



Corella Resources Ltd

ASX:CR9 | ABN 56 125 943 240

and its controlled entities

Interim Report

For the half-year ended 31 December 2021

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CORPORATE DIRECTORY

Board of Directors

Mr Anthony Cormack	Managing Director
Mr Philip Re	Non-Executive Chairman
Mr Peter Woods	Non-Executive Director

Company Secretary

Mr Daniel Coletta

Website

www.corellaresources.com.au

Registered Office & Principal Place of Business

Level 1
40 Subiaco Square Road
SUBIACO WA 6008
Tel: +61 8 9200 4402

Postal Address

PO Box 1569
SUBIACO WA 6904

Auditor

Criterion Audit Pty Ltd
PO Box 233
LEEDEERVILLE WA 6902

Share Registry

Automic Registry Services Pty Ltd
Level 5
191 St Georges Terrace
Perth WA 6000
hello@automic.com.au

Stock Exchange

Australian Securities Exchange - Perth
Level 40, Central Park
152- 158 St Georges Terrace
Perth WA 6000

ASX Code

CR9

DIRECTORS' REPORT

The Directors of Corella Resources Ltd (the "**Company**") present their report, together with the financial statements, of the Company and the entities it controlled (together "**consolidated entity**" or the "**Group**") at the end of, or during, the half year ended 31 December 2021.

Directors

The names of directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Anthony Cormack	Managing Director
Mr Philip Re	Non-Executive Chairman
Mr Peter Woods	Non-Executive Director

Principal Activities

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

Operating results

The consolidated loss, after tax, attributable to the Group for the half-year ended 31 December 2021 amounted to \$330,542 (2020: \$505,687).

Control gained over entities, basis of preparation and comparative information

Corella Resources Ltd (formerly Sinetech Limited) completed the acquisition of HPAA Pty. Ltd. (**HPAA**) on 23 April 2021 and relisted on the ASX on 28 April 2021. As a result of the acquisition, the former shareholders of HPAA effectively obtained control of the combined entity. Accordingly, under the principles of the Australian Accounting Standard AASB3 Business Combinations, HPAA was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a reverse acquisition by which HPAA acquired the net assets and listing status of Corella Resources Ltd (formerly Sinetech Limited).

Accordingly, the consolidated financial statements of Corella Resources Ltd have been prepared as a continuation of the business and operations of HPAA for the full period. As the deemed acquirer, HPAA has accounted for the acquisition of Corella Resources Ltd from the effective acquisition date 23 April 2021. The prior comparative period information for the half-year ended 31 December 2020 presented in the consolidated financial statements are that of HPAA.

Review of Operations

Tampu Project

During the half-year, the Company announced a Maiden Mineral Resource Estimate ("MRE") for the Tampu Kaolin Project located 34 kms to the north of the wheatbelt town of Beacon 250km north-east of Perth in Western Australia¹. The Mineral Resource Estimate was completed for the Tampu kaolin deposit by CSA Global Pty Ltd (CSA) and has been reported in accordance with the JORC 2012 Code and guidelines. An Inferred Resource Estimate for the Tampu Kaolin Deposit of 24.7Mt of bright white kaolinised granite, with 13.1Mt reported in the less than 45-micron size fraction is shown in Table 1 below.

¹ Refer ASX Announcement 9 November 2021

Table 1 – Tampu Kaolin Inferred Mineral Resource Estimate (using a $\leq 1.2\%$ Fe_2O_3 cut-off)

Tonnes Mt	Yield $<45\mu\text{m}$ %	Product Tonnes Mt	Fe_2O_3 %	SiO_2 %	Al_2O_3 %	K_2O %	Na_2O %	TiO_2 %	LOI %
24.7	52.9	13.1	0.5	48.8	36.5	0.6	0.04	0.4	13.0

**Note that all figures are rounded to reflect appropriate levels of confidence*

The Tampu MRE has been reported using a $\leq 1.2\%$ Fe_2O_3 cut-off, being a statistical break in the modelled data and when plotted spatially (see Figure 1) demonstrates the consistent nature of the Tampu Deposit and highlights its amenability to a simple, shallow open pit operation, which will be investigated in further technical studies.

A critical factor for the use of kaolin as a feedstock in the HPA industry is the levels of iron impurities, with a value of $\leq 0.5\%$ Fe_2O_3 considered to be low iron impurity. The grade tonnage curve below (see Figure 2) highlights the extremely low levels of iron impurities within the bright white kaolin mineralisation at Tampu.

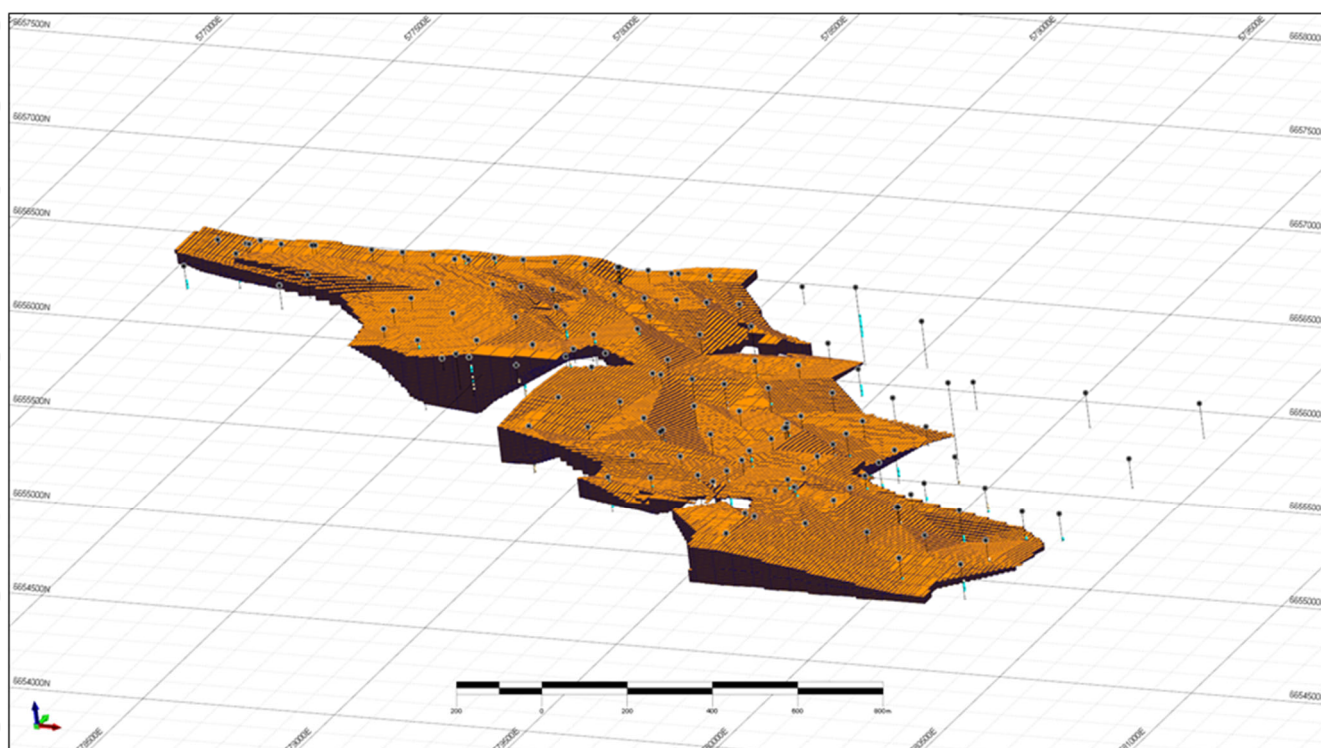


Figure 1 – Tampu Resource Block Model Oblique View (looking north & using a 1.2% Fe_2O_3 cut-off)

The consistency of the low iron impurities at Tampu has it well placed to potentially qualify as HPA feedstock. Samples are currently undergoing test work for HPA analysis and by potential offtake partners using their own processes.

