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and its Controlled Entities

ABN 12 145 184 667

Annual Report

For the Year Ended 31 December 2021

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES CORPORATE INFORMATION

DIRECTORS

Mr Robert Martin	Non-Executive Chairman
Mr Alex Biggs	Managing Director
Mr Jihad Malaeb	Non-Executive Director
Mr Michel Leu	Non-Executive Director
Mr Alex Cheeseman	Non-Executive Director

COMPANY SECRETARY

Mr Chris Achurch

REGISTERED AND PRINCIPAL OFFICE

Level 11, 40 The Esplanade
Perth WA 6000
Telephone (08) 9389 4499
Website www.criticalresources.com.au

POSTAL ADDRESS

PO Box 1024
West Leederville WA 6901

AUDITORS

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

SHARE REGISTER

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne, VIC 3001
Telephone 1300 850 505
(outside Australia) +61 3 9415 4000

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

ASX Code CRR

ACN 145 184 667

ABN 12 145 184 667

In this report, the following definitions apply:

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

"Critical" or the **"Company"** means Critical Resources Limited ABN 12 145184667

"Group" means Critical Resources Limited and its controlled entities

**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES FOR
THE YEAR ENDED 31 DECEMBER 2021
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CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES FOR THE YEAR ENDED 31 DECEMBER 2021 DIRECTORS' REPORT

The directors of Critical Resources Limited, formerly Force Commodities Limited ('Critical' or the 'Company') submit the financial report of the Company and its controlled entities (the 'Group') for the year ended 31 December 2021.

DIRECTORS

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

Mr Robert Martin	Non-Executive Chairman (appointed 4 February 2021)
Mr Alex Biggs	Managing Director (appointed 15 November 2021)
Mr Jihad Malaeb	Non-Executive Director
Mr Michael Leu	Non-Executive Director (appointed 4 February 2021)
Mr Alex Cheeseman	Non-Executive Director (appointed 6 January 2022)

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

Mr Jess Oram	Non-Executive Chairman (appointed 5 February 2019, resigned 4 February 2021)
Mr David Sproule	Non-Executive Director (appointed 24 August 2020, resigned 4 February 2021)
Mr Jeremy Whybrow	Non-Executive Director (appointed 1 March 2021, resigned 15 November 2021)

Directors have held office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

Mr Chris Achurch (appointed 15 April 2021)
Mr Henry Kinstlinger (appointed 9 April 2020, resigned 15 April 2021)

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was mineral exploration and development. There were no significant changes in the nature of the Group's principal activity during the financial year.

RESULTS

The result for the year ended 31 December 2021 attributable to members of the Company was a net loss after tax of \$1,660,089 (year ended 31 December 2020 loss: \$807,388).

DIVIDENDS

No amounts have been paid or declared by way of dividend during or since the end of the financial year.

REVIEW OF OPERATIONS

Corporate

Following shareholder approval, the Company changed its name from Force Commodities Limited to Critical Resources Limited (ASX: CRR), effective 1 June 2021.

The following timeline of events summarise the major corporate activities and initiatives during the 2021 financial year:

- 34,444,444 options at \$0.02 with an expiry of 30 June 2021 were exercised, raising \$688,889.
- 40,000,000 options at \$0.02 with an expiry of 31 October 2021 were exercised, raising \$800,000.
- On 2 March 2021, the loan of \$300,000 provided by major shareholder and Non-Executive Director, Mr Jihad Malaeb, was settled in shares, with interest paid in cash on settlement of \$6,658.

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES FOR THE YEAR ENDED 31 DECEMBER 2021 DIRECTORS' REPORT

- On 25 October the Company signed a binding terms sheet to acquire the Mavis Lake Lithium Project in Canada. The Company paid a non-refundable exclusivity fee of A\$200,000, incurred project due diligence and other transaction related costs.

Subject to the satisfaction of the conditions precedent, the last of which were satisfied on 5 January 2022, the terms of the acquisition were as follows;

- pay A\$1.5 million cash payment to the Sellers (paid subsequent to year-end);
- issue 68,000,000 shares in Critical Resources to the Sellers (or their nominees) at an issue price of A\$0.022 per share (a deemed value of A\$1.496 million) ("Consideration Shares") (issued subsequent to year end);
- \$200,000 in shares to the deal Facilitator, using 15 day VWAP up to a maximum of 8,000,000 fully paid ordinary shares (7,449,960 shares issued subsequent to year end);

Deferred consideration

- Milestone 1:
 - payment of A\$1.5 million cash to the Sellers; and
 - A\$100,000 of fully paid ordinary shares in Critical Resources (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 A\$1.5 million cash to the Sellers; and
 - A\$100,000 of fully paid ordinary shares (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.

Exploration

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

HALLS PEAK PROJECT – AUSTRALIA

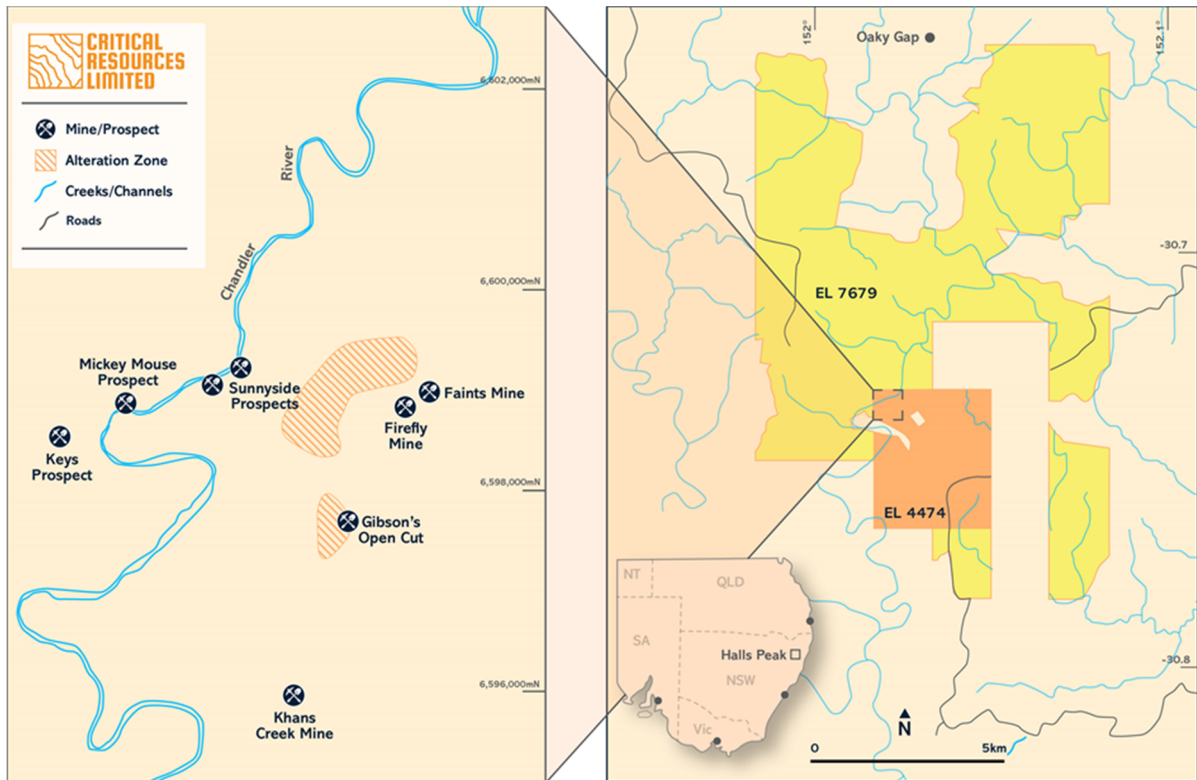
The Halls Peak Project comprises granted Exploration Licenses EL 4474 and EL 7679, located in north-eastern NSW and covering an area of about 84km².

The Halls Peak Project area contains several known occurrences of base metals rich in zinc and lead with varying associated levels of copper, silver and gold. The following works have been completed throughout the year.

- Following reinterpretation of 2012 VTEM survey data which yielded multiple targets, a drill program was developed to test potential at both the Gibsons and Sunnyside prospects.
- Previous near surface drilling around at the Gibsons prospect has produced some exceptional high-grade base metal intercepts. The Company is of the opinion that this mineralisation is indicative of a larger and more prospective system at depth.

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DIRECTORS' REPORT**

Figure 1: Halls Peak Project Location

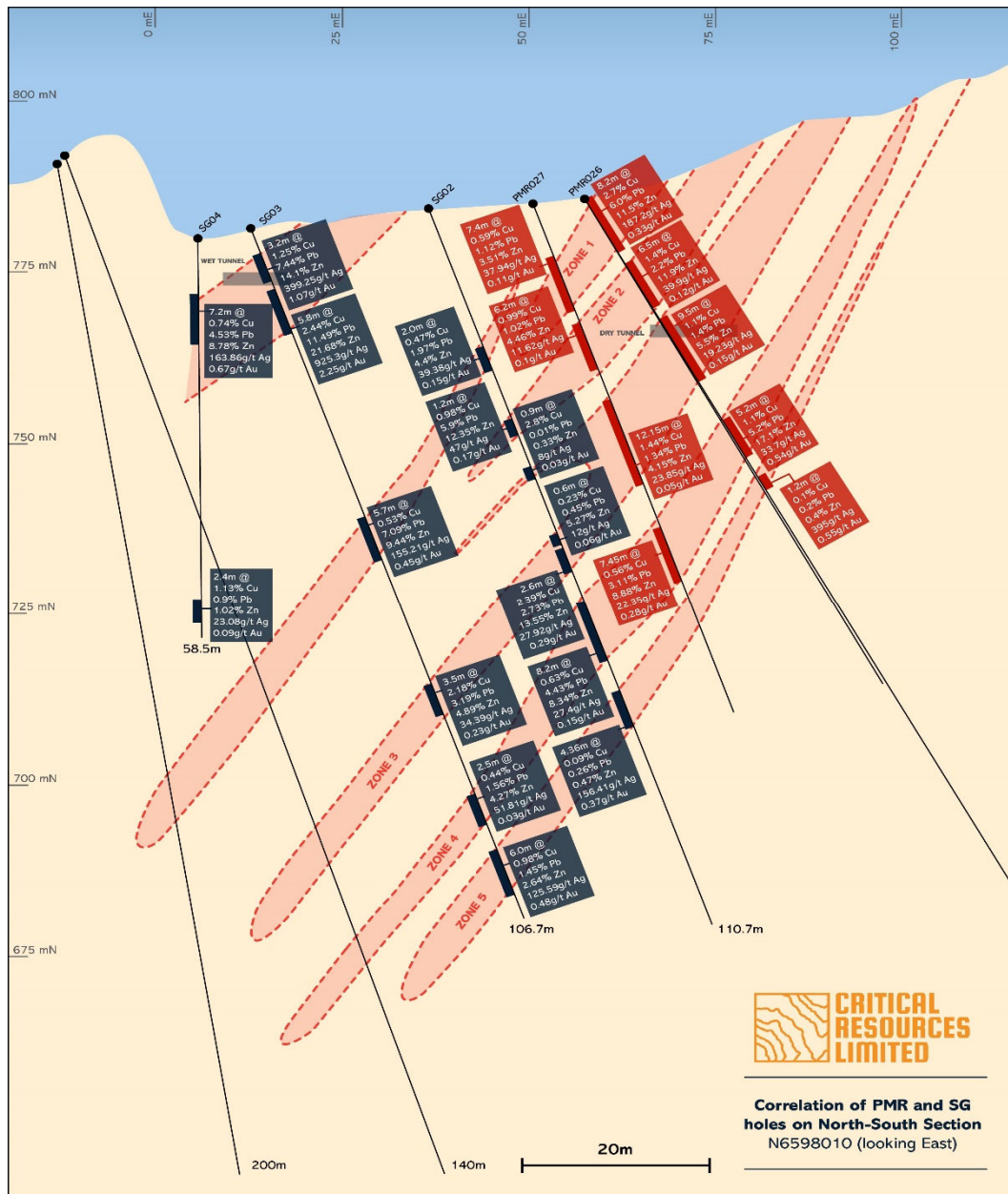


- A 17-hole drill program was started in November 2021 with 14-holes planned at the Gibsons prospect and 3 holes planned at the Sunnyside prospect.
- Highlights of the Gibsons drilling program are:
 - Massive sulphide mineralisation in the first, second and fourth drill holes
 - Visual massive and base metal sulphides intersected in sixth drill hole at Gibsons to 138m (subsequent to year end)
 - Intervals of visible chalcopyrite across 7.6 metres in step out hole seven (11A) (subsequent to year end)
 - Assay results (subsequent to year end) indicating significant base metal mineralisation including:
 - Hole 01 - 12.45m @ 10.91% Zn, 5.73% Pb, 1.15% Cu, 331.63g/t Ag and 1.50g/t Au (see ASX announcement dated 11 January 2022)
 - Hole 06 - 5.20m @ 26.29% Zn, 12.49% Pb, 1.28% Cu, 49.18g/t Ag, 0.15g/t Au (see ASX announcement dated 09 February 2022)
 - Hole 05 - 5.99m @ 8.17% Zn, 4.33% Pb, 0.84% Cu, 25.36g/t Ag, 0.13g/t Au (see ASX announcement dated 09 February 2022)
- Downhole electromagnetic surveying has been completed on holes 11A, 06 and 09 subsequent to year end
- Drilling is ongoing at the Gibsons prospect and will then commence at the Sunnyside prospect.

