

December 2022 (Q2FY23) Activities and Cash Flow Report

Resource definition drilling completed at Tampu and two new major bright white kaolin discoveries

Highlights:

- Total of 54 hole (1,021m) resource definition and exploration drill programs were completed with all holes intercepting bright white kaolin.
- 47 hole (892m) Tampu Resource Definition infill drilling completed at existing Tampu project to upgrade Resource to Reserves and a fast track to PFS.
- Drill core to produce a definitive bulk metallurgical test work sample to further offtake discussions and feed into feasibility studies.
- Completion of resource definition drilling follows previous outstanding metallurgical results achieving higher than commercial 5N (99.99906%)¹ and distinguishing Tampu as the highest purity kaolin feedstock for HPA compared to its peers.
- Additional 7 hole (129m) exploration drill program identifies two major bright white kaolin discoveries at the Whitecap and Whitehills prospects located just 2km and 19km from the existing Tampu resource which adds potential for growth.
- Cash balance of \$2.31 million as at 31 December 2022.

Australian kaolin and silica exploration company Corella Resources Ltd (ASX:CR9) (**Corella** or the **Company**) is pleased to provide a summary of activities and attached Appendix 5B for the quarter ended 31 December 2022(**Quarter**).

Operational Overview

Tampu Project

As announced during the Quarter, the Company completed resource definition and exploration drilling for 54 holes totalling 1,021m at the Company's 100% owned flagship Tampu kaolin project, located near Beacon in Western Australia². The resource definition program at Tampu was designed and executed to upgrade the existing Inferred Mineral Resource³ into Indicated / Measured Resource categories and conversion into Mineable Reserves. These Reserves along with the metallurgical results will be used to underpin a Pre-Feasibility Study for the Tampu Project.

47 infill holes for a total of 892m (see Figure 1) were drilled within the current inferred resource footprint at Tampu and was designed to increase the geological confidence level of the resource and conversion into Mineable Reserves. Core samples were submitted for bulk testing and the Company will update the market of these results in due course. Results will be used to help advance offtake discussions and feed into a feasibility study for the Tampu Project.

¹ Refer ASX Announcement dated 30 June 2022 "5N purity confirms Tampu as premier specification for HPA"

² Refer ASX Announcement dated 4 October 2022 "Drilling completed at Tampu and two new kaolin discoveries"

³ Refer ASX Announcement dated 9 November 2021 "Maiden Mineral Resource Estimate of 24.7Mt for Tampu Project"