The Mineral Resource yields 13.1Mt of high-grade low impurity bright white kaolin product in the minus 45-micron recovered fraction, with the remaining approximate 48.8% of material being largely residual quartz derived from the weathered granite. The Company plans to complete further studies and determine if this residual quartz material has potential as a by-product for use in the construction and building industry.

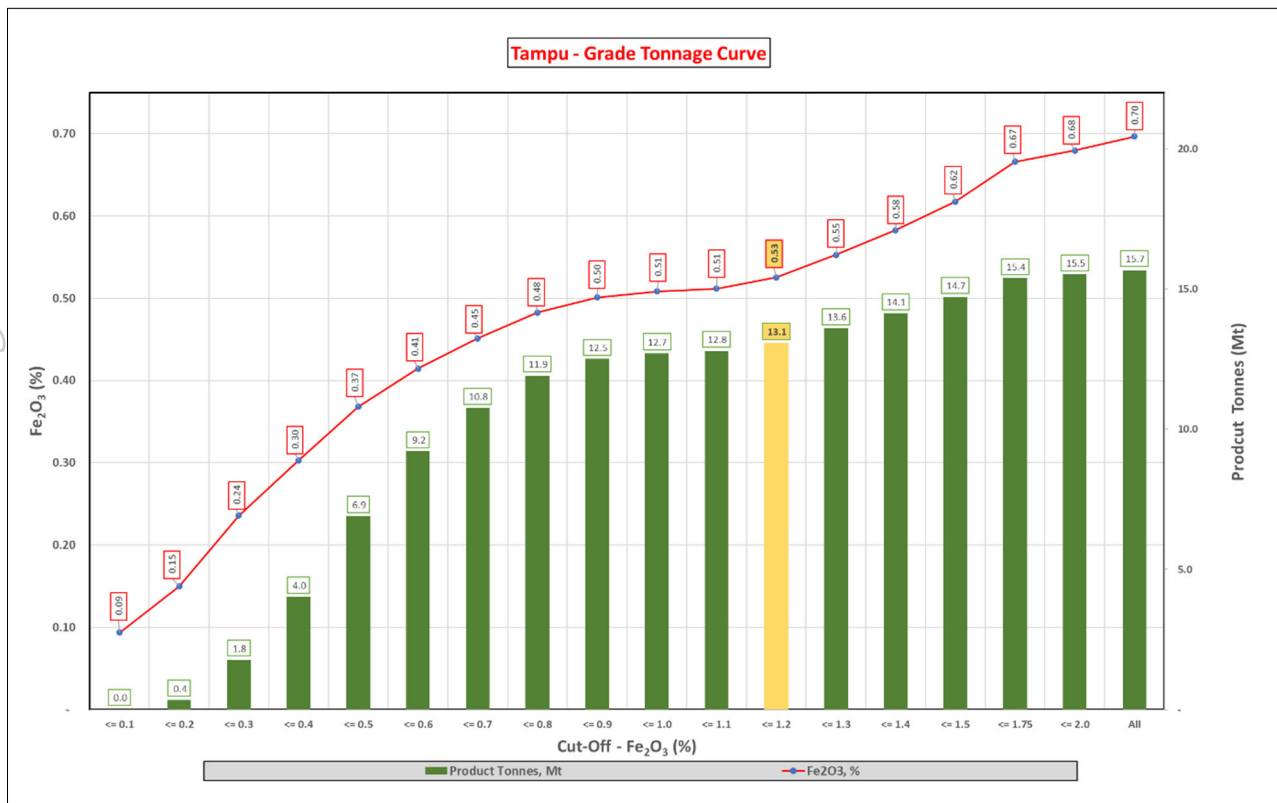


Figure 2 – Tampu Resource - Grade Tonnage Curve

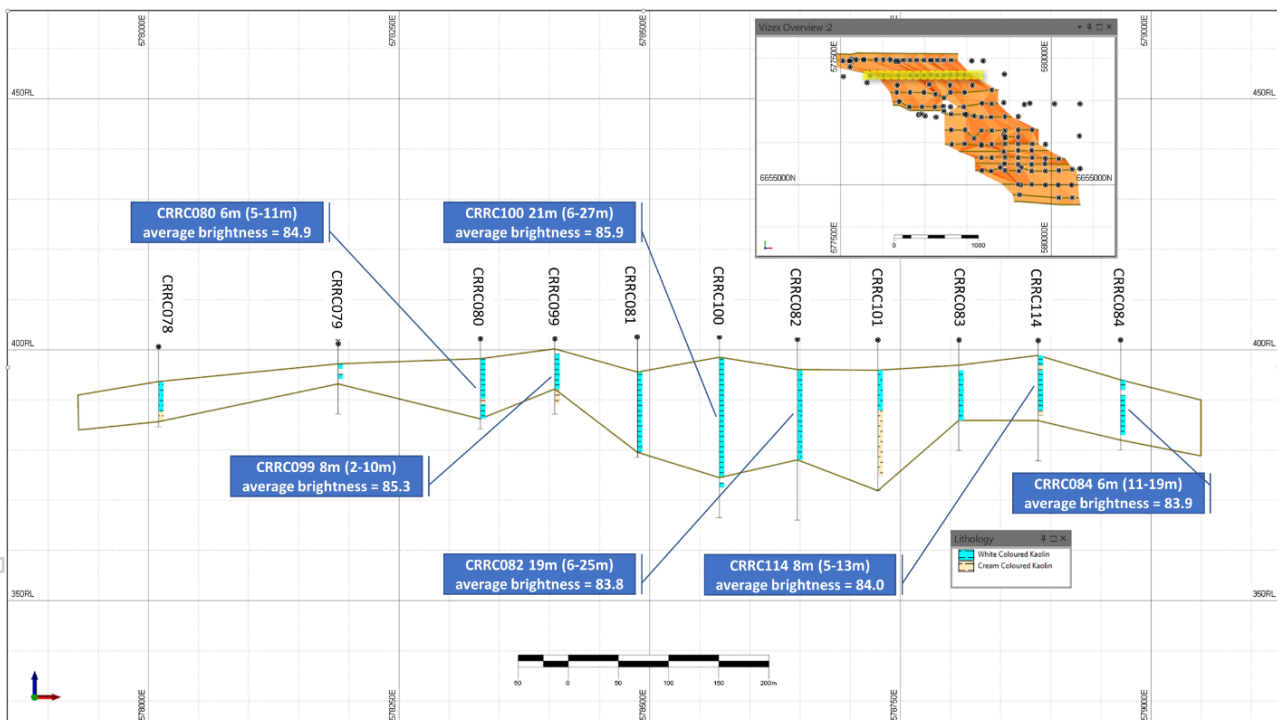


Figure 3 – Tampu Resource – Cross Section and Plan View (inset)

The 24.7Mt Tampu Kaolin Deposit is located within the 100% owned exploration licences E70/5235 and E70/5214. The maiden resource has significant potential to grow, given the 446% increase in the Company's landholdings at Tampu since listing, and that the shallow kaolin mineralisation is close to surface (average <4 m from the surface) and open in all directions. The maiden resource covers only 0.15% of the entire Tampu Project area. HPA test work and further exploration planning has commenced.

Tampu kaolin brightness

Exceptionally high average brightness (ISO Brightness or ISO-B) of 85% were reported during the half-year from spectrophotometer brightness analysis test work on sample intervals on selected drill hole intercepts from the May 2021 RC drilling program (see Table 2)².