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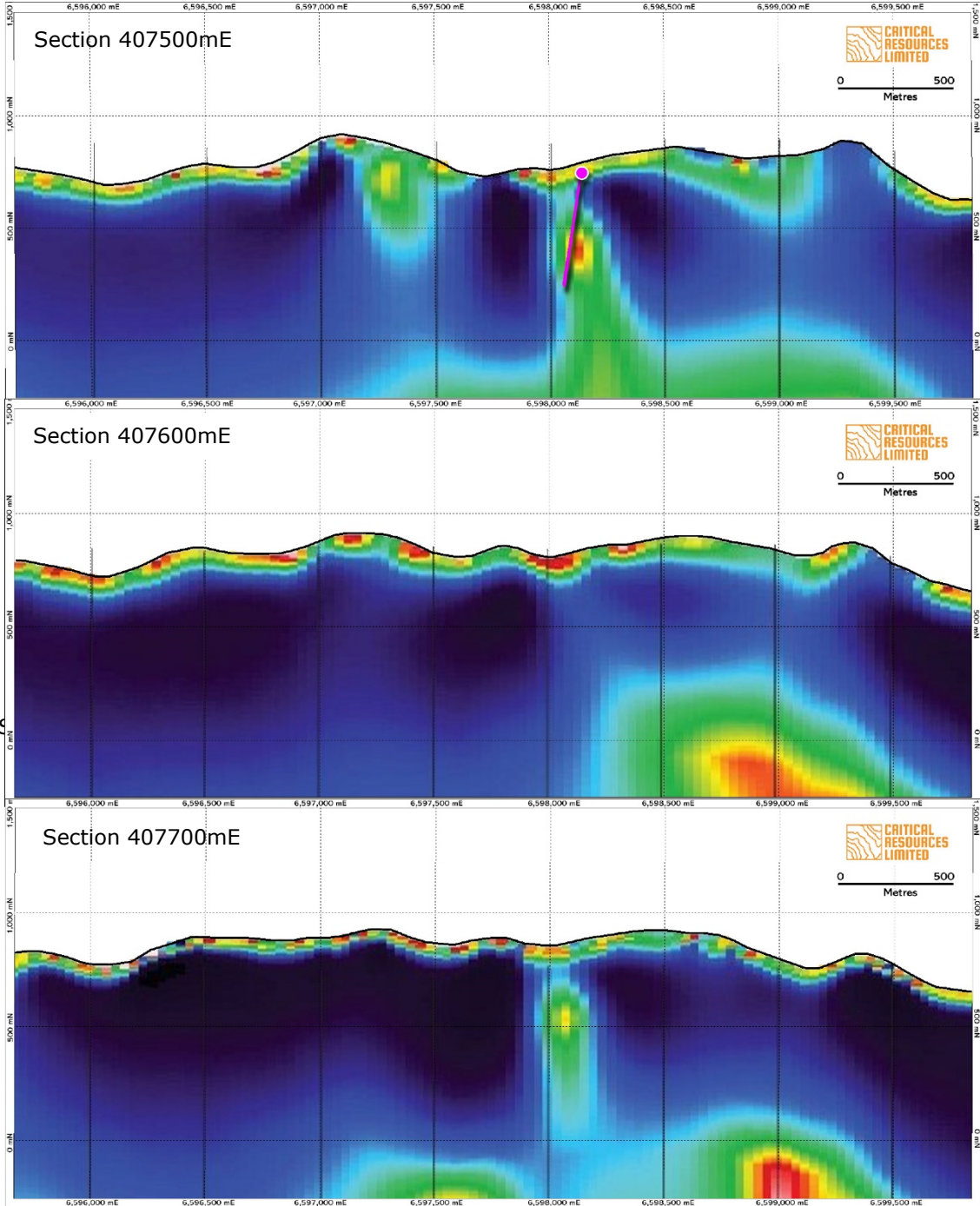
Figure 2: Historical Drilling at Gibsons Prospect



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Figure 3: Gibsons geophysical targets demonstrating three sections at 100m intervals



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Figure 4: Gibsons planned drill holes

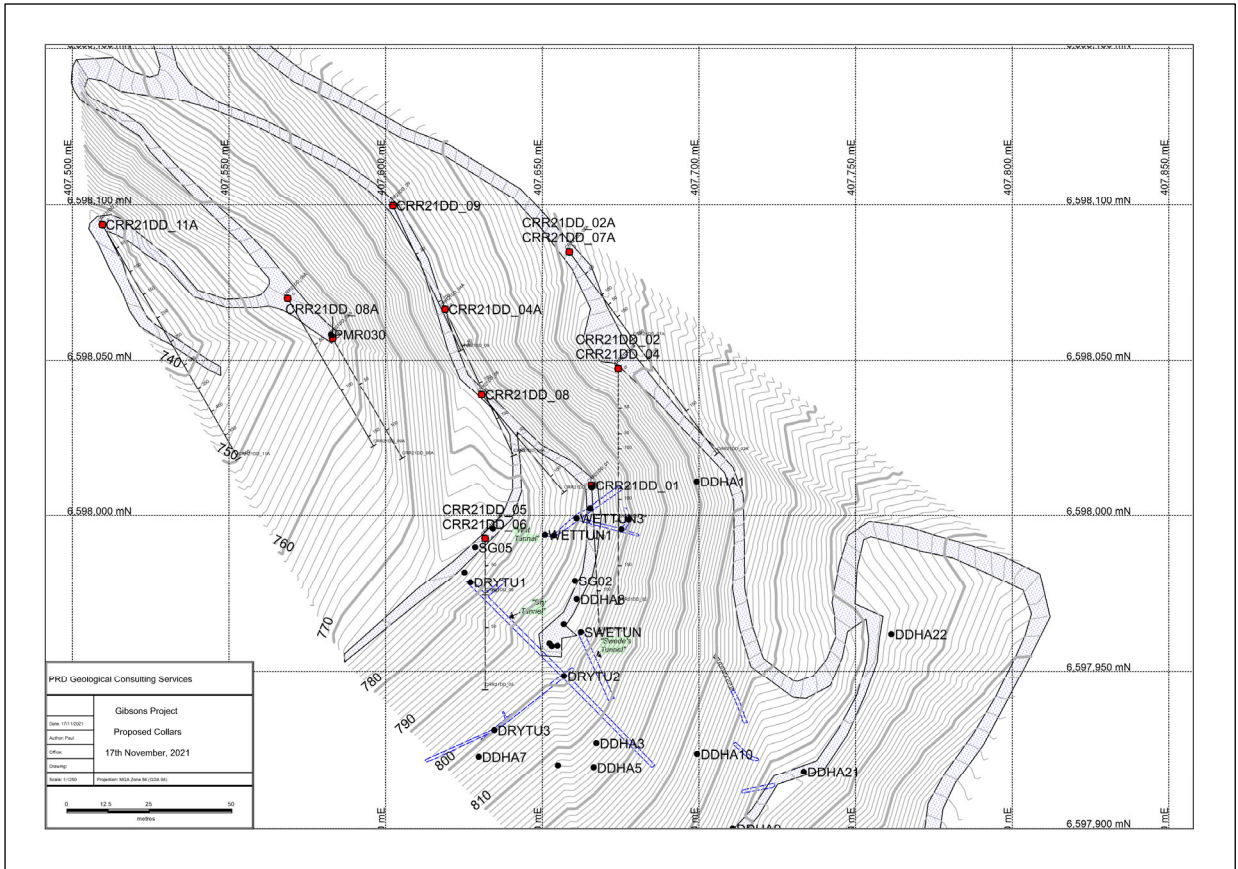
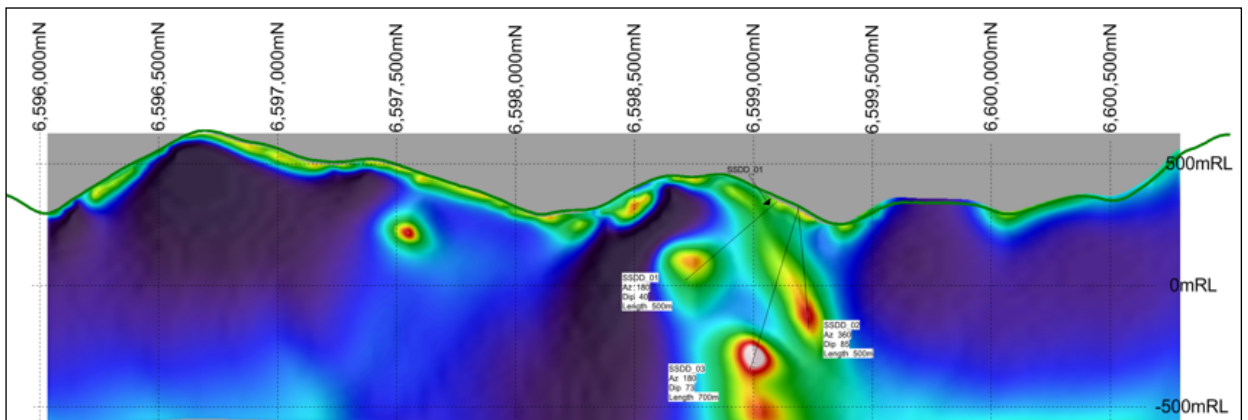


Figure 5: Sunnyside geophysical targets and planned drill holes



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Sohar Copper Project (Block 4 and 5), Oman

On 4 November 2020 the Company acquired Savannah Resources B.V.'s 100% interest in the Block 4 and Block 5 copper projects in Oman (the "Projects") from Savannah Resources plc ("Savannah"). Following the acquisition, the Company has focused on developing further targets for future exploration as well as exploring further joint venture and commercial opportunities in Oman.

Project highlights

- The Company via its subsidiaries has a 51% interest in Block 4 (granted Exploration Licence), a 65% interest in Block 5 (granted Exploration Licence and 2 Mining Lease applications) and a 70% interest in two Exploration Licence applications near Block 10 to the west of Blocks 4 and 5.
- The Projects cover 999 km² of the copper-rich Ophiolite belt, proven to host clusters of relatively high grade VHMS copper deposits. Ores within these deposits are metallurgically simple and contain gold and silver credits.
- Measured, Indicated and Inferred Mineral Resources (2012 JORC) of 0.82Mt at 3.4% Cu (including a high-grade zone of approximately 0.5Mt at 4.5% Cu) are in two deposits within Block 5. Contained metal is reported at 28,000 tonnes of Copper, 5,900 ounces of Gold and 220,000 ounces of Silver (Table 1-3).
- The Company was advised that following its Block 4 license renewal application applied for on 22 March 2021 that renewal of the exploration license over Block 4 of which the Company holds a 51% interest will be subject to public tender. This reflects the Minerals Department's latest strategy of producing new concession blocks for various mineral ores and then offering them for public tender. The Company has since been advised that renewal of the exploration license over Block 4 will now be granted and no longer subject to public tender. However, the Company is still awaiting final renewal documentation. The Company had sort clarification from the Omani Mining Authority and is assessing all of its legal rights.
- Block 5 expenditure has been achieved for the year. The annual report for activities at Block 5 was due and lodged in August 2021.
- Critical Resources geologists and external consultants have been working on prospectivity reviews for both Block 4 and Block 5 in Oman with areas being delineated for future work programs based on aerial magnetics and ground checking of areas previously unexplored.
- A number of joint venture and commercialisation opportunities have also been evaluated over the period with the goal of continuing to improve the value proposition of the Oman assets.

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Table 1: Mahab 4 Deposit JORC Resources

Domain	Tonnes t	Cu %	Au ppm	Ag ppm	Cu tonnes	Au Ounces	Ag Ounces
Oxide Domain*							
Measured							
Indicated	22,000	0.2	1.4	14	40	1,000	10,000
Inferred							
Total Oxide	22,000	0.2	1.4	14	40	1,000	10,000
Supergene Domain							
Measured							
Indicated	11,000	14.8	1.1	41	1,700	400	15,000
Inferred							
Total Supergene	11,000	14.8	1.1	41	1,700	400	15,000
Massive Sulphide Domain							
Measured	307,000	5.3	0.3	14	16,300	3,000	143,000
Indicated	60,000	4.6	0.3	15	2,800	600	29,000
Inferred							
Total Massive Sulphide	367,000	5.2	0.3	15	19,100	3,600	172,000
Disseminated Domain							
Measured							
Indicated	64,000	0.6	0.05	2	400	100	4,000
Inferred	234,000	0.7	0.02	1	1,700	200	6,000
Total Disseminated	298,000	0.7	0.03	1	2,100	300	10,000
All Domains							
Measured	307,000	5.3	0.3	14	16,300	3,000	143,000
Indicated	157,000	3.1	0.4	11	4,900	2,100	58,000
Inferred	234,000	0.7	0.2	1	1,700	200	6,000
Total Mahab 4 Deposit	698,000	3.3	0.2	9	22,900	5,300	207,000

* Oxide reported at 0.5 ppm Au Cut-off

Table 2: Maqail South Mineral Resource Estimate 0.5% Cu Cut-off

Domain	Tonnes t	Cu %	Au ppm	Ag ppm	Cu tonnes	Au Ounces	Ag Ounces
Massive Sulphide Domain							
Measured							
Indicated	121,000	4.2	0.2	3	5,100	600	13,000
Inferred							
Total Maqail South Deposit	121,000	4.2	0.2	3	5,100	600	13,000

Table 3: Total Mineral Resource Estimate 0.5% Cu Cut-off

Classification	Tonnes t	Cu %	Au ppm	Ag ppm	Cu tonnes	Au Ounces	Ag Ounces
Measured	307,000	5.3	0.3	14	16,300	3,000	143,000
Indicated	279,000	3.6	0.3	8	10,000	2,700	70,000
Inferred	234,000	0.7	0.02	1	1,700	200	6,000
Total Project	820,000	3.4	0.2	8	28,000	5,900	219,000

Please refer to JORC Statement

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Significant copper results include:

- Massive sulphide intersection of 20.8 metres at 4.65% Cu from 49.55 metres, including 11 metres at 6.38% Cu from 54 metres from hole 20B5DD003 at Maqail South.
- Massive sulphide intersection of 13 metres at 5.60% Cu from 24 metres including 2 metres at 15.70% Cu from 25 metres downhole from hole 20B5DD001 at Mahab 4.
- Disseminated copper sulphide intersections of 23 metres at 0.79% Cu from 37 metres and 46 metres at 0.99% Cu from 78 metres in hole 20B5DD001 at Mahab 4.
- Massive sulphide intersection of 8.3 metres at 1.34% Cu from 18 metres in hole 20B5DD002 at Hara Kilab.

Hole ID	Prospect	Northing WGS84_40N	Easting WGS84_40N	RL (m AMSL)	Dip (Deg)	Azimuth (Deg)	EOH (m)		From (m)	To (m)	Interval (m)	Grade (% Cu)	Cu Sulphide (Type)
20B5DD003	Maqail South	2661239	453579	403	-55	270	100		49.55	70.35	20.8	4.65	Massive
								<i>incl</i>	54	65	11	6.38	Massive
20B5DD001	Mahab 4	2656158	468753	226	-61	250	42		25	31.8	6.8	3.44	Massive
								<i>incl</i>	25	27	2	8.07	Massive
									35.65	41	5.35	3.43	Massive
20B5DD001R	Mahab 4	2656157	468757	226	-60	250	132		24	37	13	5.60	Massive
								<i>incl</i>	25	27	2	15.70	Massive
								<i>and</i>	35	37	2	9.11	Massive
									37	60	23	0.79	Disseminated
									78	124	46	0.99	Disseminated
20B5DD002	Hara Kilab	2659947	464563	214	-90	0	50		18	26.3	8.3	1.34	Massive
20B5DD004	Hara Kilab	2659938	464559	214	-70	360	41.5	Assays Pending					
20B5DD005	Mahab 4	2656101	468765	224	-62	216	70	Assays Pending					
20B5DD006	Mahab 4	2656101	468765	224	-66	270	77.5	Assays Pending					

Table 4: Significant Copper Assay Results

Significant gold results include:

