation Agreement

CZR Resources announced on 1 August 2022 that it has entered into a Co-operation Agreement with Red Hill Minerals (ASX: RHI) under which the two companies will assess and potentially develop shared road and port infrastructure to support their neighbouring Pilbara iron ore development projects.

The Robe Mesa and RHI's Pannawonica Projects are located in close proximity and stand to benefit from shared infrastructure. During the reporting period, joint environmental and topographic surveys were completed as part of studies to assess a single haulage route linking both projects to the North West Coastal Highway.

The Co-operation Agreement contains a cost-sharing mechanism through the study phase for the proposed haulage route and, subject to study outcomes, is intended to facilitate the conclusion of an access agreement providing both parties with access to a joint haulage route.

DIRECTORS' REPORT (Continued)

Croydon Gold Project (CZR 70%)

The Croydon project is located in the Mallina Basin between Karratha and Port Hedland. The region contains De Grey Mining Limited's (DEG) Hemi gold deposit with a Resource of 8.5 Moz (DEG release to ASX; 31 May 2022). The Mallina Basin has the potential to emerge as a major gold province and CZR's Croydon project covers approximately 40km strike of the Mallina Basin, about 50km south-east of Hemi (Figure 8).

Gold mineralisation at Hemi is hosted in a series of intermediate intrusions associated with sulphide (pyrite and arsenopyrite) stringers and disseminations within brecciated and altered quartz diorites that intrude into the surrounding Archaean aged Mallina Basin sediments. CZR's Croydon project has a similar geochemical signature, with very strong gold and arsenic in soil anomalies, particularly at the Top Camp prospect, where initial drilling returned primary gold mineralisation, including:

- 8m at 10.2g/t Au from 135m in CRC007
- 2m at 22g/t Au from 7m in CRC021; and
- 28m at 0.6g/t Au from 147m in CRC022