Hole ID	Interval (m)	From (m)	To (m)	Al ₂ O ₃ %	SiO ₂ %	Fe ₂ O ₃ %	K ₂ O%	Na ₂ O%	TiO ₂ %	Yield %	Average Brightness %
CRRC016	5	6	11	37.86	48.14	0.31	0.21	0.02	0.11	59.0	87.1
CRRC060	12	6	18	37.98	47.31	0.25	0.14	0.02	0.50	82.3	86.4
CRRC028	6	5	11	37.66	47.86	0.25	0.27	0.02	0.49	53.3	85.9
CRRC100	21	6	27	37.93	47.86	0.15	0.28	0.00	0.34	58.4	85.9
CRRC014	6	3	9	38.05	47.60	0.28	0.17	0.02	0.36	56.2	85.6
CRRC064	9	3	12	38.02	47.45	0.26	0.20	0.02	0.37	60.6	85.6
CRRC099	8	2	10	37.66	48.09	0.22	0.25	0.02	0.38	53.0	85.3
CRRC015	16	4	20	37.78	48.08	0.16	0.20	0.03	0.47	50.6	85.1
CRRC066	6	9	15	38.36	47.05	0.29	0.41	0.04	0.24	84.8	84.9
CRRC080	6	5	11	38.24	47.14	0.29	0.23	0.02	0.37	67.5	84.9
CRRC011	11	4	15	37.85	47.68	0.24	0.20	0.03	0.54	61.5	84.6
CRRC067	24	8	32	37.75	47.80	0.23	0.39	0.03	0.39	55.2	84.3
CRRC114	8	5	13	38.12	47.25	0.30	0.32	0.00	0.39	61.9	84.0
CRRC088	10	6	16	37.87	47.42	0.39	0.15	0.04	0.53	60.7	84.0
CRRC084	8	11	19	38.09	47.43	0.27	0.28	0.02	0.38	61.1	83.9
CRRC082	19	6	25	37.98	47.54	0.17	0.27	0.06	0.32	59.3	83.8
CRRC010	11	6	17	37.64	47.91	0.32	0.28	0.03	0.50	58.3	83.2
AVERAGE				37.93	47.62	0.26	0.25	0.02	0.39	61.4	85.0

Table 2: Composite interval brightness for selected RC holes

Tampu landholding expansion

On 14 September 2021 the Company announced that it had significantly expanded its regional scale 100% owned landholding at the Tampu Kaolin Project. Exploration licence applications E70/5882 and E70/5883 were lodged with the Department of Mines, Industry Regulation and Safety (DMIRS) covering 595.88km² (201 blocks) (see Figure 4)³.

The new area now under application represents a 446% increase in the Company's landholdings at Tampu, up from 172.15km² (58 blocks) to 768.03km² (259 blocks). The Tampu Kaolin Project, which is located near Beacon in the wheatbelt region 250km north-east of Perth in Western Australia has a distinctive high purity bright white kaolin.

² Refer ASX Announcement 7 October 2021

³ Refer ASX Announcement 14 September 2021

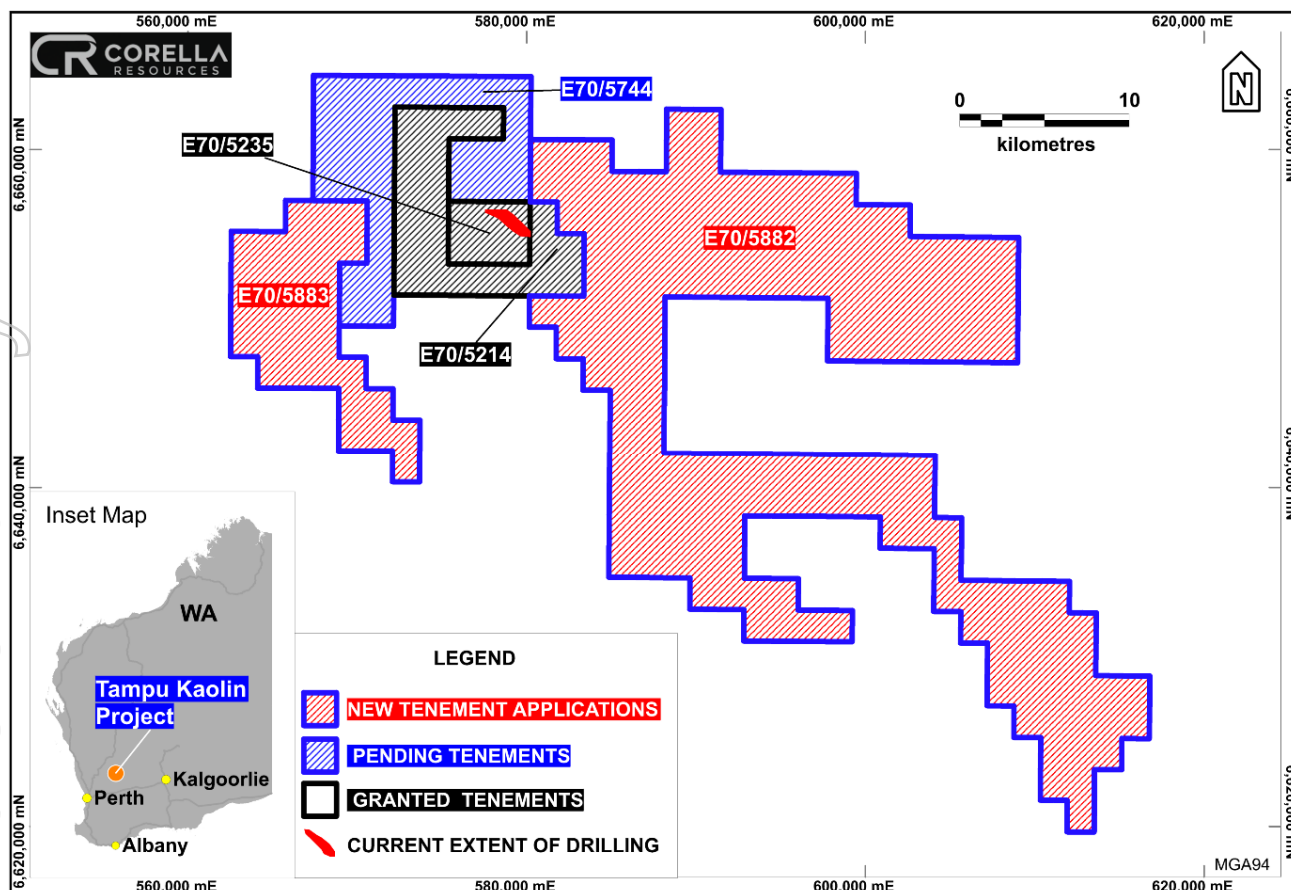


Figure 4: Plan of new tenement applications relative to Corellas previous landholding at Tampu

Bonnie Rock Silica Project

During the half-year, the Company announced outstanding results from visually selected outcrop samples at its Bonnie Rock Silica Project (see Table 3 & Figure 5)⁴. The project covers approximately 7,093 hectares (70.93km²) within wholly owned and granted exploration tenement E70/5665 located near Beacon in the wheatbelt region 250km north-east of Perth in Western Australia. XRF analysis was performed on three rock chip samples taken at each of the outcropping silica quartz veins within the high-grade hard rock silica project.