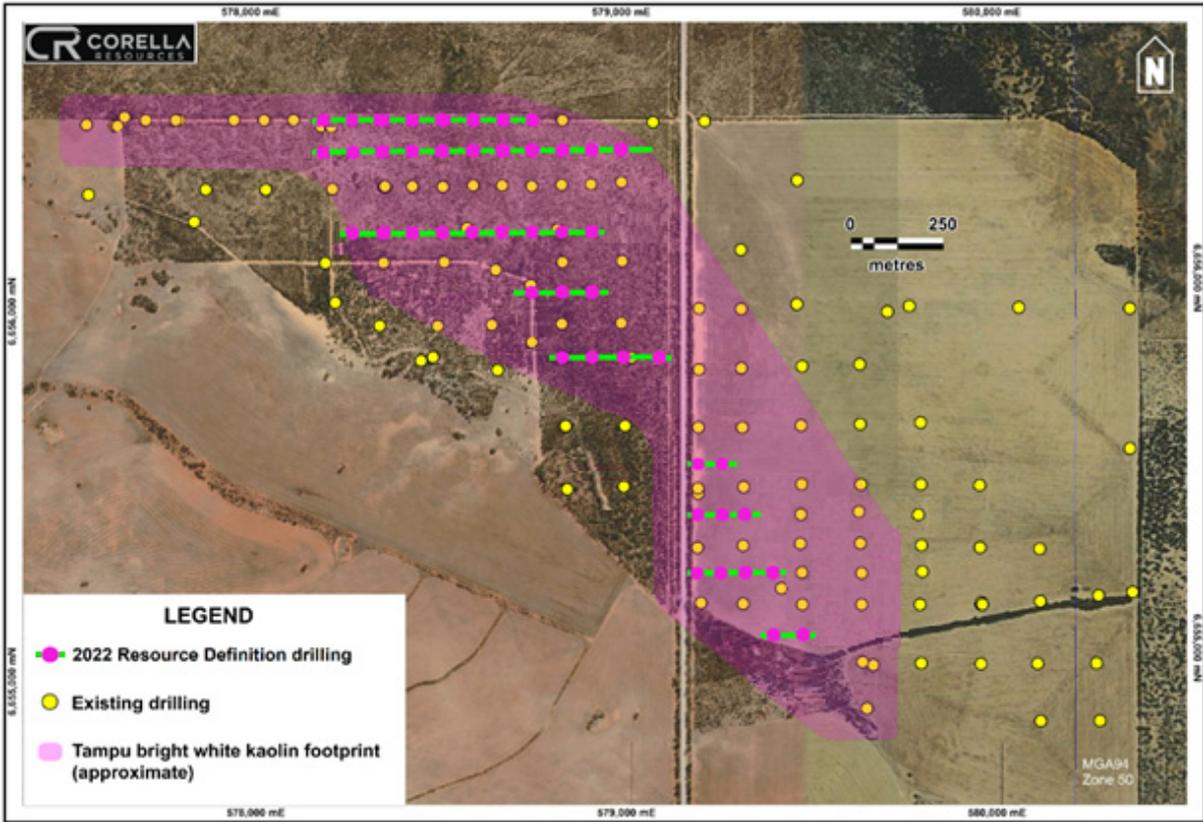


Figure 1: Resource Definition drilling program completed at Tampu

The Company also reported two major new bright white kaolin discoveries at the Whitecap and Whitehills prospects, located just 2km and 19km respectively from the existing Tampu deposit (see Figure 2).

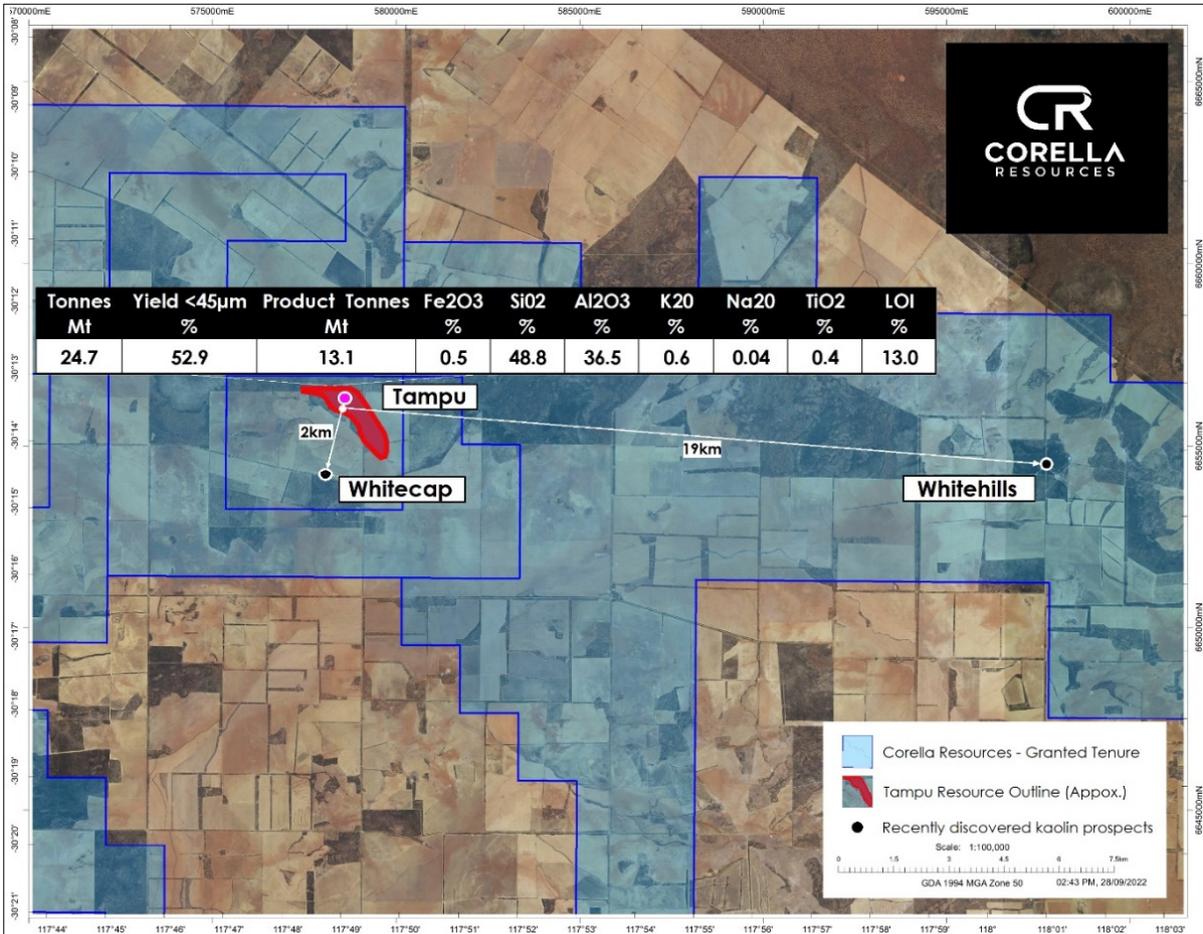


Figure 2: New discoveries at Whitecap and Whitehills located 2km and 19km respectively from Tampu Deposit