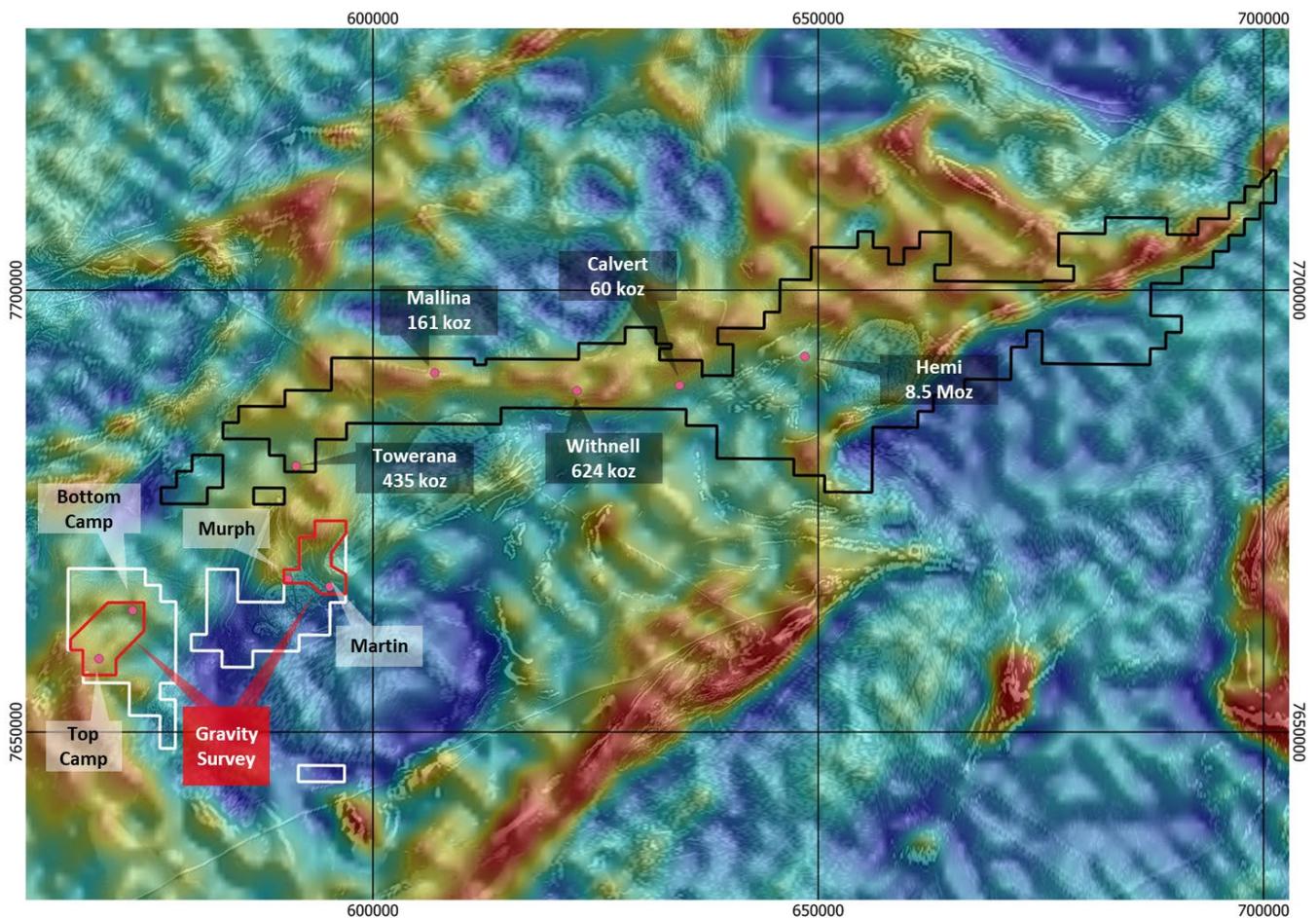


Figure 8. CZR's Croydon project and De Grey Mining's Hemi Gold Project – Regional gravity over magnetics background image

DIRECTORS' REPORT (Continued)

During the reporting period, CZR commenced a ground-based gravity survey, targeting large intrusions that may host gold mineralisation similar to Hemi (Figure 9). Two target areas were assessed:

- **Western Target:** Known gold mineralisation from drilling at Top Camp and Franks Patch with strong gold and arsenic soil geochemistry. Mineralisation is hosted in overlying Malina Sediments, with gravity survey to test for buried intrusions beneath the sediments.
- **Eastern Target:** Similar structural and lithological setting to Hemi, with ultramafic and felsic intrusions in an area of structural complexity. Due to shallow sand cover, there is little to no outcrop or surface geochemical response, but minor gold occurrences at the Murph and Martin prospects.

Approximately 80% of the survey was completed before the end of the field season in December 2022, with the remainder to be completed in the March 2023 quarter.

Initial survey results have identified gravity anomalies along a NE trend, confirming the prospectivity of Eastern Targets in a similar geological setting to Hemi. Gravity inversion modelling has commenced on the Eastern Target to estimate the size and location (depth) of the gravity high, with drilling planned in early Q2, 2023.

The gravity results from the Western Target require further infill and terrain correction due to the steep topography (Eastern Target is relatively flat). Interpretation of the preliminary results indicate a series of folds with gold mineralisation from previous drilling at Top Camp associated with a gravity high anomaly. The tight folding and structural complexity of the Western Target is similar to Hemi, and while the results are only preliminary, CZR anticipates drill testing several of these targets in Q2, 2023.