Prospect	Sample ID	MGA East	MGA North	SiO ₂ %
Bilocupping/ASQ	BRRK003	618037	6609764	99.91
Bonnie Rock SW	BRRK001	628233	6618349	99.40
Bilocupping 1	BRRK002	622665	6608776	98.13

Table 3: Rock chips sampling results

The Company is advancing land access for the Bonnie Rock Silica Project with the aim of completing a more detailed sampling program to assess the broader potential of the tenement area. This program will include detailed mapping and sampling of the large scale quartz veins within the tenement. Post more detailed and extensive exploration being completed the Company will develop a drill campaign to test the targets.

⁴ Refer ASX Announcement 11 October 2021

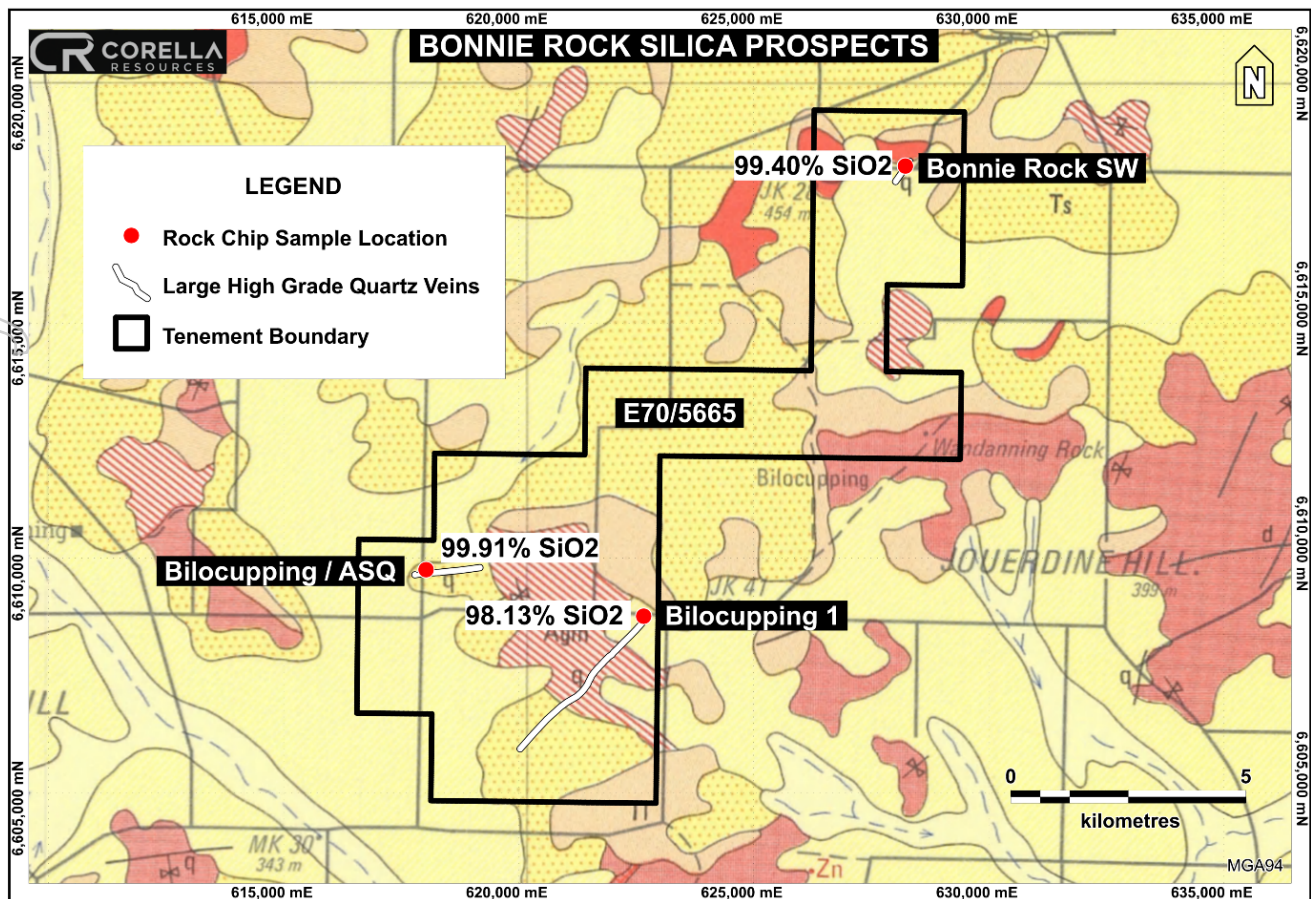


Figure 5: Location map showing the high-grade silica (quartz vein) prospects at the Bonnie Rock Silica Project



Figure 6: Quartz vein outcrop at the Bilocupping/ASQ prospect (left) and Bonnie Rock SW prospect (right) which was rock chip sampled for analysis.

Kalannie Kaolin Project

The Kalannie Kaolin Project comprises a single granted exploration licence, being exploration licence E 70/5215, which is currently held 100% by Corella. The tenement consists of 11 graticular blocks for an area of 32km² located on the Kalannie 1:100,000 Map sheet and the Bencubbin 1:250,000 sheet. The tenement was granted on 3 July 2019. A GSWA kaolin sample from the project area location shows high purity kaolin with low levels of contaminant elements.

Through geological reconnaissance and mapping programs the Company has identified 4 initial prospective kaolin exploration targets (see Figure 7 and 8) within the Kalannie project. An exploration program is currently being designed in order to prioritise the Kaolin targets and finalise the design of a phase 1 Aircore drill program. This drill program is aimed at testing the extent of the mineralisation and assess the quality of the kaolin via preliminary metallurgical test work. During the half-year, the respective landowners were identified and steps to gain land access for the drill program has begun.