- 32 metres at 1.05 g/t Au from 5 metres in hole 20B5DD001 at Mahab 4

Table 5: Significant Gold Assay Results

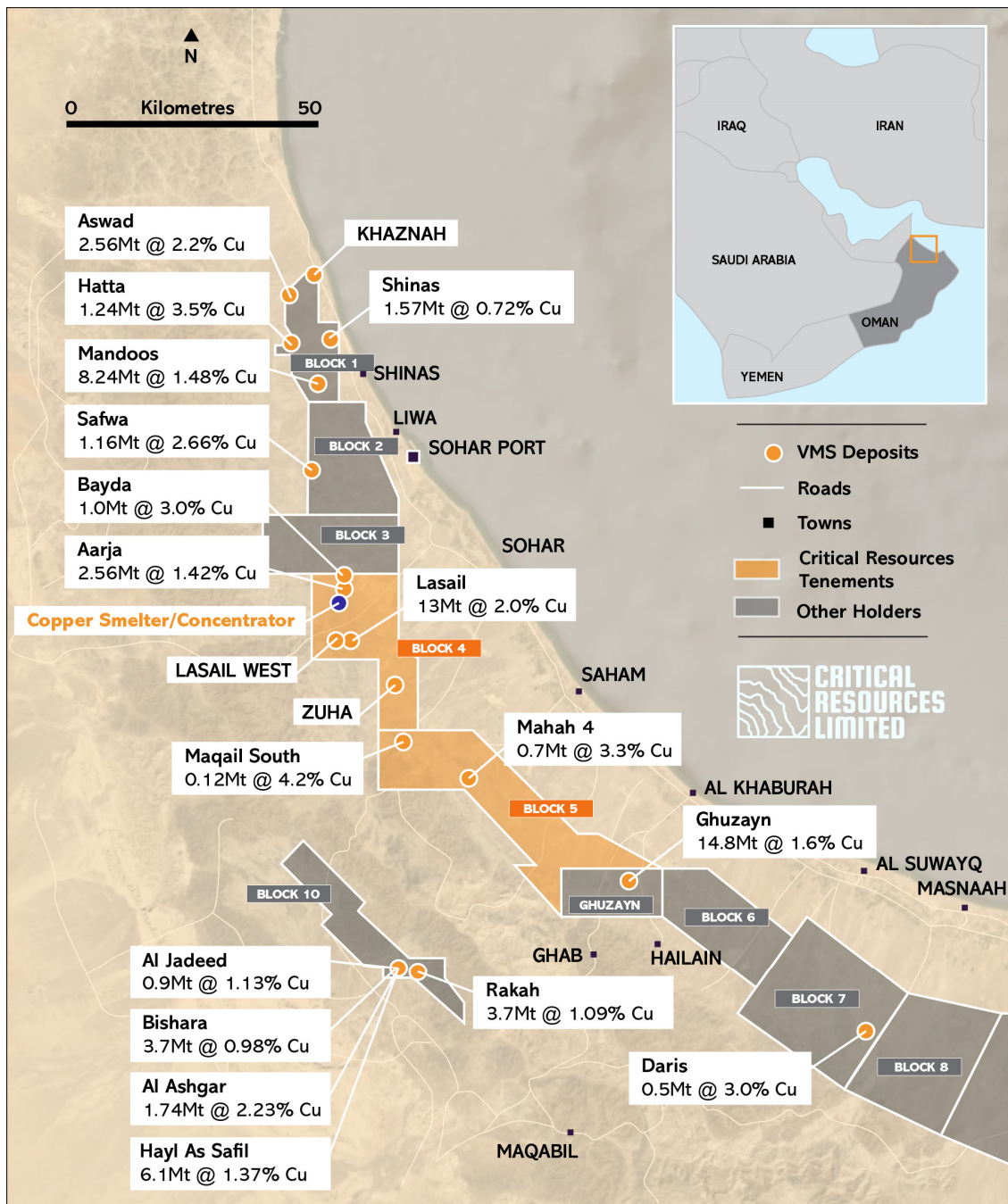
Hole ID	Prospect	Northing WGS84_40N	Easting WGS84_40N	RL (m AMSL)	Dip (Deg)	Azimuth (Deg)	EOH (m)		From (m)	To (m)	Interval (m)	Grade (g/t Au)
20B5DD001R	Mahab 4	2656157	468757	226	-60	250	132		5	37	32	1.05
								<i>incl</i>	16	25	9	2.22
20B5DD002	Hara Kilab	2659947	464563	214	-90	0	50	No Significant Assays				
20B5DD004	Hara Kilab	2659938	464559	214	-70	360	41.5	Assays Pending				
20B5DD005	Mahab 4	2656101	468765	224	-62	216	70	Assays Pending				
20B5DD006	Mahab 4	2656101	468765	224	-66	270	77.5	Assays Pending				

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Figure 6: Oman Tenement Location Plan



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Figure 7: Cross Section Maqail South with completed diamond drill hole 20B5DD003. Orebody in red.

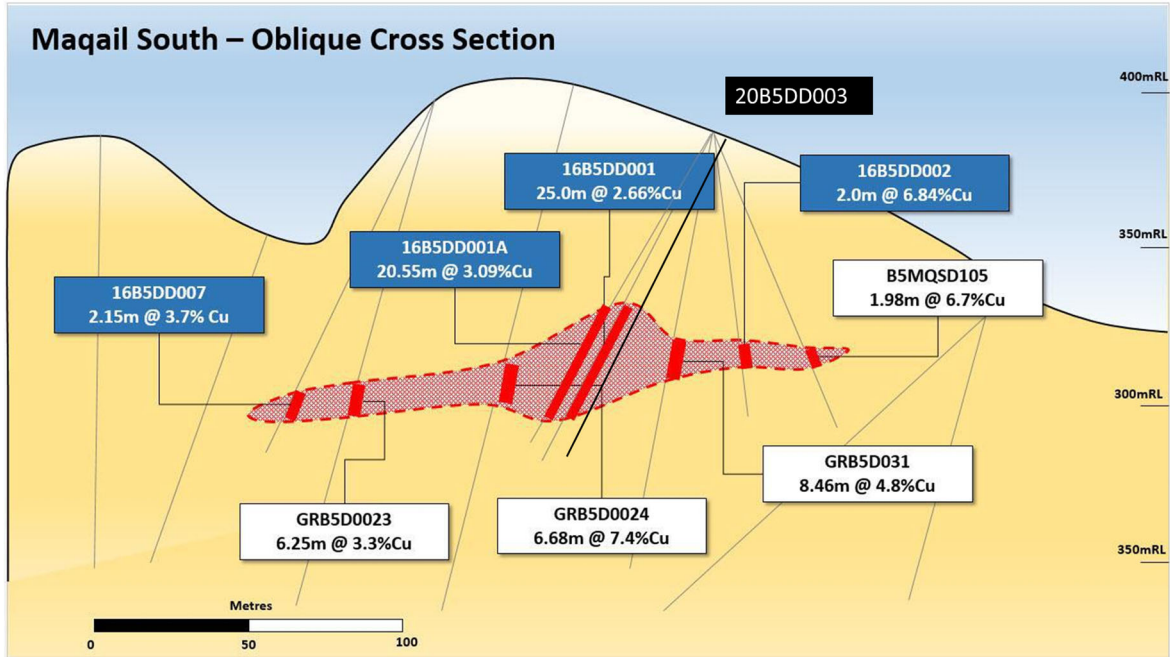
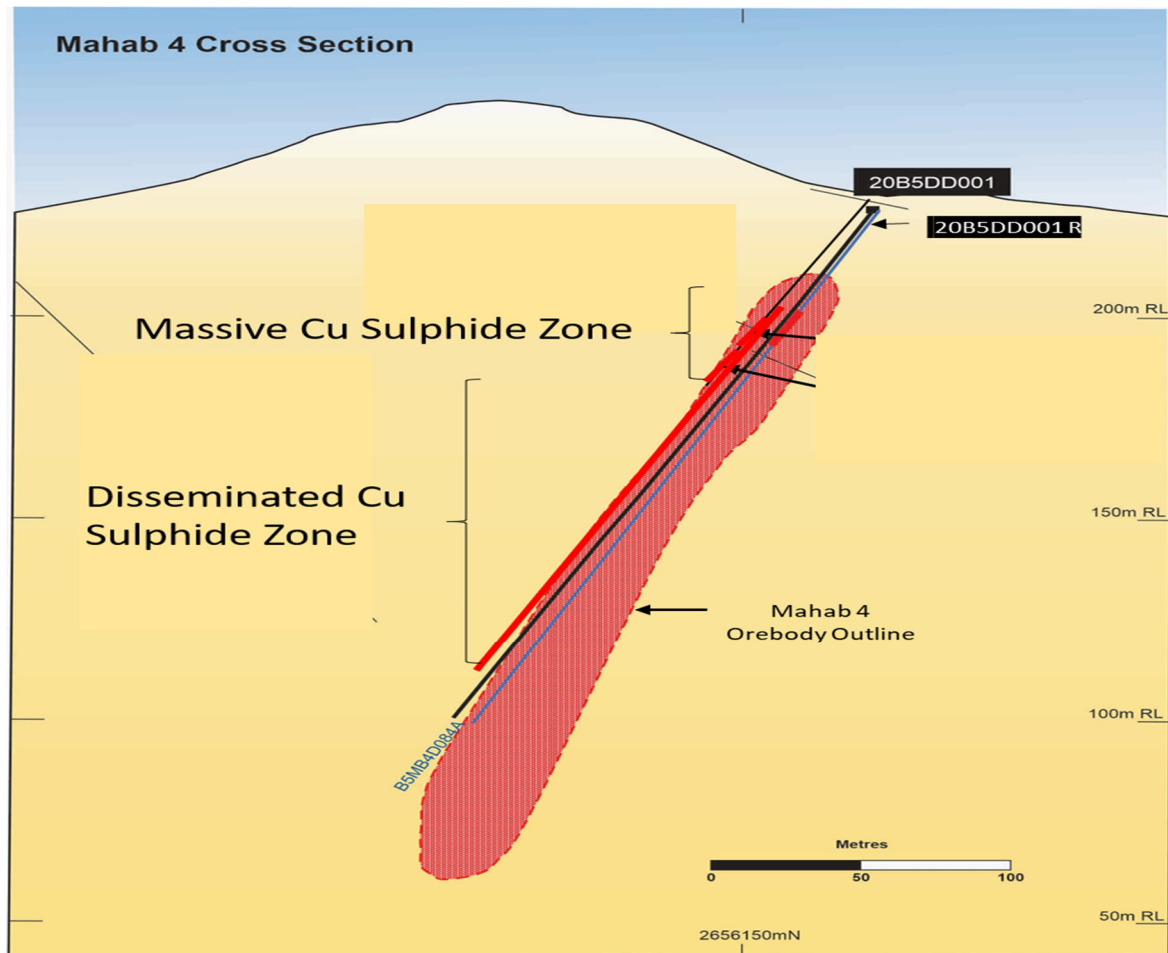


Figure 8: Cross Section Mahab 4 with completed diamond drill holes 20B5DD001 and 20B5DD001R



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TSHIMPALA PROJECT – MALAWI

No work was completed on this project during the year. The Company has commenced procedures to cancel any remaining mineral interests in Malawi.

KITOTOLO-KATAMBA PROJECT – DEMOCRATIC REPUBLIC OF CONGO

No work was completed on this project during the year. The Company has commenced procedures to cancel any remaining mineral interests in the Democratic Republic of Congo (DRC).

KANUKA PROJECT – DEMOCRATIC REPUBLIC OF CONGO

No work was completed on this project during the year. The Company has commenced procedures to cancel any remaining mineral interests in the Democratic Republic of Congo (DRC).

PROJECT GENERATION

The Company continues to assess additional exploration projects capable of rapid value uplift to be realised with judicious exploration activity. Through the acquisition of such projects the Company aims to add further value for shareholders.

Qualifying Statements

Competent Person Statement

The information in this report that relates to Exploration Results at Halls Peak Project is based on information compiled by Mr Michael Leu, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Leu is a part-time employee of Critical Resources Limited. Mr Leu has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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". Mr Leu consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources and Exploration Results for the Block 4 and Block 5 projects in Oman is based on information compiled by Mr Jeremy Whybrow, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Whybrow has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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". Mr Whybrow consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr Whybrow is no longer employed by Critical Resources Limited (formerly Force Commodities Limited) but was at the time of the reporting.

JORC Code Compliant Reports

The information regarding the Mineral Resource is extracted from the report entitled "Force to Acquire High Grade Copper Projects in Oman" created 1 September 2020 and is available to view on www.criticalresources.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES FOR THE YEAR ENDED 31 DECEMBER 2021 DIRECTORS' REPORT

Person's findings are presented have not been materially modified from the original market announcement.

Forward looking statements

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

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DIRECTORS' REPORT**

INFORMATION ON DIRECTORS

Robert Martin	Non-Executive Chairman (<i>appointed 4 February 2021</i>)
Qualifications	Not applicable
Experience	Mr Martin is a commercial businessman with over 25 years' experience across a broad range of sectors including mining, manufacturing, mining services, supply chain, and capital markets. Mr Martin has recently operated a highly successful mining services company which became a leading provider of products and services to the mining industry with offices and operations located globally in key mining hubs.
Special Responsibilities	Nil
Current Directorships of other ASX Listed Companies	Suvo Strategic Minerals Limited, Parkd Limited
Former Directorships of other ASX Listed Companies in the Last Three Years	Nil
Alex Biggs	Managing Director (<i>appointed 15 November 2021</i>)
Qualifications	BEng (Hons) Mining Engineering, HNC Mechanical Engineering, MAusIMM
Experience	Mr Biggs is a qualified Mining Engineer, educated at the Western Australian School of Mines. Mr Biggs has experience in operations, consulting and finance with a focus on feasibility studies, financial modelling, project evaluation and project management. He also has experience in capital raising, both equity and debt as well as deal structuring and significant commercial expertise. Mr Biggs has a strong focus on underground and open pit hard rock mining in multiple commodities. He has held various positions at companies including Venturex Resources, Palisade Capital Corporation, Barrick Gold as well as Principal positions in consultancy and advisory capacities.
Special Responsibilities	Nil
Current Directorships of other ASX Listed Companies	Nil
Former Directorships of other ASX Listed Companies in the Last Three Years	Nil
Jihad Malaeb	Non-Executive Director (<i>appointed 27 January 2020</i>)
Qualifications	Not applicable
Experience	Mr Malaeb is a significant long-term investor of Critical. Mr Malaeb is a successful businessman who brings a pragmatic approach to governance and brings critical oversight to corporate management. He has 25 years' experience running businesses in the construction industry, hotel industry and managing commercial properties.

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Special Responsibilities Nil

Current Directorships of other ASX Listed Companies Nil

Former Directorships of other Nil

Michael Leu Non-Executive Director (appointed 4 February 2021)

Qualifications Bachelor of Science (Hons 1, Geology), MAIG, MAusIMM

Experience Mr Leu has over 40 years geological experience and has held managerial roles including Chief Geologist, CEO and Managing Director of ASX Listed exploration companies. His skills include strategic planning, execution and mining across a range of mineral commodities around the world.

Special Responsibilities Nil

Current Directorships of other ASX Listed Companies Nil

Former Directorships of other ASX Listed Companies in the Last Three Years Nil

Jeremy Whybrow Non-Executive Director (appointed 1 March 2021, resigned 15 November 2021)

Qualifications Bachelor of Science (Mineral Exploration and Mining Geology), Graduate Diploma (Minerals Economics), MAusIMM

Experience Mr Whybrow has over 25 years geological experience in the mining industry both domestically and internationally. He has devised, developed and executed exploration programs in some of the most remote places, and has utilised most technologies.

Special Responsibilities Exploration Manager

Current Directorships of other ASX Listed Companies Not applicable resigned 15 November 2021

Former Directorships of other ASX Listed Companies in the Last Three Years Not applicable resigned 15 November 2021

Alex Cheeseman Non-Executive Director (appointed 6 January 2022)

Qualifications Master's degree in Capability Development and Acquisition, Bachelor of Science (Physics), Advanced Diploma (Administration), and Diploma of Government Services (Complex Procurement).

Experience Mr Cheeseman is a commercially focussed professional with over 20 years' experience in leadership and management roles across a range of industries. Having held a broad range of project and operational roles, the last 10 years has been focussed on the resources sector, specifically project development, commercial optimisation and marketing across iron ore and lithium

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commodities. Mr Cheeseman has extensive lithium industry experience having been intimately involved with project delivery, commissioning and ramp-up to commercial production of the former Altura Pilgangoora operations and is currently the CEO of an ASX-listed lithium exploration company.

Special Responsibilities Nil

Current Directorships of other ASX Listed Companies Nil

Former Directorships of other ASX Listed Companies in the Last Three Years Nil

Jess Oram

Non-Executive Chair (resigned 4 February 2021)

Qualifications BSc, AIG member

Experience Mr Oram has over 30years' experience in mineral exploration in a wide variety of geological terrains and resource commodities with an accomplished track record in establishing and leading the exploration function of several companies. Mr Oram has considerable experience in executive management roles with a distinguished career in exploration discovery, project feasibility and project development. Mr Oram has a Bachelor of Science (Bsc), Geology major from the University of Queensland and is a member of the Australian Institute of Geoscientists (AIG).