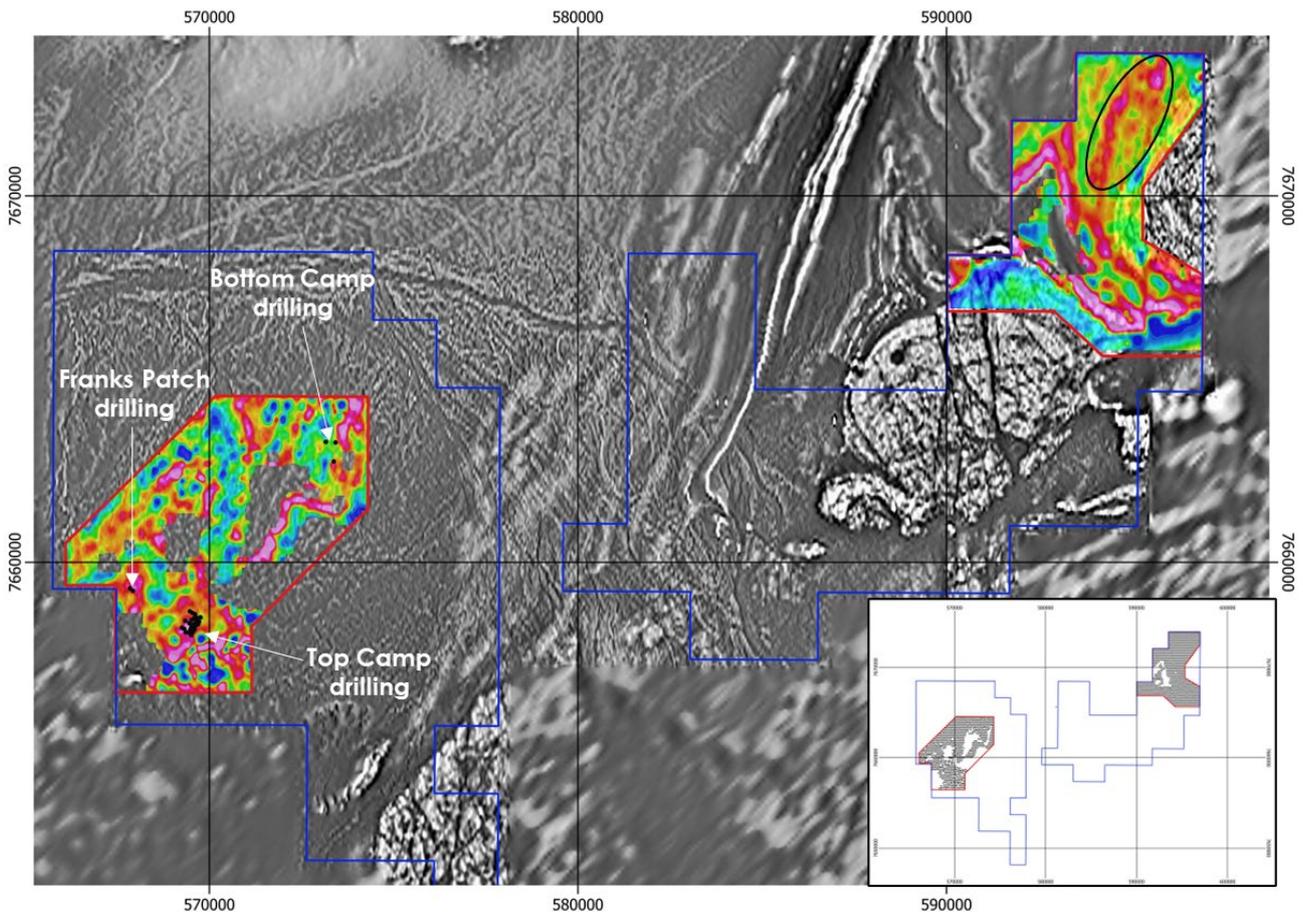


Figure 9. Preliminary Croydon ground based gravity results over regional magnetics – insert shows completed gravity stations within planned survey area

DIRECTORS' REPORT (Continued)

Yarrie Iron-Ore Project (CZR 70%)

The Yarrie Project covers a total of 360 square kilometres, about 160 kilometres east of Port Hedland. Yarrie is serviced by bitumen and gravel roads, a natural gas pipeline between Pt Hedland and the Telfer copper-gold mine and a BHP-owned rail connection between Yarrie mining area and Port Hedland. The Yarrie tenements are held for their potential to host high-grade (+62% Fe) iron-ore and have historical high-grade RC drill intercepts in the Cabbage Tree and Kennedy Gap prospects (CZR release to ASX; 6 August 2014).

CZR completed a geophysical review of the Yarrie project during the reporting period, assessing priority iron ore and non-iron ore exploration targets. This resulted in partial tenement relinquishments, with a focus on priority iron ore and rare earth element (REE) targets. CZR submitted a program of work to drill test some of these targets in the second half of 2023.

Buddadoo Gold Project (CZR 85%)

The Buddadoo project (E59/1350 and E59/2349), with a surface area of 303 square kilometres, is located about 200 kilometres east of Geraldton Port and 60 kilometres from a rail siding at Morawa and is accessible all year by bitumen-road. The tenement is prospective for orogenic lode-style gold (Deflector Gold Mine – 5km west) and VMS style base metal deposits (Golden Grove 40km east).

No field activities were undertaken at Buddadoo during the reporting period.

Shepherds Well Project (CZR 70%)

Shepherd's Well (E08/2361) is located 60 kilometres south-west of Karratha and covers 15 kilometres of a regional shear-zone. CZR completed a moving loop electro-magnetic (EM) survey at the Dorper prospect in the March quarter, targeting a mafic-ultramafic intrusion with anomalous nickel and PGE in soil and rock chip samples. The survey identified a NE-SW oriented stratigraphic conductor dipping steeply to the NW, that is much more conductive in the south and gets weaker towards the North.