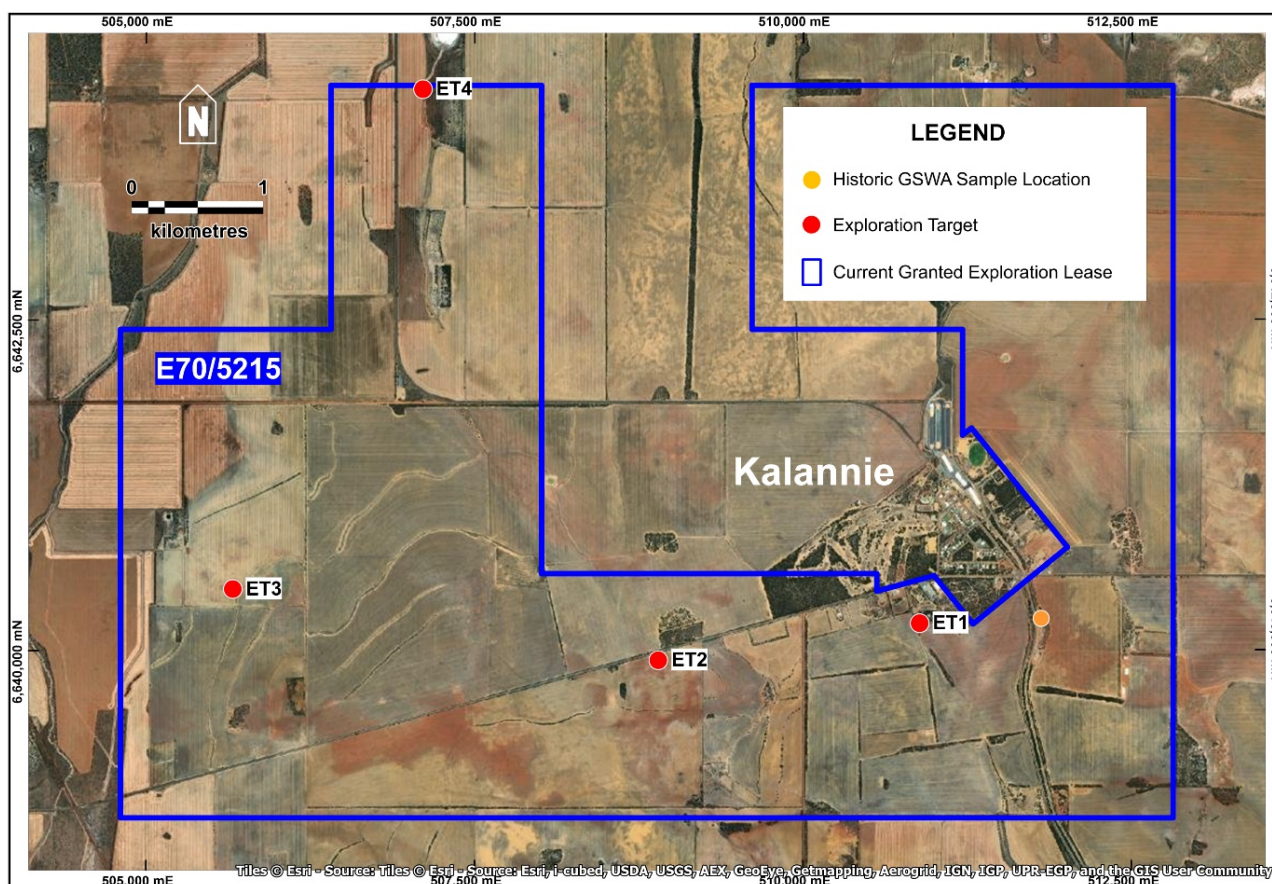


Figure 7: Kalannie exploration targets (ET1 – ET4)



Figure 8: Kalannie exploration targets (ET1 – ET4)

Wiltshire Project

The Wiltshire Kaolin Project comprises a single granted exploration licence, being exploration licence E 70/5216, which is currently held 100% by Corella. The tenement consists of 12 graticular blocks for an area of 36km² located on the Tallering 1:100,000 Map sheet and the Yalgoo 1:250,000 sheet. The tenement was granted on 3 July 2019.

The Company has identified 29 initial prospective kaolin exploration targets (see Figure 9) within the Wiltshire project. Kaolin horizons expressed as white outcrop evident in aerial imagery, are exposed at various locations along the length of Wenmillia Creek and its tributaries. Geological mapping has identified multiple prospective kaolin exploration targets within the Wiltshire project, with areas of weathered granite and excavated areas also present prospective targets for geological sampling

An exploration program is currently being designed for the Wiltshire Project in order to prioritise the targets and finalise the design of a phase 1 Aircore drill program. This drill program is aimed at testing the extent of the mineralisation and assess the quality of the kaolin via preliminary metallurgical test work. During the half-year, the respective landowners were identified and steps in order to gain land access to allow for exploration activities has begun.

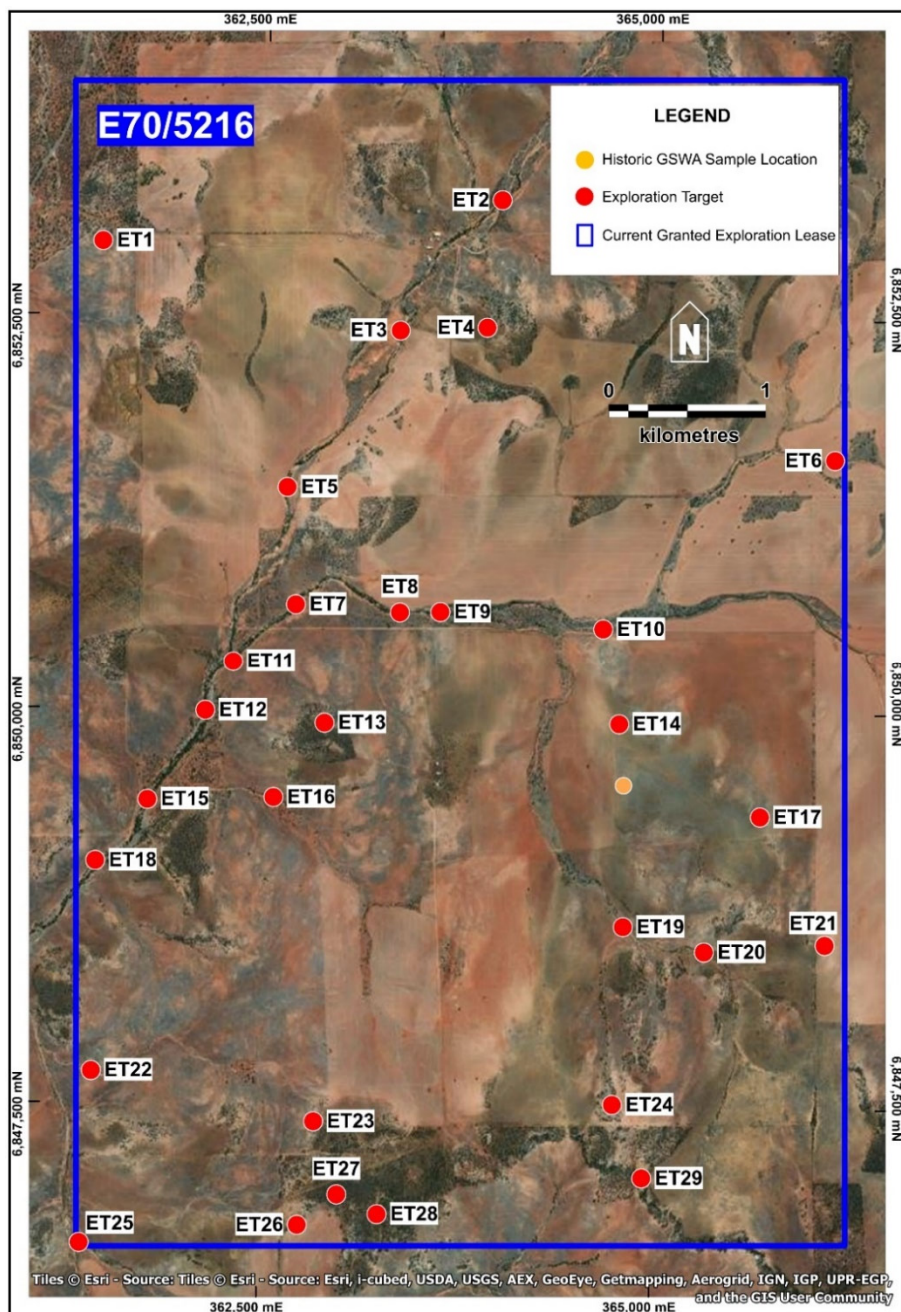


Figure 9: Wiltshire exploration targets (ET1 – ET29) sites of creek exposures and outcrop/excavations



Figure 10: Outcropping weathered granite - kaolin regolith in Wenmilla Creek tributary south of Speyside Rd