Special Responsibilities Not applicable resigned 4 February 2021

Current Directorships of other ASX Listed Companies Not applicable resigned 4 February 2021

Former Directorships of other ASX Listed Companies in the Last Three Years Not applicable resigned 4 February 2021

David Sproule

Non-Executive Director (resigned 4 February 2021)

Qualifications B. Eng (Ext. Met) Hons

Experience Mr David Sproule has + 35 years of operational experience in gold, silver and base metals production. He spent 25 years as Founder and Managing Director of the private Polymetals Group which developed and operated numerous small to medium scale mining and processing operations in WA, NSW, SA and Tasmania.

Special Responsibilities Not applicable resigned 4 February 2021

Current Directorships of other ASX Listed Companies Not applicable resigned 4 February 2021

Former Directorships of other ASX Listed Companies in the Last Three Years Not applicable resigned 4 February 2021

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CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES FOR THE YEAR ENDED 31 DECEMBER 2021 DIRECTORS' REPORT

DIRECTOR HOLDINGS

Directors holdings as at date of this report are:

Directors	Shares	Options	Performance Rights
Robert Martin	8,163,793	804,597	2,000,000
Alexander Biggs	799,255	7,829,885	10,000,000
Jihad Malaeb	85,714,517	4,224,637	2,000,000
Michael Leu	5,206,897	402,298	2,000,000
Alex Cheeseman	-	-	-

MEETINGS OF DIRECTORS

The number of Directors' Meetings and the number of meetings attended by each of the Directors of the Company during the financial year were:

Directors	Directors Meetings	
	Held Whilst in Office	Attended
Robert Martin	8	8
Alexander Biggs	1	1
Jihad Malaeb	9	9
Michael Leu	8	8
Jeremy Whybrow	7	7
Jess Oram	1	1
David Sproule	1	1

REMUNERATION REPORT - AUDITED

This remuneration report outlines the remuneration arrangements of the Group for the year ended 31 December 2021 in accordance with the requirements of Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by Section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for Key Management Personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent.

For the purposes of this report, the term "executive" includes the Managing Director (MD), executive directors (where applicable) and senior executives of the Group.

The Group sets remuneration that is market competitive and complementary to the reward strategy of the Group, without the use of independent remuneration consultants.

A. Remuneration Governance

The Board of Directors is responsible for the remuneration practices of the Group.

The Board of Directors has determined that a separate Remuneration Committee is not necessary at this time due to the size of the Group and the scale and nature of its operations.

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES FOR THE YEAR ENDED 31 DECEMBER 2021 DIRECTORS' REPORT

B. Remuneration Policy

The remuneration policy of the Group has been designed to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates and offering specific incentives, from time to time, that are based on share price and key performance areas affecting the Group's financial results.

The Board of Directors of Critical believes the remuneration policy is appropriate and effective in its ability to attract, retain and motivate suitably qualified and experienced Directors and executives to run and manage the Group, as well as create goal congruence between the Directors, executives and the Company's shareholders.

C. Remuneration Arrangements

All executives receive a base salary or allowance (which is based on factors such as length of service and experience). Executive and Non-Executive remuneration may also incorporate a component of performance based remuneration.

The Board reviews executive packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

Non-Executive directors are remunerated at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to Non-Executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$300,000).

The Board of Directors may exercise discretion in relation to approving incentives, bonuses and options.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed. Options are independently valued by corporate advisers using the Black-Scholes method.

D. Performance Based Remuneration

The Company believes that linking the remuneration of Directors and executives with performance will be effective in increasing shareholder wealth.

From time to time, the Board of Directors may establish performance targets and a bonus system for the purposes of providing directors and executives with short-term and long-term performance incentives. Such incentives are offered to increase goal congruence between shareholders and directors and executives.

E. Performance Summary

The tables below set out summary information about Critical's earnings and movements in shareholder wealth for the five years to 31 December 2021:

	2021	2020	2019	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000
Other Income	-	205	285	50	304
Comprehensive loss before and after tax	(1,660)	(807)	(4,537)	(10,917)	(4,651)

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	2021	2020	2019	2018	2017
Share price at start of year	\$0.022	\$0.014	\$0.015	\$0.080	\$0.030
Share price at end of year	\$0.040	\$0.022	\$0.014	\$0.015	\$0.080
Dividend	-	-	-	-	-
Cash and cash equivalents	4,768	1,846	9	399	3,524
Basic (loss) per share	(\$0.16)	(\$0.12)	(\$0.094)	(\$0.022)	(\$0.019)
Diluted /(loss) per share	(\$0.16)	(\$0.12)	(\$0.094)	(\$0.022)	(\$0.019)

F. No Hedging Contracts

The Company does not permit executives to enter into contracts to hedge their exposure to options or performance rights to shares granted as part of their remuneration package.

G. Securities Trading Policy

The Board has in place a Securities Trading Policy to ensure that:

- any dealings in securities by the Directors, employees and contractors comply with legal and regulatory obligations (including the prohibition against insider trading); and
- the Company maintains market confidence in the integrity of dealings in its securities.

H. Details of Remuneration

Compensation of key management personnel for the year ended 31 December 2021

2021	SHORT-TERM BENEFITS			POST EMPLOY- MENT	SHARE- BASED PAYMENT	TOTAL	SHARE- BASED PAYMENT
	Salary & Fees \$	Termination Payment \$	Other \$	Super- annuation \$	\$	\$	as a % of TOTAL
Directors							
Robert Martin - Non-Executive Chairman (i)	66,000	-	-	-	20,016	86,016	23
Alex Biggs - Managing Director (vi)	119,321	-	-	11,468	117,410	248,199	47
Jihad Malaeb - Non-Executive Director	47,000	-	-	-	20,016	67,016	30
Michael Leu - Non-Executive Director (iv)	61,800	-	-	-	20,016	81,816	24
Jeremy Whybrow - Non-Executive Director (iii)	39,750	-	-	-	-	39,750	-
Jess Oram - Non-Executive Chairman (ii)	4,145	-	-	-	-	4,145	-
David Sproule - Non-Executive Director (v)	2,727	-	-	-	-	2,727	-
Total remuneration directors 2021	340,743	-	-	11,468	177,458	529,669	34
Specified Executives							
Simon Pooley - CEO (vii)	76,849	-	-	7,125	-	83,974	-
Total remuneration specified executives 2021	76,849	-	-	7,125	-	83,974	-
Total key management personnel 2021	417,592	-	-	18,593	177,458	613,643	29

(i) Appointed 4 February 2021.

(ii) Resigned 4 February 2021.

(iii) Appointed 1 March 2021, resigned 15 November 2021. Includes \$34,000 in Non-Executive Director fees and \$5,750 for consulting services provided.

(iv) Appointed 4 February 2021. Includes \$44,000 in Non-Executive Director fees and \$17,800 for consulting services provided.

(v) Resigned 4 February 2021.

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES FOR THE YEAR ENDED 31 DECEMBER 2021 DIRECTORS' REPORT

- (vi) Appointed 8 June 2021 as Chief Executive Officer and on 15 November 2021 as Managing Director. Includes \$4,000 in Board fees with \$115,321 relating to salary as Chief Executive Officer and subsequently as Managing Director.
- (vii) Resigned 26 February 2021.

Compensation of key management personnel for the year ended 31 December 2020

2020	SHORT-TERM BENEFITS			POST EMPLOYMENT	SHARE-BASED PAYMENT	TOTAL	SHARE-BASED PAYMENT
	Salary & Fees \$	Termination Payment \$	Other \$	Super-annuation \$	\$	\$	as a % of TOTAL
Directors							
Jess Oram - Chairman (i)	48,000	-	-	-	-	48,000	-
Jason Brewer – Managing Director (ii)	-	-	-	-	-	-	-
Gedeon Pelesa – Non-Executive Director(iii)	28,000	-	-	-	-	28,000	-
Jihad Malaeb – Non-Executive Director (iv)	33,000	-	-	-	-	33,000	-
David Sproule – Non-Executive Director (v)	12,000	-	-	-	-	12,000	-
Simon Grant-Rennick – Non-Executive Director (vi)	15,000	-	-	-	-	15,000	-
Total remuneration directors 2020	136,000	-	-	-	-	136,000	-
Specified Executives							
Michael Pitcher – CFO & Company Secretary (vii)	22,500	-	-	-	-	22,500	-
Simon Pooley – CEO (viii)	90,000	-	-	2,850	-	92,850	-
Total remuneration specified executives 2020	112,500	-	-	2,850	-	115,350	-
Total key management personnel 2020	248,500	-	-	2,850	-	251,350	-

- (i) Appointed 5 February 2019, resigned 4 February 2021. Mr Oram was issued 4,000,000 shares to settle \$56,000 of outstanding Director fees.
- (ii) Appointed as a Non-Executive Director on 6 June 2017 and was re-appointed as Managing Director effective 19 February 2018 and resigned 14 January 2020.
- (iii) Resigned 24 August 2020. Mr Pelesa was issued 2,500,000 shares to settle \$15,000 of outstanding Director fees.
- (iv) Appointed 27 January 2020. Mr Malaeb was issued 1,071,429 shares to settle \$35,000 of outstanding Director fees.
- (v) Appointed 24 August 2020, resigned 4 February 2021.
- (vi) Appointed 1 August 2019, resigned 27 May 2020. Fees for 2019 and 2020 were settled in shares in November 2020. Mr Grant-Rennick was issued 2,142,857 shares to settle \$30,000 of outstanding Director fees.
- (vii) Appointed 5 February 2019, resigned 9 April 2020. Mr Pitcher was issued 1,321,429 shares to settle \$13,215 of outstanding Director fees.
- (viii) Appointed 21 July 2020, resigned 26 February 2021.

Compensation options granted to key management personnel

Options issued to key management personnel during 2021 are disclosed in the Options table below. For further details on options refer to Note 17.

Compensation performance rights granted to key management personnel

Performance Rights shares issued to key management personnel during 2021 are disclosed in the Performance Rights table below. For further details on performance rights refer to Note 18.

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Performance Rights held by Directors and key management personnel during the year ended 31 December 2021

2021	Year Granted	Balance at the beginning of the year	Granted during the year	Vested	Forfeited on resignation	Balance at 31 December 2021
Directors						
Robert Martin (i)	2021	-	6,000,000	-	-	6,000,000
Alexander Biggs (vi)	2021	-	10,000,000	-	-	10,000,000
Jihad Malaeb	2021	-	6,000,000	-	-	6,000,000
Michael Leu (iv)	2021	-	6,000,000	-	-	6,000,000
Jeremy Whybrow (iii)	2021	-	6,000,000	-	(6,000,000)	-
Jess Oram (ii)	-	-	-	-	-	-
David Sproule (v)	-	-	-	-	-	-
Specified Executives						
Simon Pooley (vii)	2020	4,000,000	-	-	(4,000,000)	-
Total		4,000,000	34,000,000	-	(10,000,000)	28,000,000

Option Holdings of Directors and Key Management Personnel as at 31 December 2021

The numbers of options over ordinary shares in the company granted under the executive short term incentive scheme that were held during the financial year by each director and the key management personnel of the Group, including their personally related parties, are set out below.

2021	Balance at beginning	Granted as Remuneration	Granted other	Exercised	Disposed	Holding on Resignation	Balance at 31 December 2021	Exercisable	Not Exercisable
Directors									
Robert Martin (i)	-	-	-	-	-	-	-	-	-
Alexander Biggs (vi)	-	7,600,000	-	-	-	-	7,600,000	-	7,600,000
Jihad Malaeb	5,833,834	-	-	(3,333,334)	-	-	2,500,500	2,500,500	-
Michael Leu (iv)	-	-	-	-	-	-	-	-	-
Jeremy Whybrow (iii)	-	-	-	-	-	-	-	-	-
Jess Oram (ii)	-	-	-	-	-	-	-	-	-
David Sproule (v)	-	-	-	-	-	-	-	-	-
Specified Executives									
Simon Pooley (vii)	-	-	-	-	-	-	-	-	-
Total	5,833,834	7,600,000	-	(3,333,334)	-	-	10,100,500	2,500,500	7,600,000

Shareholdings of Directors and Key Management Personnel as at 31 December 2021

2021	Balance at Beginning	Acquired	Disposed	Holding on Resignation	Balance at 31 December 2021
Directors					
Robert Martin (i)	-	1,750,000	-	-	1,750,000
Alexander Biggs (vi)	-	109,600	-	-	109,600
Jihad Malaeb	42,708,769	33,833,334	-	-	76,542,103
Michael Leu (iv)	-	-	-	-	-
Jeremy Whybrow (iii)	-	-	-	-	-
Jess Oram (ii)	4,000,000	-	-	4,000,000	-
David Sproule (v)	-	-	-	-	-
Specified Executives					
Simon Pooley (vii)	-	-	-	-	-
Total	46,708,769	35,692,934	-	4,000,000	78,401,703

All equity transactions with key management have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES FOR THE YEAR ENDED 31 DECEMBER 2021 DIRECTORS' REPORT

I. Service Agreements

Robert Martin - Chairman (appointed 4 February 2021)

The key terms of Mr Martin's service contract are:

- Non-Executive Chair fee of \$72,000 per annum.
- No notice period.
- No termination benefit entitlement.

Alex Biggs – Chief Executive Officer (appointed 8 June 2021 as Chief Executive Officer and on 15 November 2021 as Managing Director)

The key terms of Mr Bigg's service contract are:

- \$300,000 plus superannuation per annum.
- 1 month's notice period.
- Options; For further details on options refer to Note 17.
- Performance shares; For further details on performance shares refer to Note 18.

Michael Leu (appointed 4 February 2021)

The key terms of Mr Leu's service contract are:

- Non-Executive Director fee of \$48,000 per annum.
- No notice period.
- No termination benefit entitlement.

Jeremy Whybrow (appointed 1 March 2021, resigned 15 November 2021)

The key terms of Mr Whybrow's service contract are:

- Non-Executive Director fee of \$48,000 per annum.
- No notice period.
- No termination benefit entitlement.

Jihad Malaeb – Non-Executive Director (appointed 27 January 2020)

The key terms of Mr Malaeb's service contract are:

- Non-Executive Director fee of \$48,000 per annum.
- No notice period.
- No termination benefit entitlement.

Jess Oram - Chair (appointed 5 February 2019; resigned 4 February 2021)

The key terms of Mr Orams' service contract are:

- Non-Executive Director fee of \$48,000 per annum.
- No notice period.
- No termination benefit entitlement.

David Sproule – Non-Executive Director (appointed 24 August 2020; resigned 4 February 2021)

The key terms of Mr Sproule's service contract are:

- Non-Executive Director fee of \$36,000 per annum.
- No notice period.
- No termination benefit entitlement.

Simon Pooley – Chief Executive Officer (appointed 21 July 2020, resigned 26 February 2021)

The key terms of Mr Pooley's service contract are:

- Chief Executive Officer remuneration of \$180,000 per annum.
- 3 month's notice period.
- Performance bonus on a sliding scale subject to achievement of a rise in the Company share price, assuming share price on re-listing settles at 1.5 cents:
 - 1,500,000 shares on achievement of a share price greater than 3.0 cents but less than 4.5 cents (this is between doubling and tripling of a re-listing share price).
 - 2,500,000 shares on achievement of a share price greater than 4.5 cents (this is more than a tripling of a re-listing share price).

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES FOR THE YEAR ENDED 31 DECEMBER 2021 DIRECTORS' REPORT

All performance rights were forfeited on resignation.

J. Other transactions with key management personnel

Jasald Hotel Group Pty Ltd, a company controlled by Mr Jihad Malaeb, was owed, a total of \$12,000 net of GST in relation to Mr Malaeb's services as a Non-Executive Director for the current year (2020: \$33,000).