No field activities were undertaken at Shepherd's Well during the reporting period.

Corporate

On 5 October 2022 the Company announced a 1 for 5 Rights Issue for which the Company eventually raised \$3,923,162 (before costs) through the issue of 290,135,025 shares at 1.2 cents per share.

On 1 December 2022, following shareholder approval the Company completed a Share Capital Consolidation whereby all securities in the Company were consolidated on 1 : 17 basis.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than as outlined in the review of operations, there were no significant changes in the state of affairs of the Group during the half year.

SUBSEQUENT EVENTS

In early January 2023 the Department of Mines, Industry Regulation and Safety (DMIRS) granted Mining Licences M08/533 (Robe Mesa Deposit) and M08/519 (p529 Deposit) for a period of 21 years.

On 6 February 2023, the Company announced it had completed a placement of 8,130,000 shortfall shares at 20.4 cents raising \$1,658,520 (before costs) relating to the renounceable entitlement issue to shareholders which was announced on 5 October 2022 and closed on 3 November 2022.

On 2 March 2023, the Company issued 3,294,118 shares at 20 cents per share to FMG Pilbara Pty Ltd and paid \$150,000 as consideration for tenement E08/2137.

DIRECTORS' REPORT (Continued)

Other than above, there has been no matters or circumstances that have arisen after reporting date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2022 is set out on page 16.

This report is signed in accordance with a resolution of the Board of Directors.



Russell Clark
Chairman

Dated this 13th day of March 2023

Forward Looking Statements

This report contains "forward-looking information" that is based on CZR's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the pre-feasibility study, CZR's business strategy, plan, development, objectives, performance, outlook, growth, cashflow, projections, targets and expectations, mineral resources, ore reserves, results of exploration and related expenses. Generally, this forward looking information can be identified by the use of forward-looking terminology such as 'outlook', 'anticipate', 'project', 'target', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast', 'evolve' and similar expressions. Persons reading this announcement are cautioned that such statements are only predictions, and that CZR's actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause CZR's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information.

Forward-looking information is developed based on assumptions about such risks, uncertainties and other factors set out herein, including but not limited to general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices and demand of iron and other metals; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accident, labour disputes and other risks of the mining industry; and delays in obtaining governmental approvals or financing or in the completion of development or construction activities. This list and the further risk factors detailed in the remainder of this report are not exhaustive of the factors that may affect or impact forward-looking information. These and other factors should be considered carefully, and readers should not place undue reliance on such forward-looking information. CZR disclaims any intent or obligations to revise any forward-looking statements whether as a result of new information, estimates, or options, future events or results or otherwise, unless required to do so by law.

Statements regarding plans with respect to CZR's mineral properties may contain forward-looking statements in relation to future matters that can only be made where CZR has a reasonable basis for making those statements. Competent Person Statements regarding plans with respect to CZR's mineral properties are forward looking statements. There can be no assurance that CZR's plans for development of its mineral properties will proceed as expected. There can be no assurance that CZR will be able to confirm the presence of mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of CZR's mineral properties.

CZR believes it has a reasonable basis for making the forward looking statements in this report, including with respect to any production targets and economic evaluation, based on the information contained in CZR's ASX announcement entitled "Pre-Feasibility Study finds Robe Mesa iron ore project is technically robust with potential to generate strong financial returns" dated 10 December 2020. CZR confirms that it is not aware of any new information or data that materially affects the production targets contained in the previous announcement of the PFS and all material assumptions underpinning the production targets and economic valuation in the previous market announcement continue to apply and have not materially changed.

No New Information or Data

This report contains references to Resource estimates, all of which have been cross referenced to previous market announcements made by the Company. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

DIRECTORS' REPORT (Continued)

Competent Person Statement

The information in this report that relates to exploration activities and exploration results is based on information compiled by Stefan Murphy (BSc), a Competent Person who is a Member of the Australian Institute of Geoscientists. Stefan Murphy is Managing Director of CZR Resources, holds options in the Company and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'Competent Person' as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code).

Stefan Murphy has given his consent to the inclusion in this report of the matters based on his information in the form and context in which it appears.