In addition to the resource drilling, a further seven exploration aircore holes for 129m were drilled using local contractors Westside Drilling. Five of these holes were drilled at the Whitecap Prospect located ~2km south southwest of the Tampu Deposit, and two holes were drilled at the Whitehills Prospect, approximately ~19km east of the current Tampu Deposit.

The discovery of the new prospects with the potential for additional resources within the Project further supports the proposed mining operation at Tampu and allows the flexibility to scale up as market demand for 5N/4N HPA dictates. The Company is currently designing a comprehensive drill program in order to define maiden mineral resource estimates at the new prospective locations.



Figure 3: Discovery hole CRAC129 at Whitecap prospect
Bright white kaolin logged from 6m to 13m.



Figure 4: Discovery hole CRAC134 at Whitehills prospect
Bright white kaolin logged from 12m to 20m.

Corella Resources Managing Director, Tony Cormack, commented “The December Quarter was a busy period for the Company completing the Resource Definition drilling at Tampu along with two major new kaolin discoveries at the Whitecap and Whitehills prospects. Assays for the Resource Definition and Exploration drilling are due in Q1CY23. Drill core samples will also produce a definitive bulk metallurgical test work sample to further offtake discussions and feed into feasibility studies.”

Exploration activities on Kalannie, Wiltshire and Bonnie Rock projects has been focussed on gaining access for on-ground activities to occur. The Company has generated numerous high priority kaolin and hard rock silica targets across the portfolio of projects.