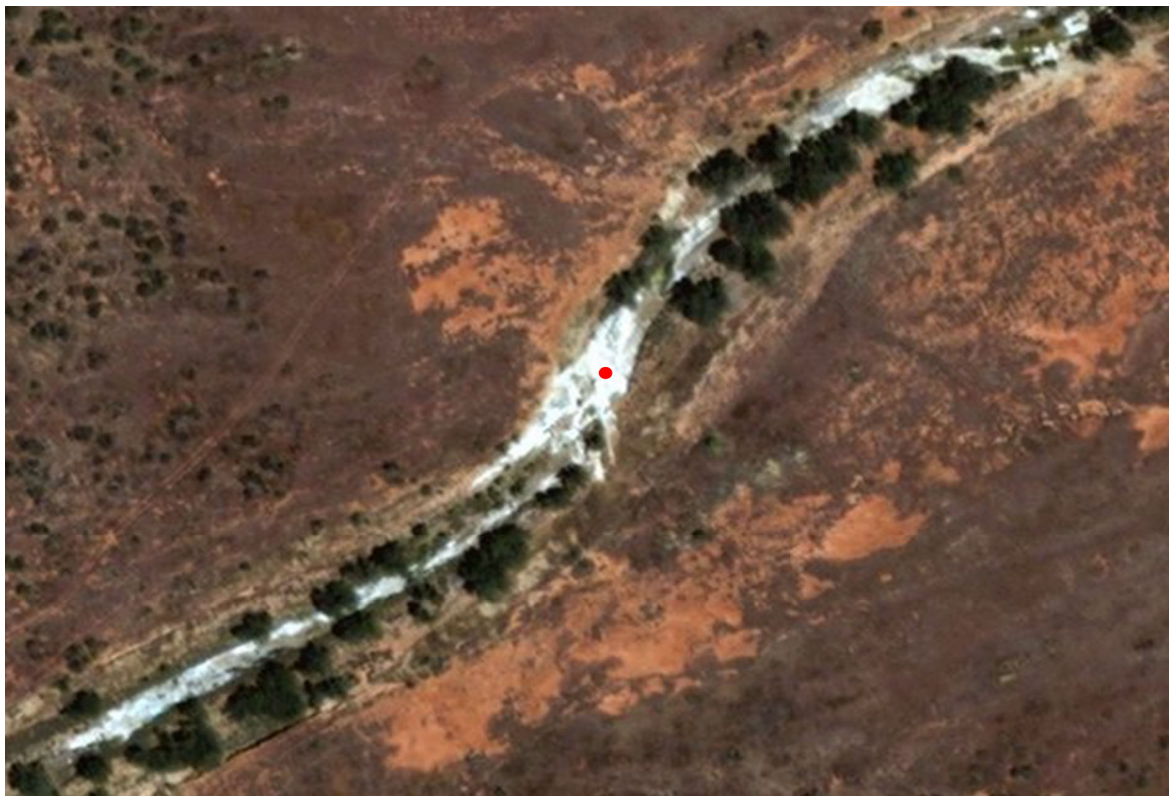


Figure 11: Outcropping weathered granite - Wenmilla Creek tributary south of Speyside Rd

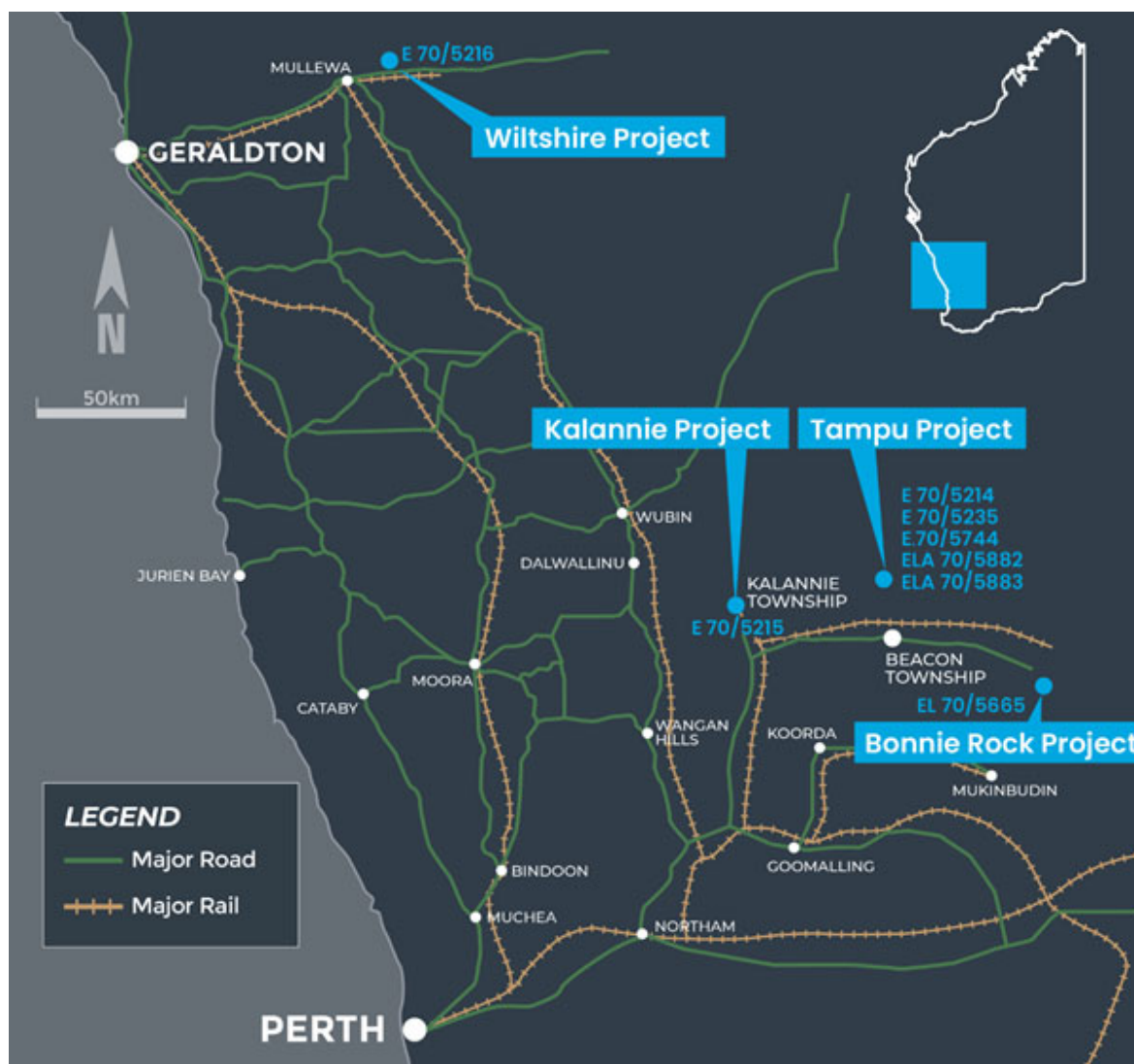


Figure 12: Corella Resources project location map

Competent Person Statement

Competent Person Statement – Exploration results

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

Mineral Resource estimate

The information in this report that relates to the Mineral Resource Estimates at Corella's Tampu Project is extracted from the ASX Announcement "Maiden Inferred Mineral Resource Estimate of 24.7Mt for the Tampu Kaolin Project" dated 8 September 2021 and is available to view on the ASX Platform and on the Company's website in the announcements section. 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 Person's findings are presented have not been materially modified from the original market announcement.

No New Information

Except where explicitly stated, this report contains references to prior exploration results and Mineral Resource estimate, all of which have been cross-referenced to previous market announcements made by the Company. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of the estimate of Mineral Resource, that all material assumptions and technical parameters underpinning the results and/or estimate in the relevant market announcements continue to apply and have not materially changed.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Significant event subsequent to balance date

As the impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There has not been any other matter or circumstance occurring subsequent to the end of the half year that has 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.

Auditor's independence declaration

Section 307C of the Corporations Act 2001 requires our auditors, Criterion Audit Pty Ltd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 13 and forms part of this directors' report for the half-year ended 31 December 2021.

This report is signed in accordance with a resolution of directors, pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Philip Re', with a small dot at the end.