DECLARATION OF INDEPENDENCE BY MELISSA REID TO THE DIRECTORS OF CZR RESOURCES LTD

As lead auditor of CZR Resources Ltd for the half-year ended 31 December 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of CZR Resources Ltd and the entities it controlled during the period.



Melissa Reid
Director

BDO Audit (WA) Pty Ltd

Perth

13 March 2023

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Note	Half-Year 31 December 2022 \$	Half-Year 31 December 2021 \$
Other income		49,707	330
Exploration costs		(3,214,192)	(2,536,334)
Director fees		(68,438)	(101,342)
Compliance and professional fees		(286,342)	(255,429)
Depreciation		(10,199)	(6,202)
Administration expenses		(85,993)	(114,004)
Share Based Payments	6	(230,363)	(35,797)
(Loss) before income tax		(3,845,820)	(3,048,778)
Income tax expense		-	-
(Loss) from continuing operations after related income tax expense for the half year attributable to members of CZR Resources Ltd		(3,845,820)	(3,048,778)
Other comprehensive income		-	-
Total comprehensive loss attributable to the members of CZR Resources Ltd		(3,845,820)	(3,048,778)
(Loss) per share for the half year attributable to members of CZR Resources Ltd			
Basic loss per share (cents)		(1.83)	(1.53)
Diluted loss per share (cents)		(1.83)	(1.53)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	As At 31 December 2022 \$	As At 30 June 2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents		3,350,652	3,120,947
Other receivables		291,521	97,313
Total Current Assets		3,642,173	3,218,260
Non-Current Assets			
Property, plant and equipment		48,093	58,292
Exploration assets	3	13,499,466	13,499,466
Total Non-Current Assets		13,547,559	13,557,758
TOTAL ASSETS		17,189,732	16,776,018
LIABILITIES			
Current Liabilities			
Trade and other payables	4	900,168	752,593
Provisions		26,795	22,574
Total Current Liabilities		926,963	775,167
Non-Current Liabilities			
Provisions		2,035	587
Total Non-Current Liabilities		2,035	587
TOTAL LIABILITIES		928,998	775,754
NET ASSETS		16,260,734	16,000,264
EQUITY			
Contributed equity	5	49,693,571	45,817,644
Reserves		4,175,045	3,944,682
Accumulated losses		(37,607,882)	(33,762,062)
TOTAL EQUITY		16,260,734	16,000,264

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	Ordinary Shares \$	Reserves	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2022		45,817,644	3,944,682	(33,762,062)	16,000,264
Total comprehensive loss for the half-year		-	-	(3,845,820)	(3,845,820)
Shares issued – rights issue		3,923,162	-	-	3,923,162
Share Issue costs		(47,235)	-	-	(47,235)
Share based payment expense		-	230,363	-	230,363
Balance at 31 December 2022		49,693,571	4,175,045	(37,607,882)	16,260,734
Balance at 1 July 2021		42,557,388	3,821,842	(27,957,271)	18,421,959
Total comprehensive loss for the half-year		-	-	(3,048,778)	(3,048,778)
Shares issued – share purchase plan		283,000	-	-	283,000
Shares issued – placement (Tranche 2)		3,000,000	-	-	3,000,000
Share Issue costs		(22,744)	-	-	(22,744)
Share based payment expense		-	35,797	-	35,797
Balance at 31 December 2021		45,817,644	3,857,639	(31,006,049)	18,669,234

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

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Half-Year 31 December 2022 \$	Half-Year 31 December 2021 \$
Cash flows from operating activities		
Receipts from customers	21,780	-
Payments to suppliers and employees	(488,619)	(597,847)
Payment for exploration expenditure	(3,194,778)	(2,443,380)
Interest received	15,395	330
Net cash flows used in operating activities	(3,646,222)	(3,040,897)
Cash flows from investing activities		
Acquisition of tenements	-	(20,000)
Acquisition of plant and equipment	-	(2,492)
Net cash flows used in investing activities	-	(22,492)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	3,923,162	3,283,000
Share issue costs	(47,235)	(58,881)
Net cash inflows from financing activities	3,875,927	3,224,119
Net increase in cash held	229,705	160,730
Cash and cash equivalents at the beginning of the half-year	3,120,947	5,117,356
Cash and cash equivalents at the end of the half-year	3,350,652	5,278,086

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

Basis of Preparation

The half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by CZR Resources Ltd and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide a full understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

The accounting policies and methods of computation adopted in the preparation of the half-year financial statements are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2022 except for the impact (if any) of the new and revised Standards and Interpretations effective 1 July 2022 as discussed below.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

Accounting Standards Issued

In the half-year ended 31 December 2022, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for reporting periods beginning on or after 1 July 2022.