During the financial year ended 31 December 2020, major shareholder and Non-Executive Director, Mr Jihad Malaeb, provided a loan to the Company for \$300,000. The loan was settled in shares on 2 March 2021 (refer Note 16), with interest paid in cash on settlement of \$6,658. Interest payable on the loan was 10% per annum. A loss of \$300,000 has been recognised for the current period within finance costs in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Accrued liabilities owing to Alex Biggs were \$4,000 net of GST in relation to his services as Managing Director for the current year (2020: \$0).

Michael Leu was paid \$17,800 net of GST in relation to his consulting services in the current year (2020: \$0).

Jeremy Whybrow was paid \$5,750 net of GST in relation to his consulting services in the current year (2020: \$0).

Voting and comments made at the Company's 2021 Annual General Meeting (AGM)

At the 2021 AGM, 99% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

End of audited remuneration report

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES FOR THE YEAR ENDED 31 DECEMBER 2021 DIRECTORS' REPORT

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group proposes to continue its exploration activities across its various mineral industry interests. Other than the information disclosed in this report, further information in relation to likely developments and the impact on the operations of the Group has not been included because the directors believe it would be likely to result in unreasonable prejudice to the Group.

SHARES UNDER OPTION

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Class	Date options granted	Expiry Date	Exercise Price	No. of options
Options	10 November 2020	3 November 2022	\$0.025	3,334,000
Options	5 January 2022	3 December 2024	\$0.04	54,575,630
Options	8 June 2021	30 June 2024	\$0.05	1,300,000
Options	8 June 2021	30 June 2024	\$0.07	1,300,000
Options	8 June 2021	30 June 2024	\$0.010	5,000,000
				65,509,630

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen since the end of the financial 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:

- On 5 January 2022 final approval from the Investment Review Branch of Canada (IRB) for the Mavis Lake Lithium Project transaction was received, allowing the Company to complete the acquisition and execute the following;
 - pay A\$1.5 million cash payment to the Sellers;
 - issue 68,000,000 shares in Critical Resources to the Sellers (or their nominees) at an issue price of A\$0.022 per share (a deemed value of A\$1.496 million); and
 - issue \$200,000 in shares to the deal Facilitator, using 15 day VWAP up to a maximum of 8,000,000 fully paid ordinary shares (7,449,960 shares issued)
- On 5 January 2022 capital raising of A\$4 million before costs completed via the issue of 137,931,034 shares at \$0.029, and 45,977,011 free attaching options exercisable at \$0.04 expiring 3 December 2024. 15,000,000 unlisted options were issued to the lead manager of the capital raising, exercisable at \$0.04 expiring 3 December 2024.
- On 6 January 2022 Mr Alex Cheeseman joined the Board as Non-Executive director.
- On 8 February 2022 acquisition of the Graphic Lake Lithium Project in Ontario Canada was completed. The key transaction terms were:
 - A\$80,000 cash payment (including A\$10,000 paid as an option fee);
 - A\$120,000 fully paid ordinary shares in Critical Resources Limited calculated at a 20-day VWAP (1,200,000 shares issued); and
 - 1.5% Net Smelter Royalty ("NSR") capped at C\$500,000 with the option to purchase at any time for C\$500,000.

Cash consideration has been paid and shares have been issued subsequent to the reporting date.

- Additional 500 Ha of land holding claims acquired at Graphic Lake Canada, with surrounding claims consolidated thereafter to increase landholding to 2,100 Ha in this area. Also, 4,500 Ha of claims staked within 5.5km of Frontier Lithium's (TSX.V: FL) PAK, Spark and Bolt Deposits.
- On 17 February 2022 the Company completed a placement to sophisticated and institutional investors raising \$A12.5 million before costs via the issue of 147,058,824 shares at A\$0.085.
- Director and company secretary performance rights vested and shares were issued as follows:

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

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

ENVIRONMENTAL REGULATIONS

The Group is subject to significant environmental regulation in respect of its exploration activities as follows:

- The Company's operations in the State of New South Wales involve exploration activities. These operations are governed by the *Environment Planning and Assessment Act 1979*.
- The Company operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of the shareholders, employees and suppliers.
- The Company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are mindful of the regulatory regime in relation to the impact of the Company's activities on the environment.
- To the best of the directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

Environmental code of practice for mineral exploration

The Company is committed to conducting its exploration programs by following industry best practice in accordance with published government guidelines and codes. The following policy is specific to the Company's exploration projects.

Access to land

Prior to the commencement of any work, the Company makes contact with landholders/leaseholders and discusses the general aims and types of work likely to be conducted.

Discussion with landowners, leaseholders and Native Title Claimants is ongoing. It commences prior to any work being conducted and continues throughout the program and beyond the cessation of exploration work.

The Company establishes conditions of access with landholders and where practicable, signs a written access agreement that sets out conditions and includes a schedule of agreed compensation payments.

The Company endeavours to provide landholders with ample warning prior to commencing any work and landholders are kept informed upon commencement, during and upon completion of an exploration program.

Type of land

The type of land is determined and its inhabitants are assessed to identify areas of particular environmental concern including identification of sensitive areas or areas prone to erosion, water catchment, heritage sites, and areas home to vulnerable and endangered species.

Land use is taken into consideration and land under cultivation is not disturbed without the express consent of the landholder.

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES FOR THE YEAR ENDED 31 DECEMBER 2021 DIRECTORS' REPORT

Mineral exploration programs

Access

The Company utilises existing tracks for access where possible.

Climatic conditions are considered when assessing areas to avoid access during extreme conditions such as during bush fire risk during hot, windy conditions and damage to tracks after heavy rain.

Surface disturbances are kept to a minimum.

Drilling

Drilling programs include rehabilitation and where possible holes are positioned in areas requiring little or no clearing. Small, manoeuvrable drill rigs are used to minimise the need for track clearing and to reduce ground compaction. Where required, topsoil is removed and stored separately so that it can be replaced during rehabilitation of the site. Ground sheets are used where required to avoid oil/fuel spills contaminating the soil.

Rehabilitation

Drill sites are rehabilitated as soon as practicable and drill holes are filled and capped where necessary. Landholders are asked to confirm at the end of each program that exploration has been conducted to their satisfaction and that sites have been rehabilitated.

INDEMNIFYING OFFICERS OR AUDITOR

The Group has agreed to indemnify all the directors and executive officers for any costs or expenses that may be incurred in defending civil and criminal proceedings that may be brought against them in their capacity as directors and officers for which they may be held personally liable.

A confidentiality clause in the insurance contract prohibits disclosure of the amount of the premium and the nature of insured liabilities.

The Company has not entered into any agreement to indemnify BDO Audit (WA) Pty Ltd against any claims by third parties arising from their report on the annual financial report.

AUDITOR

Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed (if any) did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Details of the amounts paid or payable to the auditor BDO Audit (WA) Pty Ltd and related entities for audit services provided during the year are set out in Note 7 to the financial Statements. There were no non-assurance services provided during the year.

CORPORATE GOVERNANCE STATEMENT

Critical Resources Limited and its controlled entities (the Group) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders.

The Directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES FOR THE YEAR ENDED 31 DECEMBER 2021 DIRECTORS' REPORT

ASX Listing Rule 4.10.3 requires listed companies to disclose the extent to which they have complied with the ASX Best Practice Recommendations of the ASX Corporate Governance Council in the reporting period. The Company has disclosed this information on its website at www.criticalresources.com.au/corporate-governance. The Corporate Governance Statement is current as at 31 December 2021, and has been approved by Directors.

The Company website at www.criticalresources.com.au contains a corporate governance section that includes copies of the Company's corporate governance charters and policies.

AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

There are no officers of the company who are former partners of BDO Audit (WA) Pty Ltd.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 30 for the year ended 31 December 2021.

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



Mr Robert Martin
Non-Executive Chairman
Perth, Western Australia
3 March 2022

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

As lead auditor of Critical Resources Limited for the year ended 31 December 2021, 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 Critical Resources Limited and the entities it controlled during the period.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 03 March 2022

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**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 \$	2020 \$
Continuing Operations			
Interest income	5	4,616	3,299
Other income	5	-	205,418
Administrative expenses	6a	(486,538)	(489,102)
Consulting and staff costs	6b	(671,979)	(221,545)
Depreciation		(14,318)	(36,469)
Share based payments	26	(186,681)	-
Exploration expenditure impaired		-	(100,700)
Finance costs	6c	(305,189)	(168,289)
Loss before income tax expense		(1,660,089)	(807,388)
Income tax expense		-	-
Loss for the year		(1,660,089)	(807,388)
Other comprehensive income			
Exchange difference on translating foreign operations		73,457	24,903
Total other comprehensive loss for the year, net of tax		(1,586,632)	(782,485)
Net loss for the year is attributed to:			
Loss attributable to owners		(1,660,089)	(807,388)
Non-controlling interests		-	-
Net loss for the year		(1,660,089)	(807,388)
Total comprehensive loss for the year is attributed to:			
Loss attributable to owners		(1,662,008)	(729,685)
Non-controlling interests		75,376	(52,800)
Total comprehensive loss for the year		(1,586,632)	(782,485)
Loss per share			
Basic and diluted loss per share (cents per share)	21	(0.16)	(0.12)

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

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**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	9	4,768,404	1,846,553
Trade and other receivables	10	87,442	35,168
Other assets	11	416,429	32,104
Total current assets		5,272,275	1,913,825
Non-current assets			
Plant and equipment		1,547	11,066
Exploration and evaluation assets	12	2,769,008	1,398,797
Total non-current assets		2,770,555	1,409,863
Total assets		8,042,830	3,323,688
LIABILITIES			
Current liabilities			
Trade and other payables	14	1,480,135	949,200
Financial liabilities	15	4,000,000	301,562
Provisions		-	29,435
Total current liabilities		5,480,135	1,280,197
Total liabilities		5,480,135	1,280,197
Net assets		2,562,695	2,043,491
Equity			
Issued capital	16	46,825,287	45,277,303
Reserves	19	645,978	4,647,064
Accumulated losses		(45,475,743)	(48,372,673)
		1,995,522	1,551,694
Non-Controlling interest	20	567,173	491,797
Total equity		2,562,695	2,043,491

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

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**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Interest received		4,616	3,299
Payments to suppliers and employees		(1,271,840)	(773,057)
Interest paid		(6,658)	(35,952)
Net cash flows used in operating activities	22	(1,273,882)	(805,710)
Cash flows from investing activities			
Payments for plant, property and equipment		(2,525)	-
Payments for exploration and evaluation		(950,978)	(291,775)
Mavis Lake acquisition		(399,653)	-
Acquisition of subsidiaries - cash		-	(34,734)
Net cash flows used in investing activities		(1,353,156)	(326,509)
Cash flows from financing activities			
Funds held in trust		4,000,000	-
Proceeds from exercise of options		1,548,889	-
Proceeds from issue of shares		-	3,000,000
Share issuing costs		-	(180,000)
Proceeds from borrowings		-	400,000
Repayment of borrowings		-	(250,000)
Net cash flows from financing activities		5,548,889	2,970,000
Net increase in cash and cash equivalents		2,921,851	1,837,781
Cash and cash equivalents at beginning of year		1,846,553	8,772
Cash and cash equivalents at year end	9	4,768,404	1,846,553

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

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**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Issued Capital	Reserves	Accumulated Losses	Non- Controlling Interest	Total Equity
	\$	\$	\$		\$
Balance at 1 January 2020	41,020,252	4,561,060	(47,565,285)	(60,521)	(2,044,494)
Loss for the year	-	-	(807,388)	-	(807,388)
Other comprehensive income/(loss) for the year	-	77,703	-	(52,800)	24,903
Total comprehensive loss for the year	-	77,703	(807,388)	(52,800)	(782,485)
Transactions with owners in their capacity as owners					
Issue of shares from capital raising	3,000,000	-	-	-	3,000,000
Share issue costs	(180,000)	-	-	-	(180,000)
Shares issued to acquire subsidiaries	500,000	-	-	-	500,000
Shares issued to staff, consultants and other creditors in lieu of cash	448,371	-	-	-	448,371
Shares issued – convertible loans	488,680	-	-	-	488,680
Options issued – convertible loans	-	8,301	-	-	8,301
Minority interest – acquisition of subsidiaries	-	-	-	605,118	605,118
Balance at 31 December 2020	45,277,303	4,647,064	(48,372,673)	491,797	2,043,491
Balance at 1 January 2021	45,277,303	4,647,064	(48,372,673)	491,797	2,043,491
Loss for the year	-	-	(1,660,089)	-	(1,660,089)
Other comprehensive income/(loss) for the year	-	(1,919)	-	75,376	73,457
Total comprehensive loss for the year	-	(1,919)	(1,660,089)	75,376	(1,586,632)
Transactions with owners in their capacity as owners					
Options issued	-	56,258	-	-	56,258
Performance rights	-	130,423	-	-	130,423
Reserve transfer	-	(4,546,753)	4,557,019	-	10,266
Share issue costs	(600,905)	360,905	-	-	(240,000)
Shares issued – exercise of options	1,548,889	-	-	-	1,548,889
Shares issued – settlement of debt	600,000	-	-	-	600,000
Balance at 31 December 2021	46,825,287	645,978	(45,475,743)	567,173	2,562,695

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 YEAR ENDED 31 DECEMBER 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

(i) Statement of Compliance

This financial report complies with Australian Accounting Standards which include International Financial Reporting Standards as adopted in Australia. Compliance with these standards ensures that the consolidated financial statements and notes as presented comply with the International Financial Reporting Standards (**IFRS**).

(ii) Historical cost convention

These financial statements have been prepared on an accruals basis and are based on the historical cost convention except where noted in these accounting policies.

(iii) 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.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Critical Resources Limited (the **parent entity**) as at reporting date and the results of all subsidiaries for the year then ended. Critical Resources Limited and its subsidiaries together are referred to in this financial report as the **Group**.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The financial performance of those activities is included only for the period of the year that they were controlled.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(c) Share-based Payment Transactions for the acquisition of goods and services

Share-based payment arrangements in which the Group receives goods or services as in exchange for its own equity instruments are accounted for as equity-settled share-based payment transactions. The Group measures the value of equity instruments granted at the fair value of the goods and services received, unless that fair value cannot be measured reliably.

If the fair value of the goods or services cannot be measured reliably, the transaction is measured by reference to the fair value of the instruments granted.

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

(d) Convertible Notes

Convertible notes (with embedded derivatives), that do not contain an equity component are accounted for as a financial liability through profit or loss with a value equating to the total proceed/face value with no day one gain or loss and subsequently value will change depending on the changes in the share price/ redemption event and or accretion of the value of the discount on the note. If the convertible note is converted, the carrying amounts of the derivative and liability components are transferred to share capital as consideration for the shares issued. If the note is redeemed, any difference between the amount paid and the carrying amounts of liability is recognised in the statement of profit or loss.

(e) Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost. Financial liabilities in the former category include contingent consideration payable on business combinations, financial liabilities in the latter category include trade payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Fair value is determined based on the value of the entity's equity instruments when the related business combination takes place.

Subsequent measurement

The measurement of financial liabilities depends on the classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are subsequently measured, at each reporting date, at the fair value of the amount estimated to settle the liability. The increase or decrease in the value of the liability, other than the movements in the value of the liability which arise through part settlement of the liability is recognised in the profit or loss.

Financial liabilities at amortised cost

Trade and other payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the entity. Trade accounts payable are normally settled within 60 days.

(f) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. Reporting to management by segments is on this basis.

(g) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer. Revenue is recognised for the major business activities as follows:

Interest Revenue

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

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CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Other Income

Income from other sources is recognised when proceeds or the fee in respect of other products or service provided is receivable. All revenue is stated net of the amount of goods and services tax (GST).

Research & Development (R&D) incentives refundable

Companies within the Group may be entitled to claim R&D refundable tax offsets for the investment in qualifying assets. R&D tax incentives are only recognised by the Group when all conditions attached to the R&D incentive have been complied with and the grant will be received. The Group accounts for R&D refundable tax incentives by offsetting the refund against the original expenditure or capitalised evaluation and exploration asset.