Mr Philip Re
Non-Executive Chairman
Perth, Western Australia
10 March 2022

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 233 LEEDERVILLE WA 6902

Suite 2, 642 Newcastle Street
LEEDERVILLE WA 6007

Phone: 9466 9009

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of Corella Resources Ltd for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



CHRIS WATTS CA
Director

CRITERION AUDIT PTY LTD

DATED at PERTH this 10th day of March 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2021

	Note	31 December 2021 \$	31 December 2020 \$
Other income		-	-
Revenue and other income		-	-
Administration expenses		(42,890)	(5,687)
Consultancy expenses		(48,000)	-
Compliance and regulatory expenses		(22,809)	-
Employee benefits expense		(115,116)	-
Fair value loss on financial assets at fair value through profit or loss		(22,678)	-
Professional expenses		(60,430)	-
Public relations		(14,000)	-
Share base payment expense	7	(2,619)	(500,000)
Loss before income tax		(330,542)	(505,687)
Income tax expense		-	-
Loss for the year		(330,542)	(505,687)
Other comprehensive income, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Other comprehensive loss for the year, net of income tax		-	-
Total comprehensive loss for the year		(330,542)	(505,687)
Loss for the year attributable to Owners of Corella Resources Ltd		(330,542)	(505,687)
Total comprehensive loss for the year attributable to Owners of Corella Resources Ltd		(330,542)	(505,687)
Loss per share:			
Basic and diluted (cents per share)		(0.0778)	(5.475)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Note	31 December 2021 \$	30 June 2021 \$
ASSETS			
Current assets			
Cash and cash equivalents		3,832,319	4,762,778
Trade and other receivables		74,070	57,570
Other financial assets		86,173	108,850
Total current assets		3,992,562	4,929,198
Non-current assets			
Exploration, evaluation and development expenditure	3	885,525	371,110
Total non-current assets		885,525	371,110
Total assets		4,878,087	5,300,308
LIABILITIES			
Current liabilities			
Trade and other payables		124,549	215,233
Borrowings		-	3,614
Total current liabilities		124,549	218,847
Total liabilities		124,549	218,847
Net assets		4,753,538	5,081,461
EQUITY			
Issued capital	5	6,260,067	6,260,067
Reserves	6	230,419	227,800
Accumulated losses		(1,736,948)	(1,406,406)
Total equity		4,753,538	5,081,461

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2021

	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2021	6,260,067	227,800	(1,406,406)	5,081,461
Loss for the year	-	-	(330,542)	(330,542)
Total comprehensive loss for the period	-	-	(330,542)	(330,542)
Recognition of share-based payments	-	2,619	-	2,619
Balance at 31 December 2021	6,260,067	230,419	(1,736,948)	4,753,538
Balance at 1 July 2020	56,500	-	(3,616)	52,884
Loss for the year	-	-	(505,687)	(505,687)
Total comprehensive loss for the period	-	-	(505,687)	(505,687)
Issue of ordinary shares in HPAA (Pre-RTO)	500,000	-	-	500,000
Balance at 31 December 2020	556,500	-	(509,303)	47,197

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2021

Note	31 December 2021 \$	31 December 2020 \$
Cash flows from operating activities		
Payments to suppliers and employees	(284,633)	(4,187)
Net cash used in operating activities	(284,633)	(4,187)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(565,826)	(14,859)
Net cash provided by/(used in) investing activities	(565,826)	(14,859)
Cash flows from financing activities		
Payment for share issue costs	(80,000)	-
Loan from shareholders	-	15,000
Net cash (used in)/provided by financing activities	(80,000)	15,000
Net increase/(decrease) in cash and cash equivalents	(930,459)	(4,046)
Cash and cash equivalents at the beginning of the year	4,762,778	6,110
Cash and cash equivalents at the end of the year	3,832,319	2,064

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

Note 1. Corporate

The condensed consolidated half-year financial report of Corella Resources Ltd ("the Company") and its controlled entity ("the Group" or "Consolidated Entity") for the half-year ended 31 December 2021 was authorised for issue in accordance with a resolution of the directors on 10 March 2022.

Corella Resources Ltd is a for-profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

Note 2. Basis of Preparation and Accounting Policies

(a) Basis of preparation

These general purpose condensed financial statements for the half-year ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with IAS 34 Interim Financial Reporting.

These half-year condensed financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2021 and any public announcements made by Corella Resources Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The half-year report has also been prepared on an accrual basis and is based on historical cost except for available-for-sale investments which are measured at fair value. The presentation currency is Australian dollars.

The Group's principal activities are mineral exploration.

(b) Reverse Acquisition Accounting

On 23 April 2021, Sinetech Limited completed a capital raising (the **Capital Raising**) and acquisition (the **Acquisition**) of 100% of HPAA Pty. Ltd. (HPAA) an Australian exploration company which operated prospective, high-grade, low impurity kaolin and silica projects located in the mid-west of Western Australia

Sinetech Limited subsequently changed its name to Corella Resources Ltd (ASX:CR9).

The Capital Raising via public offer under the Prospectus dated 4 March 2021, raised \$5 million (before costs) through the issue of 250 million new shares at an issue price of 2 cents per share. The acquisition of HPAA was settled by the issuance of 100 million shares to the existing HPAA shareholders (**Vendors**).

In accordance with AASB 3: Business Combinations, the acquisition has been recorded under reverse acquisition principles which results in the legal parent (in this case Corella) being accounted for as the subsidiary, while the legal acquiree (in this case HPAA) being accounted for as the parent. In accordance with the accounting requirements, the prior comparative period information for the half-year ended 31 December 2020 presented in the consolidated financial statements are that of HPAA.

(c) Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. The directors have prepared a cash flow forecast which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the next twelve (12) month period from the date of signing this financial report.

(d) Accounting estimates and judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(e) Changes in accounting policy

For the period ended 31 December 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

(f) Segment Reporting

The Group operates in one business segment, namely the mineral exploration industry. AASB 8 'Operating Segments' states that similar operating segments can be aggregated to form one reportable segment. Also, based on quantitative thresholds included in AASB 8, there is only one reportable segment, namely the mineral exploration industry. However, none of the operating segments currently meet any of the prescribed quantitative thresholds, and as such do not have to be reported separately. The Group has therefore decided to aggregate all its reporting segments into one reportable operating segment.

The revenue and results of this segment are those of the Group as a whole and are set out in the consolidated statement of profit or loss and other comprehensive income. The segment assets and liabilities are those of the Group and set out in the consolidated statement of financial position.

(g) Exploration and evaluation expenditure

In accordance with AASB 6: Exploration for and Evaluation of Mineral Resources, exploration and evaluation costs incurred are accumulated in respect of each identifiable area of interest. Exploration and evaluation costs are carried forward at cost where the rights of tenure are current and:

- (i) such costs are expected to be recouped through successful development and exploration of the area of interest, or alternatively by its sale; or
- (ii) exploration activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources.

Exploration and evaluation assets are assessed annually for impairment in accordance with AASB 6 and where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units. An impairment loss is recognised in the statement of profit or loss and other comprehensive income where the carrying values of exploration and evaluation assets exceed their recoverable amounts.

In the event that an area of interest is abandoned or if the directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the period in which that assessment is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

Note 3. Exploration, Evaluation & Development Expenditure

	31 Dec 2021 \$	30 June 2021 \$
Costs carried forward in respect of areas of interest	371,110	56,704
Exploration expenditure capitalised	514,415	314,406
Impairment	-	-
	885,525	371,110

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
 - (i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
 - (ii) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching, assaying, sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

Note 3. Exploration, Evaluation & Development Expenditure (continued)

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to a mine development asset.

Note 4. Commitments for expenditure

	31 Dec 2021 \$	30 June 2021 \$
Exploration expenditure		
Not longer than one year	60,333	53,139
Two to five years	239,167	283,333
Greater than 5 years	-	-
	299,500	336,472

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the consolidated statement of financial position may require review to determine the appropriateness of carrying value. The sale, transfer or farm-out of exploration rights to third parties may reduce or extinguish these obligations.