It has been determined by the Group that there is no impact, material or otherwise, of any new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Group's accounting policies as set out in the Annual Report for the year ended 30 June 2022.

Reporting basis and conventions

The half-year statements have been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

Going Concern

The Group has incurred a net loss after tax for the half year ended 31 December 2022 of \$3,845,820 (2021: \$3,048,778) and experienced net cash outflows from operating activities of \$3,646,222 (2021: \$3,040,897). At 31 December 2022, the Group had current assets of \$3,642,173 (30 June 2022: \$3,218,260).

The ability of the Group to continue as a going concern is dependent on securing additional funding through debt or equity issues or partial sale of its mineral properties as and when the need to raise working capital arises, to continue to fund its operational activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the Group's working capital requirements as at the date of this report. Subsequent to period end the Group expects to receive additional funds through debt or equity issues.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Group has a proven history of successfully raising capital.
- The Company has successfully raised additional capital of \$3,923,000 (before costs) during the first half of 2023 financial period
- The Company has successfully raised additional capital of \$1,658,520 (before costs) subsequent to the end of the reporting period.
- The Directors believe that there is sufficient cash available for the Group to continue operating until it can raise sufficient further capital to fund its ongoing activities.
- The fact that future exploration and evaluation expenditures are generally discretionary in nature and may be slowed or suspended as part of the management of the Group's working capital and other forecast commitments.

The directors are satisfied that at the date of signing of this financial report, there are reasonable grounds to believe that the Group will be able to raise additional funding to continue to meet its debts as and when they fall due and it is appropriate for the financial statements to be prepared on a going concern basis.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

2. LOSS BEFORE INCOME TAX

	Half-Year 31 December 2022 \$	Half-Year 31 December 2021 \$
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Other income	34,312	-
Interest revenue	15,395	330
	<u>49,707</u>	<u>330</u>
Expenses	Half-Year 31 December 2022 \$	Half-Year 31 December 2021 \$
Exploration costs	(3,214,192)	(2,536,334)
Share based payments	(230,363)	(35,797)
Depreciation	(10,199)	(6,202)

3. EXPLORATION ASSETS

A reconciliation of the movements in the capitalised exploration assets is detailed below:

	31 December 2022 \$	30 June 2022 \$
Opening balance at the beginning of the period	13,499,466	13,479,037
Acquisition of tenements	-	20,429
Closing Balance	<u>13,499,466</u>	<u>13,499,466</u>

Exploration costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

4. TRADE AND OTHER PAYABLES

	31 December 2022 \$	30 June 2022 \$
Trade payables	584,755	559,413
Accruals	315,413	193,180
	<u>900,168</u>	<u>752,593</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

5. ISSUED CAPITAL

	As At 31 December 2022 \$		As At 30 June 2021 \$	
Ordinary shares	49,693,571		45,817,644	
	2022 No.	2022 \$	2021 No.	2021 \$
<i>Movements in ordinary shares on issue</i>				
Shares on issue at 1 July	3,486,323,277	45,817,644	3,200,844,994	42,557,388
- Shares issued – rights issue ¹	326,930,161	3,923,162	-	-
- Shares issued – share purchase plan	-	-	24,608,683	283,000
- Shares issued – share placement	-	-	260,869,600	3,000,000
- Share consolidation (17 for 1 Basis) ²	(3,588,942,910)	-	-	-
- Issue costs	-	(47,235)	-	(22,744)
At period end	224,310,528	49,693,571	3,486,323,277	45,817,644

Note 1: During the period the Company undertook a 1 for 5 share rights issue at 1.2 cents per share.

Note 2: On 1/12/2022 following shareholders approval the Company undertook a Share Capital Consolidation in which all securities were consolidated on a 1 for 17 basis.