(h) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company and its wholly owned entities are part of a tax-consolidated group under Australian taxation law. Critical Resources Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The amounts receivable/payable under tax funding arrangements are due upon notification by the entity which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiary. These amounts are recognised as current intercompany receivables or payables.

(i) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- receivables and payables are stated with the amount of GST included; and
- the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis except for the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting period. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(k) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and in at call deposits with banks or financial institutions, investment in money market instruments maturing within less than two months, net of bank overdrafts.

(l) Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those measured subsequently at fair value (either through OCI, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Debt instruments: Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

These include trade and other receivables and financial assets at amortised cost

- Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains or losses. Impairment losses are presented as separate line items in the statement of profit or loss.

- FVPL:

Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments: The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

The Group assesses on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(m) Property, plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and other Comprehensive Income during the financial period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight line method, over their estimated useful lives, as follows:

- Plant and equipment 5 – 15 years (depreciation rate 6.7% to 20%)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit or Loss and Other Comprehensive Income.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Tenement exploration, evaluation and development costs

Costs incurred in the exploration for, and evaluation of, tenements for suitable resources are carried forward as assets provided that one of the following conditions is met:

- the exploration and evaluation expenditures are expected to be recovered through successful development and exploitation of the area of interest, or alternatively by its sale; or
- the exploration and evaluation activities in the area have not, at the end of the reporting period, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and activity and significant operations in the area of interest are continuing.

Costs associated with the commercial development of resources are deferred to future periods, provided they are, beyond any reasonable doubt, expected to be recoverable. These costs are amortised from the commencement of commercial production of the product to which they relate on a straight-line basis over the period of the expected benefit. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(p) Contributed equity

Ordinary shares are classified as equity.

(q) Share based payments

Ownership-based remuneration is provided to employees via an employee share option plan. Share-based compensation is recognised as an expense in respect of the services received, measured on a fair value basis.

The fair value of the options at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

The fair value of the performance right at grant date is independently determined using a barrier up-and-in trinomial pricing model that takes into account the vesting price, the term of the performance right, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the performance right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance right.

**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

The fair value of the performance rights granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of performance rights that are expected to become exercisable. At each reporting date, the Group revises its estimate of the number of performance rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options and performance rights, the balance of the share-based payments reserve relating to those options is transferred to share capital.

(r) Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for costs of servicing equity (other than dividends), the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(s) Parent Entity Financial Information

The financial information for the parent entity, Critical Resources Limited, has been prepared on the same basis.

(t) Accounting policy choice for non-controlling entities

The Group recognises non-controlling interest in an acquired entity either at a fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. The decision is made on an acquisition-by-acquisition basis.

(u) Foreign currency translation

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using average exchange rates for the period, or where possible, the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rate.

Group companies

The functional currency of the overseas subsidiaries is either US dollars, Euros or Omani Rial. The Board of Directors assesses the appropriate functional currency of these entities on an ongoing basis.

(v) Right of use assets and lease liabilities

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(w) 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. The consolidated entity did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and judgements may differ from the related actual results and may have a significant effect on the carrying amount of assets and liabilities within the next financial year and on the amounts recognised in the financial statements. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of deferred exploration and evaluation expenditure

The Group will elect by Area of Interest to adopt one of the following policies:

- i) Exploration and evaluation expenditure is stated at cost and is accumulated and carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves; or

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- ii) Exploration and evaluation costs are expensed as incurred as an operating cost of the Group. Costs related to the acquisition of properties that contain mining resources are capitalised and allocated separately to specific areas of interest. These costs are capitalised until the viability of the area of interest is determined.

The Board has determined to apply this policy to an area of interest on a case by case basis.

Area of Interest	Accounting Policy Election
Australian Exploration	2(a)(i)
Oman Exploration – Blocks 4 and 5	2(a)(i)
Kitotolo Lithium Project and the Kanuka Lithium Production Project	2(a)(i)
Tshimpala Project	2(a)(ii)

(b) Share-based payment transactions

The Group measures the cost of equity-settled transactions with directors and others by reference to the fair value of the equity instruments at the date at which they are granted. Estimates and judgements in relation to share-based payment transactions are disclosed in Note 17 and Note 18.

3. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

The consolidated entity's principal financial instruments comprise cash and cash equivalents. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the consolidated entity. The consolidated entity also has other financial instruments such as other receivables and creditors which arise directly from its operations. For the year under review, it has been the consolidated entity's policy not to trade financial instruments. The main risks arising from the consolidated entity's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(a) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

Consolidated	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest	Non- Interest Bearing	Total
2021	%	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	0.50%	4,768,404	-	-	4,768,404
		4,768,404	-	-	4,768,404

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Consolidated	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest	Non-Interest Bearing	Total
2020	%	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	0.50%	1,846,553	-	-	1,846,553
		1,846,553	-	-	1,846,553
Financial liabilities					
Loan payable	10%	-	301,562	-	301,562
		-	301,562	-	301,562

The maturity date for cash included in the above tables is less than one year from the reporting date.

Sensitivity Analysis

The Group's main interest rate risk arises from cash and cash equivalents with various variable interest rates. At 31 December 2021 and 31 December 2020, the Group's exposure to interest rates risk is considered insignificant.

(b) *Credit risk*

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. All cash is held with financial institutions with a credit rating of -AA or above.

The maximum exposure to credit risk at reporting date is as follows:

	2021	2020
	\$	\$
Cash and cash equivalents (note 9)	4,768,404	1,846,553
Trade and other receivables (note 10)	87,442	35,168
Other assets (note 11)	416,429	32,104
Balance at the end of the year	5,272,275	1,913,825

(c) *Foreign currency risk*

The group is exposed to fluctuations in foreign currencies arising from exploration commitments in currencies other than the Group's presentational currency (Australian dollars).

The group operates internationally and is exposed to foreign currency exchange risk from currency exposure to the US Dollar (USD), Omani Rial (OMR) and Euro's (EUR). The Group has not yet formalized a foreign currency risk management policy, however it monitors its foreign currency expenditure in light of exchange rate movements and retains the right to withdraw from foreign currency commitments.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

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Consolidated	Assets		Liabilities	
	2021	2020	2021	2020
	\$	\$	\$	\$
Currency				
US dollars	18,948	881	-	-
Euros	-	1,184	14,695	-
Omani Rial	238,176	196,856	185,287	129,812

(d) *Liquidity risk*

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments that is, borrowing repayments. There is no bank borrowing at the reporting dates, only a loan payable at 10% interest per annum in the prior year (refer to Note 15). The Group manages liquidity risk continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of underlying business, the Group aims at ensuring flexibility in its liquidity profile by maintaining the ability to undertake capital raisings. The current trade and other payables are due and payable within 60 days.

Maturity Analysis of Financial Liabilities	Carrying Amount	< 6 Months	6-12 Months	1-3 Years	Contractual Cash Flows
	\$	\$	\$	\$	\$
Balance at 31 December 2021					
<i>Financial Liabilities non-interest bearing</i>					
Current					
Trade and other payables (note 14)	1,480,135	1,480,135	-	-	1,480,135
Financial liabilities (note 15)	4,000,000	4,000,000	-	-	4,000,000
Total financial liabilities	5,480,135	5,480,135	-	-	5,480,135
Balance at 31 December 2020					
<i>Financial Liabilities</i>					
Current					
Trade and other payables (note 14)	826,662	826,662	-	-	826,662
Accrued payable (note 14)	122,538	122,538	-	-	122,538
Total financial liabilities	949,200	949,200	-	-	949,200

(e) *Capital risk management*

The Group considers its capital to comprise its ordinary share capital and reserves. In managing its capital, the Group's primary objective is to maintain liquidity. These objectives dictate any adjustments to capital structure. Rather than set policies, advice is taken from professional advisors as to how to achieve these objectives. There has been no change in either these objectives, or what is considered capital in the year.

(f) *Fair value of financial instruments*

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

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4. SEGMENT INFORMATION

The consolidated entity has identified its operating segments based on geographical location, with the consolidated entity having operated in four locations: Australia, the Sultanate of Oman, the Democratic Republic of Congo (DRC) and Malawi. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

Activity by segment

Exploration Australia

The Exploration Australia segment includes the following exploration projects:

- Halls Peak Base Metals Project in New South Wales
- Rocky River – Uralla Gold 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

Exploration DRC

No work was completed on this project during the year.

Exploration Malawi

No work was completed on this project during the year.

The following table presents the result, selected segment performance information and statement of financial position information for the Group's reportable segments for the year ended 31 December 2021.

2021	Exploration Australia	Sultanate of Oman	Exploration DRC	Malawi	Corporate	Total
	\$	\$	\$	\$	\$	\$
Segment performance						
Interest income	-	-	-	-	4,616	4,616
Finance costs	-	-	-	-	(305,189)	(305,189)
Depreciation	-	-	-	-	(14,318)	(14,318)
Segment result	(20,706)	(950)	-	-	(1,638,433)	(1,660,089)
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

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The following table presents the result, selected segment performance information and statement of financial position information for the Group's reportable segments for the year ended 31 December 2020.

2020	Exploration Australia \$	Sultanate of Oman \$	Exploration DRC \$	Malawi \$	Corporate \$	Total \$
Segment performance						
Segment income	-	-	-	117,919	90,798	208,717
Segment result	-	-	(100,700)	117,919	(824,607)	(807,388)
Segment assets						
Cash	-	198,920	-	-	1,647,633	1,846,553
Exploration and evaluation assets	-	1,398,797	-	-	-	1,398,797
Plant and equipment	-	-	-	-	11,066	11,066
Other assets	-	17,258	-	-	50,014	67,272
Total segment assets	-	1,614,975	-	-	1,708,713	3,323,688
Segment liabilities						
Trade payables	-	100,377	-	527,889	320,934	949,200
Other liabilities	-	29,435	-	-	301,562	330,997
Total segment liabilities	-	129,812	-	527,889	622,496	1,280,197

	2021 \$	2020 \$
5. OTHER INCOME		
Other income		
Interest income	4,616	3,299
Sundry income	-	205,418
Total other income	4,616	208,717
6. EXPENSES		
Loss/(profit) before income tax includes the following specific expenses:		
a) Administration expenses		
Compliance costs	260,425	91,057
Other administration costs	139,784	361,490
Marketing	53,923	18,971
Insurance	32,406	17,584
Total administration expenses	486,538	489,102
b) Consulting and staff costs		
Directors fees and related on-costs	374,195	136,000

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Consulting and professional fees	297,784	85,545
Total consulting and staff costs	671,979	221,545

c) Finance expenses

Interest	5,189	68,059
Other expenses ¹	300,000	100,230
Total finance expenses	305,189	168,289

¹ During February 2020, major shareholder and Non-Executive Director, Mr Jihad Malaeb, provided a loan for \$300,000. The loan was settled in shares on 2 March 2021 (refer Note 16), with interest paid in cash on settlement of \$6,658. A loss of \$300,000 has been recognised for the current period as a finance costs in the consolidated statement of profit or loss and other comprehensive income.

2021 **2020**
\$ \$

7. REMUNERATION OF AUDITORS

<i>Auditing or reviewing the financial statements:</i>		
BDO Audit (WA) Pty Ltd	67,938	53,580
BDO Audit (Sultanate of Oman) LLC	19,577	-
BDO (Netherlands) non-audit services	37,025	-
Total auditor's remuneration	124,540	53,580

8. INCOME TAX

a) The components of tax expense comprise:

<i>Current income tax:</i>		
Income tax expense on adjustments in respect of current income tax of previous years	-	-
<i>Deferred income tax:</i>		
Relating to origination & reversal of temporary differences	-	-
Prior year tax losses no longer recognised	-	-
Adjustments in respect of deferred income tax of previous years	-	-
Income tax expense reported in the statement of comprehensive income	-	-

b) Numerical reconciliation between aggregate tax expense recognised in the income statement and the tax expense calculated in the statutory income tax return

Accounting loss before tax	(1,660,089)	(807,388)
Total accounting loss before tax	(1,660,089)	(807,388)
Prima facie income tax expense @ 25% (2020: 26%)	(415,022)	(209,921)
Tax effect of:		
Permanent differences	140,167	(25,736)

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Timing differences not brought to account	7,225,176	8,351,783
Other non-allowable items	-	-
Tax losses not brought to account	(6,950,321)	(8,116,126)
Aggregate income tax expense	-	-
c) Unrecognised deferred tax assets and liabilities		
<i>Deferred tax assets and liabilities that have not been recognised in respect of the following items:</i>		
Provisions and accruals	-	-
Capital raising costs recognised directly in equity	-	-
Deferred tax liability in respect of exploration activities not recognised to the extent of unrecognised deferred tax asset	-	-
Revenue loss	3,571,871	4,612,133
Capital loss	3,653,305	3,739,650
	7,225,176	8,351,783

The deferred tax asset on the unused cumulative 2021 tax loss of \$14,287,486 (2020: \$13,188,064) has not been recognised as a deferred tax asset as the future recovery of these losses is subject to the Group satisfying the requirements imposed by the regulatory authorities. The benefit of deferred tax assets not brought to account will only be brought to account if the conditions for deductibility imposed by tax legislation continue to be complied with and no changes in tax legislation adversely affect the Group in realising the benefit. The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the company can utilise these benefits.

	2021	2020
	\$	\$
9. CASH AND CASH EQUIVALENTS		
Cash at bank ^{1,2}	4,768,404	1,846,553
Cash and cash equivalents	4,768,404	1,846,553

¹ Funds held in trust

Capital 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, upon receipt of final approval from the Investment Review Branch of Canada (IRB), the acquisition of Mavis Lake was finalised upon which 137,931,034 ordinary shares and 45,977,011 free attaching options exercisable at \$0.04 and expiring 3 December 2024, were issued.

² Restricted cash

Restricted cash includes bank guarantees for Environmental Authority of \$144,760.

(a) *Cash at bank and in hand*

Cash on hand is non-interest bearing. Cash at bank bears interest rates between 0.0% and 0.5% (2020: 0.0% and 0.5%). Refer to Note 3 for the Group's exposure to interest rate and credit risk.

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	2021	2020
	\$	\$
10. TRADE AND OTHER RECEIVABLES		
CURRENT		
Receivables - GST	87,442	35,168
Total current trade and other receivables	87,442	35,168

(a) *Impaired receivables and receivables past due*

Other assets are not past due nor impaired.

(b) *Interest rate risk*

Refer to Note 3 for information about the Group's exposure to interest rate risk in relation to trade and other receivables.

(c) *Fair value and credit risk*

Current trade and other receivables

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

Non-current trade and other receivables

There were no non-current trade and other receivables.

11. OTHER ASSETS

CURRENT		
Acquisition costs ¹	391,373	-
Prepayments	25,056	32,104
Total current trade and other receivables	416,429	32,104

¹ Acquisition Mavis Lake - Canada

On 25 October 2021 the Company signed a binding terms sheet to acquire the Mavis Lake Lithium Project in Canada. The Company paid a non-refundable exclusivity fee of A\$200,000, and incurred project due diligence and other transaction related costs.