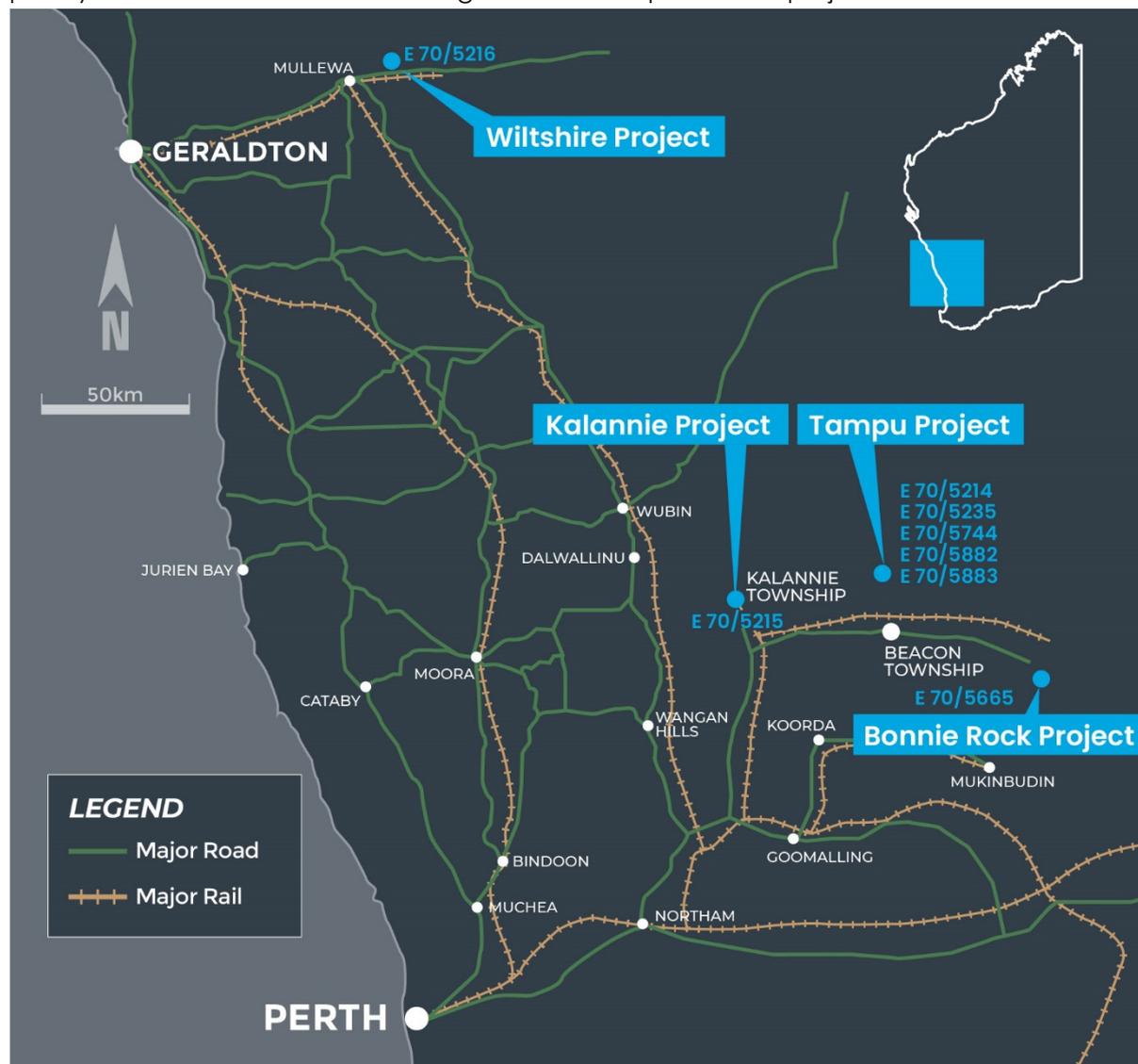


Figure 5: Corella Resources project location map

In accordance with ASX Listing rule 5.3.3, the Company held the following mining tenements at the end of the Quarter:

Project	Tenement	Ownership	Area (km ²)	Status
Tampu	E 70/5214	100%	65 km ²	Granted
Tampu	E 70/5235	100%	15 km ²	Granted
Tampu	E 70/5744	100%	88 km ²	Granted
Tampu	E 70/5882	100%	506 km ²	Granted
Tampu	E 70/5883	100%	88 km ²	Granted
Wiltshire	E 70/5216	100%	36 km ²	Granted
Kalannie	E 70/5215	100%	32 km ²	Granted
Bonnie Rock	E 70/5665	100%	70 km ²	Granted

Financial & Corporate Overview

The Company's cash position as at 31 December 2022 was \$2.31M. Business activities during the Quarter consisted of those described in this announcement well as normal administrative matters consistent with those described in the Company's prospectus dated 4 March 2021.

In accordance with Listing Rule 5.3.4, a comparison of the Company's actual expenditure from readmission to 31 December 2022 against the planned expenditure disclosed in the use of funds statement contained in the Company's prospectus dated 3 March 2021 is shown in the following table:

Funds available	Use of funds statement (\$000s)	Actual (\$000s)	Variance (\$000s)
Existing cash reserves and investments held for sale	755	707	(48)
Funds raised from the Public Offer	5,000	5,000	-
Total	5,755	5,707	(48)
Allocation of funds	Use of funds statement (\$000s)	Actual expenditure to 31 Dec 22 (\$000s)	Variance (\$000s)
Exploration at Tampu Project	1,986	1,350	636
Exploration at Wiltshire Project	501	75	426
Exploration of Kalannie Project	501	80	421
Exploration at Bonnie Rock Project	536	60	476
Expenses of the Public Offer	533	527	6
Working capital & administration costs	1,281	699	582
Employee costs	417	482	(65)
Total	5,755	3,273	2,482

Note that the Actual Expenditure above represents expenditure incurred from the date of readmission to the ASX Official List to 31 December 2022 whereas the Use of Funds Statement covers a two-year period.

The aggregate amount of payments made to related parties and their associates for the Quarter is ~\$104,000. These payments consisted of Director's fees, salaries, accounting and bookkeeping fees and were made on an arm's length basis.

During the Quarter, the Company changed share registry to Advanced Share Registry. Refer ASX Announcement dated 31 October 2022 for details.

Also, the Company cancelled 2,300,000 Options issued to corporate advisors as vesting conditions weren't met. Refer ASX Announcement dated 2 December 2022 for further details.

There were no other substantive business activities during the Quarter.

ENDS

For further information, please contact:

Managing Director
tony@corellaresources.com.au

Company Secretary
secretary@corellaresources.com.au

ASX release authorised by the Board of Directors of Corella Resources Ltd.

Company Profile

Corella Resources Ltd is an Australian exploration company listed on the Australian Securities Exchange (ASX: CR9). Corella Resources is focussed on exploration and development of their 100% owned Tampu, Wiltshire and Kalannie kaolin projects along with the 100% owned Bonnie Rock silica project. All 4 projects are located in the mid-west of Western Australia.