Options

	2022 No.	2022 Weighted average exercise price (\$)	2021 No.	2021 Weighted average exercise price (\$)
Outstanding at beginning of period	166,360,378	0.014	551,110,378	0.019
Issued during the period – Employees ¹	7,500,000	0.000001		
Issued during the period – Directors ²	70,000,000	0.028		
1:17 Consolidation of Capital ³	(229,515,640)	0.0175		
Issued during the period – MD incentive			40,000,000	0.000001
Issued during the period – MD incentive			10,000,000	0.016
Issued during the period – MD incentive			10,000,000	0.031
Issued during the period – Consultant			5,000,000	0.000001
Expired / cancelled during the period ⁴	294,118	0.000017	(203,750,000)	0.232
Outstanding at the end of the period (Pre-consolidation of Capital)			412,360,378	0.018
Vested and exercisable at the end of the period (Pre-consolidation of Capital)			301,930,189	0.021
Outstanding at the end of the period (Post Consolidation)	14,050,620	0.276	24,256,492	0.306
Vested and exercisable at the end of the period (Post Consolidation)	3,721,200	0.0379	17,760,599	0.357

Note 1: During the period the Company issued 7,500,000 Employee incentive options with an exercise price of \$0.000001 expiring on 16/09/2026. The options will vest once various performance milestones have been met (refer note 6 for more details).

Note 2: On 28/11/2022 following shareholders approval the Company issued 70,000,000 Non-executive incentive options with an exercise price of \$0.028 expiring on 28/11/2026. The options will vest 30 months after issue if the Director remains on the Board of the Company.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

Note 3: On 1/12/2022 following shareholders approval the Company undertook a Share Capital Consolidation in which all securities were consolidated on a 1 for 17 basis.

Note 4: On 31/12/2022 294,118 Options with an exercise price of \$0.000017 lapsed and were cancelled as the vesting conditions could no longer be met.

Performance Rights

	2022 No.	2021 No.
Outstanding at beginning of period	-	-
Issued during the period – Directors ¹	4,375,000	-
1:17 Consolidation of Capital ²	(4,117,646)	-
Outstanding at the end of the period (Post Consolidation)	<u>257,354</u>	<u>-</u>

Note 1: On 28/11/2022 following shareholders approval the Company issued 4,375,000 Performance Rights to Non-executives for nil consideration which expire on 28/11/2026. The Performance Rights vest 50% after 6 months of issue and 50% after 18 months of issue if the Director remains on the Board of the Company at the relevant vesting point.

Note 2: On 1/12/2022 following shareholders approval the Company undertook a Share Capital Consolidation in which all securities were consolidated on a 1 for 17 basis.

6. SHARE BASED PAYMENTS

	31 December 2022 \$	31 December 2021 \$
Share based payment expense relating to options	202,613	35,797
Share based payment expense relating to performance rights	27,750	-
Total share based payment expense	<u>230,363</u>	<u>35,797</u>

Options

Prior to 30 June 2022, it was agreed that upon one employee converting from part-time employment to full-time employment a further 7,500,000 Incentive Options with an exercise price of \$0.000001 expiring 4 years after issue date would be issued to the employee. This pre-condition had not been met at 30 June 2022 but was subsequently met and the Options were issued on 16 September 2022. The options vest once various performance milestones have been met (see below for details). None of the above options had vested as 31/12/22.

The fair value of the options was determined using the Black-Scholes option valuation methodology and applying the following inputs:

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Employee Performance Incentive Options¹
Grant Date	14 Mar 2022
Valuation Date	16 Sep 2022
Number of Options	7,500,000
Exercise Price	\$0.000001
Expiry Date	16 Sep 2026
Risk Free Rate	3.49%
Volatility	127%
Value per Option	\$0.017
Total Value of Options	\$127,493

¹ Vesting Conditions of Employee Performance Incentive Options:

Tranche	Performance Incentive Option Milestones	No. of Employee Incentive Options
Tranche 1	Board Approved DFS for Robe Mesa, on or before 31 December 2022	1,500,000
Tranche 2	DFS Audited AISC below A\$55/t for Robe Mesa.	2,000,000
Tranche 3	Port Access Agreement to support the Life of Mine export schedule for Robe Mesa, as defined in the DFS	2,000,000
Tranche 4	All Heritage and Regulatory approvals received for the commencement of mining operations at Robe Mesa.	2,000,000
		<u>7,500,000</u>

Note: Only Tranches 2 - 4 options have been expensed during the period as Tranche 1 milestone was not considered achievable.

On the 17 May 2022, the Board approved subject to shareholders approval the issue of 40,000,000 Options to Russell Clark and 30,000,000 Options to Annie Guo with an exercise price of \$0.028. The options would only vest if the Option Holder remains a director of the Company 36 months after issue of the Options and the Options have an expiry date of 4 years from the date of issue. The approval by shareholders was delayed and as a result the vesting terms was amended to if the Option Holder remains a director of the Company 30 months after issue of the Options. Approval for the Options by shareholders was granted on 25 November 2022 and the Options were issued on 28 November 2022.