Note 5. Issued Capital

	31 Dec 2021 \$	30 June 2021 \$
Fully paid ordinary shares	6,260,067	6,260,067
	6,260,067	6,260,067

	6 months to 31 December 2021	
	No. Shares	\$
<i>Movements in ordinary shares on issue</i>		
Opening balance	424,999,883	6,260,067
Closing balance	424,999,883	6,260,067

Note 6. Reserves

The share based payment reserve is used to record the value of share based payments provided to directors and employees, including Key Management Personnel and suppliers which are not recorded directly in equity.

	31 Dec 2021 \$	30 June 2021 \$
Share based payments reserve	230,419	227,800
	230,419	227,800

Movement in Share based payments reserve:

	31 Dec 2021 \$	30 June 2021 \$
Opening balance	227,800	-
Performance Rights expensed (Refer Notes 7 & 9)	2,619	-
Lead manager facilitation options ¹	-	190,000
Director incentive options ²	-	37,800
Closing balance	230,419	227,800

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

Note 6. Reserves (continued)

¹ 50,000,000 unlisted options exercisable at \$0.04 with a grant date fair value of \$0.0038 (refer Note 8) issued to CPS Capital (or its nominees) under the Lead Manager Offer approved by Shareholders of the Company at a General Meeting held 29 March 2021.

² 4,500,000 unlisted options exercisable at \$0.03 with a grant date fair value of \$0.0042 (refer Note 8) issued to each Messrs Re and Woods under the Director Offer approved by Shareholders of the Company at a General Meeting held 29 March 2021.

Note 7. Share Based Payment Expense

During the period, the following share based payments were made and recognised as a share based payments expense in Consolidated Statement of Profit or Loss and Other Comprehensive Income.

	31 Dec 2021 \$	31 Dec 2020 \$
Performance Rights expensed (Refer Note 9)	2,619	-
Issue of ordinary shares to consultants ¹	-	500,000
	2,619	500,000

¹ 8,250,000 fully paid ordinary shares in HPAA Pty Ltd issued at \$0.063 on 9 December 2020, on a pre-consolidation basis, to consultants prior to admission to ASX Official List.

Note 8. Options

(a) Options on issue

The following options were on issue at the reporting date:

Series	Number	Grant date	Grant date fair value	Exercise price	Expiry date	Vesting date
CR9OA	50,000,000	28 April 21	\$0.0038	0.04	28 April 25	Vested
CR9OB	67,257,869	20 April 21	\$0.0042	0.03	20 April 24	Vested

(b) Fair value of options granted during the half year

No options were granted during the period.

(c) Share options exercised during the half year

No options were exercised during the period.

Note 9. Performance shares

On 15 December 2021 shareholders approved the grant of Performance Rights to Directors (or their nominees) under the Corella Resources Incentive Performance Rights Plan. The principal terms of the Performance Rights are summarised below:

Class	Performance Condition	Expiry Date
Tranche 1 Performance Rights	Market Capitalisation - \$30M Tranche 1 Performance Rights will vest on the date that the Company's 14 day volume weighted average share price is equal to or exceeds a market capitalisation of AUD\$30,000,000. (" Tranche 1 Performance Condition ")	20 December 2024
Tranche 2 Performance Rights	Market Capitalisation - \$40M: the Tranche 2 Performance Rights will vest on the date that the Company's 14 day volume weighted average share price is equal to or exceeds a market capitalisation of AUD\$40,000,000 (" Tranche 2 Performance Condition ")	20 December 2024
Tranche 3 Performance Rights	Market Capitalisation - \$50M: Tranche 3 Performance Rights will vest on the date that the Company's 14 day volume weighted average share price is equal to or exceeds a market capitalisation of AUD\$50,000,000 (" Tranche 3 Performance Condition ")	20 December 2024

The value of the Performance Rights at grant date was derived using a hybrid Monte Carlo model which takes into account the exercise price and expected life of the instrument, the current share price and its expected volatility, expected dividends and the risk-free interest rate for the expected life of the instrument. The theoretical value ascribed to each Tranche 1, 2 and 3 Performance Right was \$0.0295, \$0.0269 and \$0.0248 respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

Note 9. Performance shares (continued)

The total value of Performance Rights expensed from issue date to 31 December 2021 was \$2,619.

The table below shows the class and number of Performance Rights held by each Director as at 31 December 2021:

Director	Tranche 1	Tranche 2	Tranche 3	Total
Anthony Cormack	1,000,000	1,000,000	1,000,000	3,000,000
Philip Re	1,000,000	1,000,000	1,000,000	3,000,000
Peter Woods	1,000,000	1,000,000	1,000,000	3,000,000
Total	3,000,000	3,000,000	3,000,000	9,000,000

Each Performance Right converts into 1 fully paid ordinary share upon vesting

Note 10. Related Party Transactions

During the half-year ended 31 December 2021, the consolidated entity commenced a new accounting, bookkeeping and CFO agreement with Exchange Capital Advisory Pty Ltd an entity related to Director Philip Re. Total payments of \$45,000 were made to Exchange Capital Advisory Pty Ltd during the half-year ended 31 December 2021 for these services. The transactions were made on normal commercial terms and conditions and at market rates.

Apart from the above, there were no other related party transactions during the period other than Directors fees paid to Directors of the Company on normal commercial terms.

Note 11. Contingent liabilities and contingent assets

There has been no significant change in contingent liabilities and/or contingent assets since the last annual report. Please refer to the 30 June 2021 annual financial report.

Note 12. Events after reporting date

As the impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There has not been any other matter or circumstance occurring subsequent to the end of the half year that has 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.

DIRECTORS' DECLARATION

for the half-year ended 31 December 2021

In accordance with a resolution of the Directors of Corella Resources Ltd (the **Company**):

1. The financial statements and notes thereto, are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year then ended.
2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Board



Mr Philip Re
Non-Executive Chairman
Perth, Western Australia
10 March 2022

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 233 LEEDERVILLE WA 6902

Suite 2, 642 Newcastle Street
LEEDERVILLE WA 6007

Phone: 9466 9009

Independent Auditor's Review Report

To the Members of Corella Resources Ltd

Conclusion

We have reviewed the half-year financial report of Corella Resources Ltd ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a. Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Half-Year Financial Report

The Directors are responsible for the preparation of the half-year financial report that gives us a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Criterion Audit

CRITERION AUDIT PTY LTD

Watts

CHRIS WATTS CA
Director

DATED at PERTH this 10th day of March 2022

SCHEDULE OF TENEMENTS HELD AT REPORT DATE

Project	Tenement	Ownership	Area (km ²)	Status	Titleholder ¹
Tampu	E 70/5214	100%	65 km ²	Granted	HPAA Pty. Ltd.
Tampu	E 70/5235	100%	15 km ²	Granted	HPAA Pty. Ltd.
Tampu	E 70/5744	100%	88 km ²	Granted	HPAA Pty. Ltd.
Tampu	E 70/5882	100%	506 km ²	Pending	HPAA Pty. Ltd.
Tampu	E 70/5883	100%	88 km ²	Pending	HPAA Pty. Ltd.
Wiltshire	E 70/5216	100%	36 km ²	Granted	HPAA Pty. Ltd.
Kalannie	E 70/5215	100%	32 km ²	Granted	HPAA Pty. Ltd.
Bonnie Rock	E 70/5665	100%	70 km ²	Granted	HPAA Pty. Ltd.

¹ HPAA Pty. Ltd. is a wholly owned subsidiary of Corella Resources Ltd.