Tampu Kaolin Project

The Tampu Kaolin Project (**Tampu**) comprises five granted exploration licences E70/5235, E70/5214, E70/5744, E70/5882 and E70/5883, which are 100% held by Corella. Tampu has seen two historical and two modern phases of exploration drilling and metallurgical testwork programs. This drilling has defined significant bright white kaolin mineralisation with very high-grade alumina (Al_2O_3) contents and very low levels of contaminants. A maiden JORC compliant inferred resource estimate of 24.7Mt of bright white kaolinised granite, with 13.1Mt reported, was completed at Tampu by industry experts CSA Global in Q4CY21.

Wiltshire Kaolin Project

The Wiltshire Kaolin Project (**Wiltshire**) comprises a single granted exploration licence, being E70/5216, which is 100% held by Corella. Wiltshire is located adjacent to the Wenmillia Dam kaolin deposit, which is held by Blue Diamond WA Pty Ltd (ACN 090 511 970) to the north of Mullewa. Bright white kaolin is known to extend to the south and east of Wenmillia Dam along exposures in Wenmillia creek toward Corella's Wiltshire project. Chemical analyses by the Geological Survey of Western Australia (GSWA) on kaolin drill samples from Wenmillia Dam show high purity kaolin with low levels of contaminant elements. Multiple bright white kaolin exploration targets have been identified in creek exposures and surface outcrop within the Wiltshire Kaolin Project. This is a grass-roots project and significant further exploration and metallurgical test-work is required.

Kalannie Kaolin Project

The Kalannie Kaolin Project (**Kalannie**) comprises a single granted exploration licence E70/5215, which is 100% held by Corella. A GSWA kaolin sample from the project area location shows high purity kaolin with low levels of contaminant elements. Multiple bright white kaolin exploration targets have been discovered in recent geological mapping. This is a grass-roots project and preliminary exploration and metallurgical test-work is required.

Bonnie Rock Silica Project

The Bonnie Rock Silica (**Bonnie Rock**) Project comprises a single granted exploration licence E70/5665, which is 100% held by Corella. Previous exploration undertaken on the Bonnie Rock Project identified at least three prominent quartz veins, with one up to 1km in strike length and others that extend for an unknown distance under surficial cover. Chemical analyses indicated that the quartz in the region is high-grade, has favourable thermal stability and thermal strength values and is suitable for use in the production of silicon metal, a potentially high value product useful in the High Purity Quartz (HPQ) market.

Competent Person Statement – Exploration and Geological results

The information in this announcement that relates to exploration and metallurgical results is based on information reviewed, collated, and fairly represented by Mr. Anthony Cormack who is a Member of the Australian Institute of Mining and Metallurgy and the Managing Director of Corella Resources. Mr. Cormack has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Cormack consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

No New Information

Except where explicitly stated, this announcement contains references to prior exploration results and Mineral Resource estimate, all of which have been cross-referenced to previous market announcements made by the Company. The Company confirms that 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 the estimate of Mineral Resource, that all materials assumptions and technical parameters underpinning the results and/or estimate in the relevant market announcements continue to apply and have not materially changed.

Forward-Looking Statements

This document may contain certain forward-looking statements. Forward-looking statements include but are not limited to statements concerning Corella Resources Ltd's (Corella) current expectations, estimates and projections about the industry in which Corella operates, and beliefs and assumptions regarding Corella's future performance. When used in this document, the words such as "anticipate", "could", "plan", "estimate", "expects", "seeks", "intends", "may", "potential", "should", and similar expressions are forward-looking statements. Although Corella believes that its expectations reflected in these forward-looking statements are reasonable, such statements are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Corella and no assurance can be given that actual results will be consistent with these forward-looking statements.

Appendix 5B

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

Name of entity

Corella Resources Ltd

ABN

56 125 943 240

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(81)	(162)
(e) administration and corporate costs	(91)	(212)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(166)	(368)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(304)	(597)
(e) investments	-	-
(f) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(304)	(597)

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

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,781	3,275
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(166)	(368)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(304)	(597)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,311	2,311

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,311	2,781
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,311	2,781

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	104
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	75	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	75	-
7.5 Unused financing facilities available at quarter end		75
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Credit card facility with NAB, 15.5% interest p.a. payable on balance drawn for over 35 days.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(166)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(304)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(470)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,311
8.5 Unused finance facilities available at quarter end (item 7.5)	75
8.6 Total available funding (item 8.4 + item 8.5)	2,386
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.07
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

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

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

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

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

Date: 27 January 2023

Authorised by: By the Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.