In accordance with AASB 2, Share based payments, the fair value of the options was determined using the Black-Scholes option valuation methodology and applying the following inputs:

	Director Performance Incentive Options
Grant Date	25 November 2022
Number of Options	70,000,000
Exercise Price	2.8c
Estimated Share Price for valuation	1.5c
Expiry Date	28 Nov 2026
Risk Free Rate	3.41%
Volatility	122%
Value per Option	\$0.0108
Total Value of Performance Options	\$753,466

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

No remuneration options were exercised during the half year ended 31 December 2022.

Performance Rights

On the 17 May 2022, the Board approved subject to shareholders approval the issue of 2,500,000 Performance Rights to Russell Clark and 1,875,000 Performance Rights to Annie Guo. 50% of the Performance Rights vest if the Performance Rights Holder remains a director of the Company 12 months after issue of the Performance Rights and the remaining 50% vest if the Performance Rights Holder remains a director of the Company 24 months after issue of the Performance Rights. The performance Rights expire 4 years from the date of issue. The approval by shareholders was delayed and as a result the vesting terms of the Performance Rights was amended to if the Performance Rights Holder remains a director of the Company 6 months after issue of the Performance Rights and the remaining 50% vest if the Performance Rights Holder remains a director of the Company 18 months after issue of the Performance Rights. Approval for the Performance Rights by shareholders was granted on 25 November 2022 and the Performance Rights were issued on 28 November 2022.

The fair value of the Performance Rights was determined by applying the following inputs:

	Director Performance Rights
Grant Date	25 Nov 2022
Number of Performance Rights	4,375,000
Conversion Price	nil
Expiry Date	28 Nov 2026
Value per Right	\$0.015
Total Value of Performance Rights	\$65,625

No remuneration performance rights were exercised during the half year ended 31 December 2022.

7. SEGMENT INFORMATION

The Group operates predominantly in one geographical segment, being Western Australia, and in one industry, being mineral exploration. The reporting segment is represented by the primary statements forming this financial report.

8. CONTINGENT LIABILITIES

As at the date of the report, the Directors are not aware of any material contingent liabilities that would require disclosure.

9. COMMITMENTS

Exploration commitments	31 December 2022	30 June 2022
	\$	\$
<i>Payable:</i>		
Within one year	620,665	1,208,941
Later than one year but not later than 5 years	276,544	489,351
Later than 5 years	-	-
	<u>897,209</u>	<u>1,698,292</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

10. RELATED PARTY TRANSACTIONS

Transactions with related parties

On the 28 November 2022 following shareholders approval, 70,000,000 Options and 4,375,000 Performance Rights were issued to Non-executive directors Russell Clark (40,000,000 Options and 2,500,000 Performance Rights) and Annie Guo (30,000,000 Options and 1,875,000 Performance Rights) – See Note 6 for further details. Note numbers above are quoted on a pre-consolidation capital basis.

Other than as disclosed above, transactions with related parties during the half-year were on the same basis as stated in the 30 June 2022 Annual Report.

11. SUBSEQUENT EVENTS

In early January 2023 the Department of Mines, Industry Regulation and Safety (DMIRS) granted Mining Licences M08/533 (Robe Mesa Deposit) and M08/519 (p529 Deposit) for a period of 21 years.

On 6 February 2023, the Company announced it had completed a placement of 8,130,000 shortfall shares at 20.4 cents raising \$1,658,520 (before costs) relating to the renounceable entitlement issue to shareholders which was announced on 5 October 2022 and closed on 3 November 2022.

On 2 March 2023, the Company issued 3,294,118 shares at 20 cents per share to FMG Pilbara Pty Ltd and paid \$150,000 as consideration for tenement E08/2137.

Other than above, there has been no matters or circumstances that have arisen after reporting date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Due to their short term nature, the carrying amounts of the current receivables and current payables are assumed to approximate their fair value.

**DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 17 to 28:
 - (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the economic entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Russell Clark
Chairman

Dated this 13th day of March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of CZR Resources Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of CZR Resources Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 then ended, 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 31 December 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 *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.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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 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 Company's financial position as at 31 December 2022 and its 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



Melissa Reid

Director

Perth

13 March 2023