On 5 January 2022, final approval from the Investment Review Branch of Canada (IRB) for the acquisition, was received completing the acquisition with the Company proceeding to:

- pay A\$1.5 million cash payment to the Sellers;
- issue 68,000,000 shares in Critical Resources to the Sellers (or their nominees) at an issue price of A\$0.022 per share (a deemed value of A\$1.496 million), and
- issue 8,000,000 fully paid ordinary shares to the deal Facilitator who is a non-related party;

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	2021	2020
	\$	\$
12. EXPLORATION & EVALUATION		
Exploration & evaluation activities capitalised		
Balance as at 1 January	1,398,797	-
Capitalised exploration expenditure – New South Wales, Australia	592,732	-
Capitalised exploration acquisition – Oman (Note 13)	-	1,264,026
Capitalised exploration expenditure – Oman	690,359	245,549
Capitalised exploration expenditure - Kitotolo	-	50,350
Capitalised exploration expenditure - Kanuka	-	50,350
Impairment expense	-	(100,700)
Foreign exchange adjustment	87,120	(110,778)
Balance as at end of year	2,769,008	1,398,797

The value of the Group's interest in exploration expenditure is dependent upon:

- the continuance of the consolidated entity's rights to tenure of the areas of interest;
- the results of future exploration;
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale; and
- no significant changes in laws and regulations that greatly impact the company's ability to maintain tenure.

The Group's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to indigenous people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

13. ASSET ACQUISITION

Acquisition of a 100% of Savannah BV

On 4 November 2020, The Company acquired 100% of Savannah's subsidiary, Savannah Resources B.V., which via its subsidiaries has a 51% interest in Block 4 (granted Exploration Licence), a 65% interest in Block 5 (granted Exploration Licence and 2 Mining Lease applications) and a 70% interest in two Exploration Licence applications near Block 10 to the west of Blocks 4 and 5.

	2020
	\$
Purchase consideration	
Equity consideration issued - First Tranche (50,000,000 shares at \$0.01) (Note 16)	500,000
Equity consideration issued - Second Tranche (cash) ¹	312,141
	812,141

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Net assets acquired

Cash	277,407
Exploration expenditure	1,264,026
Other assets	8,928
Liabilities	(133,102)
Less: Non-controlling interest	(605,118)
	812,141

¹ Cash settlement of \$312,141 was made to Savannah Plc for working capital held by the entities acquired.

	2021	2020
	\$	\$
14. TRADE AND OTHER PAYABLES		
Trade payables	1,222,407	804,037
Employee related payables	43,257	22,625
Other payables and accruals	214,471	122,538
Total trade and other payables	1,480,135	949,200

15. FINANCIAL LIABILITIES

Current		
Unissued capital ¹	4,000,000	-
Loan payable ²	-	301,562
Total financial liabilities	4,000,000	301,562

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, upon receipt of final approval from the Investment Review Branch of Canada (IRB), the acquisition of Mavis Lake was finalised upon which 137,931,034 ordinary shares and 45,977,011 free attaching options exercisable at \$0.04 and expiring 3 December 2024, were issued.

²During February 2020, major shareholder and Non-Executive Director, Mr Jihad Malaeb, provided a loan for \$300,000. Interest payable on the loan was 10% per annum. As at 31 December 2020, the loan was fully drawn down, and \$10,823 of interest was paid, with a further \$1,561 of interest accrued as at 31 December 2020.

The loan was settled in shares on 2 March 2021 (Note 16), with interest paid in cash on settlement of \$6,658. A loss of \$300,000 has been recognised for the current period as a finance cost in the consolidated statement of profit or loss and other comprehensive income.

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		2021	2020
		\$	\$
16. ISSUED CAPITAL			
a) Issued and paid up capital			
Ordinary shares fully paid		46,825,287	45,277,303
		Number of Shares	Number of Shares
Ordinary shares fully paid		1,093,345,302	985,900,858
b) Movement in shares on issue			
	Issue Date	Number of Shares	\$
Balance at 1 January 2020		557,654,757	41,020,252
Share issue – capital raise	14/9/2020	154,500,000	1,545,000
Share issue – capital raise	30/10/2020	145,500,000	1,455,000
Capital raising costs		-	(180,000)
Share issue – settlement of creditors	10/11/2020	31,578,101	448,371
Share issue – conversion of loans	10/11/2020	37,000,000	392,000
Share issue – acquisition of Savannah BV – refer to note 13	10/11/2020	50,000,000	500,000
Share issue – convertible loan fees	10/11/2020	9,668,000	96,680
Balance at 31 December 2020		985,900,858	45,277,303
Balance at 1 January 2021		985,900,858	45,277,303
Share issue – exercise of options	22/02/2021	3,000,000	60,000
Share issue – conversion of loans ¹	2/03/2021	30,000,000	600,000
Share issue – exercise of options	30/06/2021	34,444,444	688,889
Share issue – exercise of options	3/11/2021	40,000,000	800,000
Capital raising costs ²		-	(600,905)
Balance at 31 December 2021		1,093,345,302	46,825,287

¹During the year ended 31 December 2020, major shareholder and Non-Executive Director, Mr Jihad Malaeb, provided a loan for \$300,000. Interest payable on the loan was 10% per annum. As at 31 December 2020, the loan was fully drawn down, and \$10,823 of interest was paid, with a further \$1,561 of interest accrued as at 31 December 2020.

The loan was settled in shares on 2 March 2021 (refer Note 15), with interest paid in cash on settlement of \$6,658. An amount of \$300,000 has been recognised for the current period as a finance costs in the consolidated statement of profit or loss and other comprehensive income.

²Capital 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, upon receipt of final approval from the Investment Review Branch of Canada (IRB), the acquisition of Mavis Lake was finalised upon which 137,931,034 ordinary shares and 45,977,011 free attaching options exercisable at \$0.04 and expiring 3 December 2024, were issued.

Costs of raising capital included cash fees of \$240,000 and 15,000,000 unlisted options granted to the lead manager exercisable at \$0.04, expiring 3 December 2024. The value of services received by the Group was measured by reference to fair value of equity instruments granted. The Black Scholes pricing model has been used to value the options. The following inputs were used in the valuation models:

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Number of options	Grant date	Grant date share price	Exercise price	Expiry date	Estimated vesting date	Volatility %	Risk free rate %	Fair Value	Fair value per option
15,000,000	30 Dec 2021	\$0.04	\$0.04	3 Dec 2024	3 Dec 2024	97	0.013	\$360,905	\$0.024

17. OPTIONS

2021 share option details as follows:

Issue Date	Expiry Date	Exercise Price	Balance at start of year	Granted during year	Exercised during year	Lapsed during year	Consolidation Adjustment	Balance at end of year
20/05/2019	30/06/2021	2.0 cents	34,444,446	-	(34,444,446)	-	-	-
16/08/2019	31/10/2021	2.0 cents	43,000,000	-	(43,000,000)	-	-	-
10/11/2020	3/11/2022	2.5 cents	3,334,000	-	-	-	-	3,334,000
30/06/2021	30/06/2024	Various	-	7,600,000	-	-	-	7,600,000
			80,778,446	7,600,000	(77,444,446)	-	-	10,934,000

On 8 June 2021, the following Options were issued to the Company's Chief Executive Officer, Mr Alex Biggs:

- 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 it's fully paid ordinary shares being equal to or above 5 cents at any time after the date of issue. Subsequent to year end these options vested.
- 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 it's fully paid ordinary shares being equal to or above 7 cents at any time after the date of issue. Subsequent to year end these options vested.
- 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 current year these options have vested.

The barrier up-and-in trinomial pricing model has been used to value Tranche A and B options. The Black Scholes pricing model has been used to value Tranche C options. The following inputs were used in the valuation models:

Tranche	Number of options	Grant date	Grant date share price	Exercise price	Expiry date	Estimated vesting date	Volatility %	Risk free rate %	Fair Value	Fair value per option
A	1,300,000	8 Jun 2021	\$0.028	\$0.05	30 Jun 2024	30 Jun 2024	100	0.115	\$18,200	\$0.014
B	1,300,000	8 Jun 2021	\$0.028	\$0.07	30 Jun 2024	30 Jun 2024	100	0.115	\$15,600	\$0.012
C	5,000,000	8 Jun 2021	\$0.028	\$0.10	30 Jun 2024	8 Sep 2021	100	0.115	\$50,000	\$0.010

The fair value of the options of \$83,800 will be recognised over the estimated vesting dates. An amount of \$56,258 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.

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

18. PERFORMANCE RIGHTS

2021 performance rights details as follows:

Issue Date	Expiry Date	Balance at start of year	Granted during year	Exercised during year	Lapsed during year	Consolidation Adjustment	Balance at end of year
30/06/2021	30/06/2024	-	10,000,000	-	-	-	10,000,000
30/06/2021	30/06/2026	-	30,000,000	-	(6,000,000)	-	24,000,000
		-	40,000,000	-	(6,000,000)	-	34,000,000

During the current period, the following Performance Rights were issued to the Company's Chief Executive Officer, Mr Alex Biggs, the Board of Directors and Company Secretary:

CEO Performance Rights

- 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 a 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 a 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.
- 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.

The fair value of Tranche A and B performance rights as been calculated using the share price on the grant date, of 8 June 2021, being \$0.028.

The barrier up-and-in trinomial pricing model has been used to value Tranche C 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
C	5,000,000	8 Jun 2021	\$0.028	30 Jun 2024	30 Jun 2024	100	0.115	\$80,000	\$0.016

As at 31 December 2021, no performance rights have vested. The total fair value of the performance rights of \$220,000 will be recognised over the estimated vesting dates. 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.

CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
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FOR THE YEAR ENDED 31 DECEMBER 2021

Director & Company Secretary Performance Rights

- Tranche A: 10,000,000 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. During the year 2,000,000 of these performance rights lapsed and subsequent to year the remaining performance rights vested.
- Tranche B: 10,000,000 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. During the year 2,000,000 of these performance rights lapsed and subsequent to year the remaining performance rights vested.
- Tranche C: 10,000,000 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 year 2,000,000 of these performance rights lapsed and subsequent to year the remaining performance rights vested.

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	8,000,000	27 May 2021	\$0.032	30 June 2026	30 June 2026	100	0.665	\$240,000	\$0.030
A	2,000,000	27 April 2021	\$0.015	30 June 2026	30 June 2026	100	0.725	\$26,000	\$0.013
B	8,000,000	27 May 2021	\$0.032	30 June 2026	30 June 2026	100	0.665	\$224,000	\$0.028
B	2,000,000	27 April 2021	\$0.015	30 June 2026	30 June 2026	100	0.725	\$22,000	\$0.011
C	8,000,000	27 May 2021	\$0.032	30 June 2026	30 June 2026	100	0.665	\$216,000	\$0.027
C	2,000,000	27 April 2021	\$0.015	30 June 2026	30 June 2026	100	0.725	\$22,000	\$0.011

As at 31 December 2021, no performance rights have vested. During the year 6,000,000 performance rights lapsed and subsequent to year end and the remaining performance rights vested upon each of the milestones specified having been met. The total fair value of the performance rights, of \$580,000, will be recognised over the estimated vesting dates. An amount of \$69,271 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.

**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
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	2021	2020
	\$	\$
19. RESERVES		
a) Share based payments reserve		
Balance at 1 January	2,013,128	2,004,827
Transfer to accumulated losses	(2,004,824)	-
Share based payment	547,586	8,301
Balance at 31 December	555,890	2,013,128
b) Acquisition reserve		
Balance at 1 January	2,541,929	2,541,929
Transfer to accumulated losses	(2,541,929)	-
Balance at 31 December	-	2,541,929
c) Foreign currency translation reserve		
Balance at 1 January	92,007	14,304
Translation of foreign denominated subsidiaries	(1,919)	77,703
Balance at 31 December	90,088	92,007
20. NON-CONTROLLING INTEREST		
Balance as at 1 January	491,797	(60,521)
Asset Acquisition – Exploration Project (Note 13)	-	605,118
Other comprehensive income/(loss) attributed to Non-Controlling Interests	75,376	(52,800)
Balance as at end of year	567,173	491,797
21. EARNINGS PER SHARE		
Basic and diluted loss per share (cents per share)	(0.16)	(0.12)
a) Loss used in calculating loss per share		
Net loss attributable to ordinary equity holders of the parent for basic earnings	(1,660,089)	(807,388)
b) Weighted average number of shares		
	No.	No.
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,037,794,618	623,222,368
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	1,037,794,618	623,222,368

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CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
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	2021	2020
	\$	\$
22. CASH FLOW INFORMATION		
Net loss after tax	(1,660,089)	(807,388)
<i>Non-cash items:</i>		
Depreciation and amortisation	14,318	36,469
Forgiveness of debt	(105,979)	(80,598)
Property, plant and equipment impairment	-	22,125
Exploration impairment	-	100,700
Provision for impairment of receivables	-	21,324
Finance costs	-	132,337
<i>Change in operating assets and liabilities:</i>		
(Increase)/Decrease in trade and other receivables	(45,226)	24,922
Increase/(Decrease) in trade and other creditors	523,094	(255,601)
Net cash flows used in operating activities	(1,273,882)	(805,710)

NON-CASH INVESTING AND FINANCING ACTIVITIES		
Finance costs	300,000	-
Equity consideration acquisition of Savannah BV	-	500,000
	300,000	500,000

23. SUBSIDIARIES AND NON-CONTROLLING ENTITIES

(a) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b).

Name of Entity	Class of Shares	Equity Holding		Country of Incorporation
		2021 (%)	2020 (%)	
SOC1 Pty Ltd	Ordinary	100	100	Australia
Biacil Holdings Pty Ltd	Ordinary	-	100	Australia
Hudson SPC Pty Ltd	Ordinary	100	100	Australia
SUGEC Resources Limited	Ordinary	59.5	59.5	Australia
Mount Adrah Gold Limited	Ordinary	-	99.5	Australia
Tasman Goldfields NSW Pty Ltd	Ordinary	99.5	99.5	Australia
Nevlith Pty Ltd	Ordinary	-	100	Australia
Critical Resources DRC SAU	Ordinary	100	100	DRC
COMFORCE SA	Ordinary	70	70	DRC
MINFORCE SA	Ordinary	51	51	DRC
Savannah BV	Ordinary	100	100	Netherlands
Gentor Resources Ltd	Ordinary	100	100	British Virgin Islands

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Al Fairuz Mining Co. LLC	Ordinary	65	65	Sultanate of Oman
Sohar Mining Co. LLC	Ordinary	70	70	Sultanate of Oman
Al Thuraya Mining Co LLC	Ordinary	51	51	Sultanate of Oman

24. RELATED PARTY INFORMATION

(a) Parent entity

The ultimate parent entity within the Group is Critical Resources Limited.

Critical Resources Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

(b) Subsidiaries

Interests in subsidiaries are disclosed in Note 23.

(c) Key Management Personnel

Key management personnel compensation information is as follows:

	2021	2020
	\$	\$
Summary remuneration		
Short term employee benefits	417,592	248,500
Post-employment benefits	18,593	2,850
Share based payments (Note 26)	177,458	-
Total remuneration	613,643	251,350

Details of remuneration disclosures are provided within the audited remuneration report.

(d) Other transactions with key management personnel

The following transactions occurred with Director related parties:

Jasald Hotel Group Pty Ltd, a company controlled by Mr Jihad Malaeb, was owed, a total of \$12,000 net of GST in relation to Mr Malaeb's services as a Non-Executive Director for the current year (2020: \$33,000).

During the financial year ended 31 December 2020, major shareholder and Non-Executive Director, Mr Jihad Malaeb, provided a loan to the Company for \$300,000. The loan was settled in shares on 2 March 2021 (refer Note 16), with interest paid in cash on settlement of \$6,658. Interest payable on the loan was 10% per annum. A loss of \$300,000 has been recognised for the current period within finance costs in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Accrued liabilities owing to Alex Biggs were \$4,000 net of GST in relation to his services as Managing Director for the current year (2020: \$0).

Michael Leu was paid \$17,800 net of GST in relation to his consulting services in the current year (2020: \$0).

Jeremy Whybrow was paid \$5,750 net of GST in relation to his consulting services in the current year (2020: \$0).

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**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
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(e) Employee Share Option Plan

The company has adopted an Employee Share Option Plan (**ESOP**) for its employees. A person is an employee of the company if that person is a Director (Executive Director or Non-Executive Director), full or part time employee, casual employee or contractor to the extent permitted by the Class Order or a perspective participant.

The purpose of the ESOP is to encourage employees to share in the ownership of the Company and to promote the long-term success of the Company as a goal shared by all employees.

Critical Resources Ltd believes it is important to provide incentives to employees in the form of options and performance rights which provide the opportunity to participate in the share capital of Critical Resources Ltd. The company expects to apply the proceeds of exercise of the Options to working capital needs, asset or business acquisitions and general corporate purposes. All options to be issued must be consistent with any applicable Listing Rules and having regard to regulatory constraints under the *Corporations Act 2001*, ASIC policy or any other law applicable to Critical Resources Ltd.

(f) Options and Performance rights

Refer to Note 17 and Note 18 for details of options and performance rights respectively, issued to the Company's then Chief Executive Officer, Mr Alex Biggs during the current year.

Refer to Note 18 for details of performance rights issued to the Company's Directors and Company Secretary during the current year. Performance rights tranches A, B and C with grant date 27 May 2021 were issued to the Company's Directors and equally split between Directors' Mr Robert Martin, Mr Jihad Malaeb, Mr Michael Leu and Mr Jeremy Whybrow. During the year 6,000,000 performance rights granted to Mr Jeremy Whybrow lapsed. Performance rights tranches A, B and C with grant date 27 May 2021 were also issued to the Company Secretary.

No amount has been recognised in respect of these performance rights for the previous year. Mr Pooley's performance rights were forfeited on resignation date, being 26 February 2021.

(g) Loans provided to the Company by related parties

During year ended 31 December 2020, major shareholder and Non-Executive Director, Mr Jihad Malaeb, provided a loan for \$300,000. Interest payable on the loan is 10% per annum. As at 31 December 2020, the loan was fully drawn down, and \$10,823 of interest was paid, with a further \$1,561 of interest accrued as at 31 December 2020.

The loan was settled in shares on 2 March 2021 (Note 16), with interest paid in cash on settlement of \$6,658. An amount of \$300,000 has been recognised for the current period as a finance costs in the consolidated statement of profit or loss and other comprehensive income.

25. COMMITMENTS

On 5 January 2022 final approval from the Investment Review Branch of Canada (IRB) for the Mavis Lake Lithium Project transaction was received, completing the acquisition with the Company proceeding to:

- pay A\$1.5 million cash payment to the Sellers;
- issue 68,000,000 shares in Critical Resources to the Sellers (or their nominees) at an issue price of A\$0.022 per share (a deemed value of A\$1.496 million); and
- issue 8,000,000 fully paid ordinary shares to the deal Facilitator who is a non-related party;

There are no other commitments that have significantly affected, or may significantly affect the consolidated entity's operations.

**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
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26. SHARE BASED PAYMENTS

	2021	2020
	\$	\$
Share based payments expense		
Options	56,258	-
Performance Rights	130,423	-
	186,681	-

Share based payments expense relates to options and performance rights issued during the current year. For further details on options issued refer to Note 17. For further details on performance rights issued refer to Note 18.

27. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial 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:

- On 5 January 2022 final approval from the Investment Review Branch of Canada (IRB) for the Mavis Lake Lithium Project transaction was received, allowing the Company to complete the acquisition and execute the following;
 - pay A\$1.5 million cash payment to the Sellers;
 - issue 68,000,000 shares in Critical Resources to the Sellers (or their nominees) at an issue price of A\$0.022 per share (a deemed value of A\$1.496 million); and
 - issue \$200,000 in shares to the deal Facilitator, using 15 day VWAP up to a maximum of 8,000,000 fully paid ordinary shares (7,449,960 shares issued)
- On 5 January 2022 capital raising of A\$4 million before costs completed via the issue of 137,931,034 shares at \$0.029, and 45,977,011 free attaching options exercisable at \$0.04 expiring 3 December 2024. 15,00,000 unlisted options were issued to the lead manager of the capital raising, exercisable at \$0.04 expiring 3 December 2024.
- On 6 January 2022 Mr Alex Cheeseman joined the Board as Non-Executive director.
- On 8 February 2022 acquisition of the Graphic Lake Lithium Project in Ontario Canada was completed. The key transaction terms were:
 - A\$80,000 cash payment (including A\$10,000 paid as an option fee);
 - A\$120,000 fully paid ordinary shares in Critical Resources Limited calculated at a 20-day VWAP (1,200,000 shares issued); and
 - 1.5% Net Smelter Royalty ("NSR") capped at C\$500,000 with the option to purchase at any time for C\$500,000.

Cash consideration has been paid and shares have been issued subsequent to the reporting date.

- Additional 500 Ha of land holding claims acquired at Graphic Lake Canada, with surrounding claims consolidated thereafter to increase landholding to 2,100 Ha in this area. Also, 4,500 Ha of claims staked within 5.5km of Frontier Lithium's (TSX.V: FL) PAK, Spark and Bolt Deposits.
- On 17 February 2022 the Company completed a placement to sophisticated and institutional investors raising \$A12.5 million before costs via the issue of 147,058,824 shares at A\$0.085.
- Director and company secretary performance rights vested and shares were issued as follows:
 - Tranche A: 8,000,000 shares on vesting of 8,000,000 performance rights, with an expiry date of 30 June 2026. The performance rights vested 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 shares on vesting of 8,000,000 performance rights, with an expiry date of 30 June 2026. The performance rights vested upon the Company's VWAP being at

**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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least \$0.075 over 20 consecutive trading days on which the Company's shares have actually traded.

28. CONTINGENT ASSETS AND LIABILITIES

As at the date of this report there are no 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 as set out below.

Oman Copper Project

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

Mavis Lake Lithium Project

On 5 January 2022, the final approval from the Investment Review Branch of Canada (IRB) for the Mavis Lake Lithium Project acquisition was received to complete the transaction.

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

- pay and issue Deferred Consideration, Milestone 1:
 - payment of A\$1.5 million cash to the Sellers; and
 - A\$100,000 of fully paid ordinary shares in Critical Resources (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
- pay and issue deferred consideration, milestone 2:
 - payment of A\$1.5 million cash to the Sellers; and
 - A\$100,000 of fully paid ordinary shares (up to a maximum of 4,000,000 Shares) in Critical Resources to the Facilitator;
 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.

	2021	2020
	\$	\$
29. PARENT ENTITY DISCLOSURES		
Assets		
Current assets	5,002,243	1,708,713
Non-current assets	1,546	-
Total assets	5,003,789	1,708,713
Liabilities		
Current liabilities	5,280,610	578,035
Non-current liabilities	-	-
Total liabilities	5,280,610	578,035

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**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Net assets	(276,821)	1,130,678
Equity		
Issued capital	42,749,787	41,201,803
Option reserve	555,890	1,729,561
Accumulated loss	(43,582,498)	(41,800,686)
Total equity	(276,821)	1,130,678
Loss of parent entity	(1,502,150)	(1,770,635)
Total comprehensive loss of the parent entity	(1,502,150)	(1,770,635)

Critical Resources Limited has not entered into any deed of cross guarantee with its wholly-owned subsidiaries during the year ended 31 December 2021 (2020: Nil).

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**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and other mandatory professional reporting requirements:
 - (a) comply with Accounting Standards which as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS) and;
 - (b) give a true and fair view of the consolidated statement of financial position as at 31 December 2021 and of the performance for the year ended on that date of the consolidated entity.
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.
3. The remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 31 December 2021, comply with section 300A of the *Corporations Act 2001*.
4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporation Act 2001*.
5. This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

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



Mr Robert Martin
Non-Executive Chair
Perth, Western Australia
3 March 2022

INDEPENDENT AUDITOR'S REPORT

To the members of Critical Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Critical Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Recoverability of Exploration and Evaluation Expenditure

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 31 December 2021 the Group held a significant carrying value of capitalised exploration and evaluation expenditure as disclosed in Note 12.</p> <p>As the carrying value of these exploration and evaluation assets represent a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>Judgement is applied in determining whether there are any indications of impairment of exploration expenditure in accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining a schedule of the exploration and evaluation expenditure held by the Company and assessing whether the rights to tenure of the Omani Cooper Project & Halls Peak Project are current at balance date; • Considering the status of the ongoing exploration programmes for the Omani Copper Project & Halls Peak Project by holding discussions with management, and reviewing the Company’s exploration budgets, ASX announcements and director’s minutes; • Considering whether the Omani Copper Project & Halls Peak Project have reached a stage where a reasonable assessment of the economically recoverable reserves exist; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Notes 1(o), 2(a) and 12.

Accounting for Share Based Payments

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the financial year ended 31 December 2021, the Group issued options and performance rights to Directors and employees.</p> <p>Refer to Note 1(q) of the financial report for a description of the accounting policy and Note 2(b) for a description of the significant estimates and judgements applied to these arrangements. Refer to Notes 17 and 18 of the financial report for disclosure of the arrangements.</p> <p>Share-based payments are a complex accounting area and requires estimates and judgements in determining the fair value of the share-based payments in accordance with AASB 2 <i>Share Based Payment</i>. As such we consider the Group's calculation of the share-based payments expense to be a key audit matter.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Reviewing market announcements and board minutes to identify that all new share-based payments granted during the year have been accounted for; • Reviewing the relevant supporting documentation to obtain an understanding of the contractual nature and terms and conditions of the share-based payments arrangements; • Evaluating management's methodology for calculating the fair value of the share-based payments, including assessing the valuation inputs in conjunction with internal specialists where required; • Assessing the allocation of the share-based payment expense over management's expected vesting period; • Assessing management's determination of achieving milestones; and • Assessing the adequacy of the related disclosures in Notes 1 (q), 2 (b), 17 and Note 18.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

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Report on the Remuneration Report

Opinion on the Remuneration Report

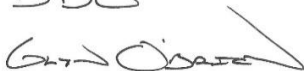
We have audited the Remuneration Report included in pages 19 to 25 of the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Critical Resources Limited, for the year ended 31 December 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO


Glyn O'Brien

Director

Perth, 03 March 2022

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**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
ASX ADDITIONAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021**

Additional information required by the ASX and not shown elsewhere in this report is as follows:

A. Shareholding as at 1 March 2022

Total fully paid ordinary shares on issue **1,477,386,502**

B. Substantial Holders as at 31 December 2021

- Mr Jihad Malaeb 83,714,517 being 5.67%

There are no other shareholders who have lodged notice advising substantial shareholding under the Corporations Act 2001.

C. Distribution of Equity Securities as at 1 March 2022

Range	Total Holders	Units	% of Issued Capital
1 - 1,000	109	15,663	0.00
1,001 - 5,000	344	1,101,331	0.07
5,001 - 10,000	627	5,067,278	0.34
10,001 - 100,000	2,348	99,396,317	6.73
100,001 – and above	1,203	1,371,805,913	92.86
Total	4,631	1,477,386,502	100.00

D. Unmarketable Parcels as at 1 March 2022

	Minimum Parcel size	Holders	Units
Minimum \$ 500.00 parcel at \$ 0.0790 per unit	6,330	590	1,897,416

E. Twenty Largest Shareholders as at 1 March 2022

The names of the twenty largest holders of quotes equity securities aggregated are listed below:

Rank	Name	Units	% of Issued Capital
1	JGM PROPERTY INVESTMENTS PTY LTD	60,014,476	4.06
2	MR BILAL AHMAD	54,350,000	3.68
3	MR JIHAD MALAEB	49,167,667	3.33
4	DDPEVCIC (WA) PTY LTD <DOMINIC FAMILY A/C>	48,804,651	3.30
5	MR SUFIAN AHMAD <SIXTY TWO CAPITAL A/C>	48,381,889	3.27
6	ESSENTIAL METALS LIMITED	34,000,000	2.30
7	MR SUFIAN AHMAD	31,755,000	2.15
8	KOBALA INVESTMENTS PTY LTD <FERNANDO EDWARD FAMILY A/C>	29,488,236	2.00
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	28,600,476	1.94
10	MR JIHAD MALAEB	22,969,673	1.55
11	MR BIN LIU	20,385,396	1.38
12	CITICORP NOMINEES PTY LIMITED	20,012,770	1.35
13	ASTON INVESTMENT GROUP PTY LTD	16,100,000	1.09
14	MR DEAN BRETT BLANKFIELD	15,284,483	1.03
15	MARKOVIC FAMILY NO 2 PTY LTD	14,122,708	0.96
16	CLAYTON CAPITAL PTY LTD	13,985,283	0.95
17	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	13,726,091	0.93
18	MUITO DINHEIRO PTY LTD	12,000,000	0.81
19	THREEBEE INVESTMENT GROUP PTY LTD	11,626,855	0.79
20	MS CHUNYAN NIU	10,700,000	0.72

**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
ASX ADDITIONAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021**

Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)	555,475,654	37.60
Total Remaining Holders Balance	921,910,848	62.40

F. Unquoted Securities as at 1 March 2022

Class	Exercise Price	Expiry Date	No. of Securities	No. of Holders	Name (where holder holds more than 20%)	% held
Unlisted Options	\$0.04	3/12/2024	54,575,630	67	Sixty Two Capital Pty Ltd	27%
Unlisted Options	\$0.025	3/11/2022	3,334,000	1	Jihad Malaeb	100%
Unlisted Options	\$0.05	30/06/2024	1,300,000	1	Alexander Biggs	100%
Unlisted Options	\$0.07	30/06/2024	1,300,000	1	Alexander Biggs	100%
Unlisted Options	\$0.10	30/06/2024	5,000,000	1	Alexander Biggs	100%
Performance Rights		30/06/2026	8,000,000	4	Martin Family A/C Jihad Malaeb Michael Leu Achurch Family Trust	25% 25% 25% 25%
Performance Rights		30/06/2024	10,000,000	1	Alexander Biggs	100%

G. Voting Rights

There are no restrictions on voting rights. On a show of hands every member present or by proxy shall have one vote and upon a poll each share shall have one vote. Where a member holds shares which are not fully paid, the number of votes to which that member is entitled on a poll in respect of those part paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof. Option holders have no voting rights until the options are exercised.

H. Tenement Schedule

Through its subsidiaries, Critical Resource Ltd disposed of, acquired and holds the tenement interests as described:

Licence No.	Project / Location	Acquired Interest during Year	Disposed interest during year	Interest at end of Year
EL 4474	Halls Peak, NSW	-	-	100%
EL 7679	Halls Peak, NSW	-	-	59.5%
PE 13247 ⁽¹⁾	Kitotolo, DRC	-	-	70%
PR 12453 ⁽¹⁾	Kitotolo, DRC	-	-	70%
PE 13082 ⁽²⁾	Kanuka, DRC	-	-	51%
PR 4100 ⁽²⁾	Kanuka, DRC	-	-	51%
EPL 479	Tshimpala, Malawi	-	-	51% ⁽³⁾
EPL 483	Tshimpala, Malawi	-	-	51% ⁽³⁾
EPL 484	Tshimpala, Malawi	-	-	51% ⁽³⁾
AML 0029	Tshimpala, Malawi	-	-	51% ⁽³⁾
Block 5	Oman	-	-	65%
Block 4	Oman	-	-	51%

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**CRITICAL RESOURCES LIMITED AND CONTROLLED ENTITIES
ASX ADDITIONAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021**

- (1) legal transfer of the tenements has been affected; official recording of tenements in DRC Mines Department system has not yet occurred.
- (2) tenements are held by joint venture partner, with Critical having a 51% joint venture interest in the Lithium rights only.
- (3) Under the terms of the share sale and purchase agreement, there is the possibility of the vendor to buy-back the project

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