



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

**CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

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**CORPORATE DIRECTORY**

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**DIRECTORS**

David Flanagan (Chairman)  
Adam Sierakowski (resigned 02/11/20)  
Stephen Lowe (resigned 02/11/20)  
Robert Ramsay  
Simon Jackson  
Anna Neuling (appointed 02/11/20)  
Wayne Bramwell (appointed 02/11/20, resigned 18/02/21)  
Annie Guo (appointed 19/02/21)

**COMPANY SECRETARY**

Stephen Hewitt-Dutton

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**SHARE REGISTRAR**

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**STOCK EXCHANGE LISTING**

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

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2020.

**DIRECTORS**

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

- David Flanagan (Chairman)
- Adam Sierakowski (resigned 02/11/20)
- Stephen Lowe (resigned 02/11/20)
- Robert Ramsay
- Simon Jackson
- Anna Neuling (appointed 02/11/20)
- Wayne Bramwell (appointed 02/11/20, resigned 18/02/21)
- Annie Guo (appointed 19/02/21)

**RESULTS OF OPERATIONS**

The Company realised a net loss of \$2,271,544 (2019: \$1,841,733) for the half-year ended 31 December 2020.

**REVIEW OF OPERATIONS**

**Introduction**

CZR Resources Ltd (CZR) has exploration focussed primarily on iron-ore and gold but also investigates any other opportunities for commodities with the potential to generate a profitable mining operation. CZR holds an 85% interest in the Yarraloola and Buddadoo Projects, a 70% interest in the Shepherd's Well, Croydon and Yarrie Projects.

Each project is located in proximity to transport infrastructure (Fig 1). Details of the projects and an overview of results from the past six months are presented in the following sections.

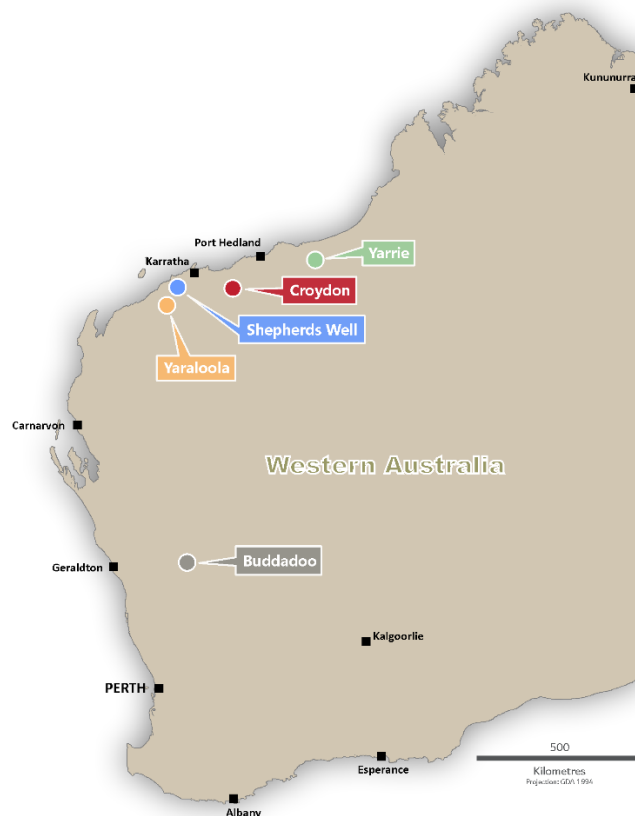


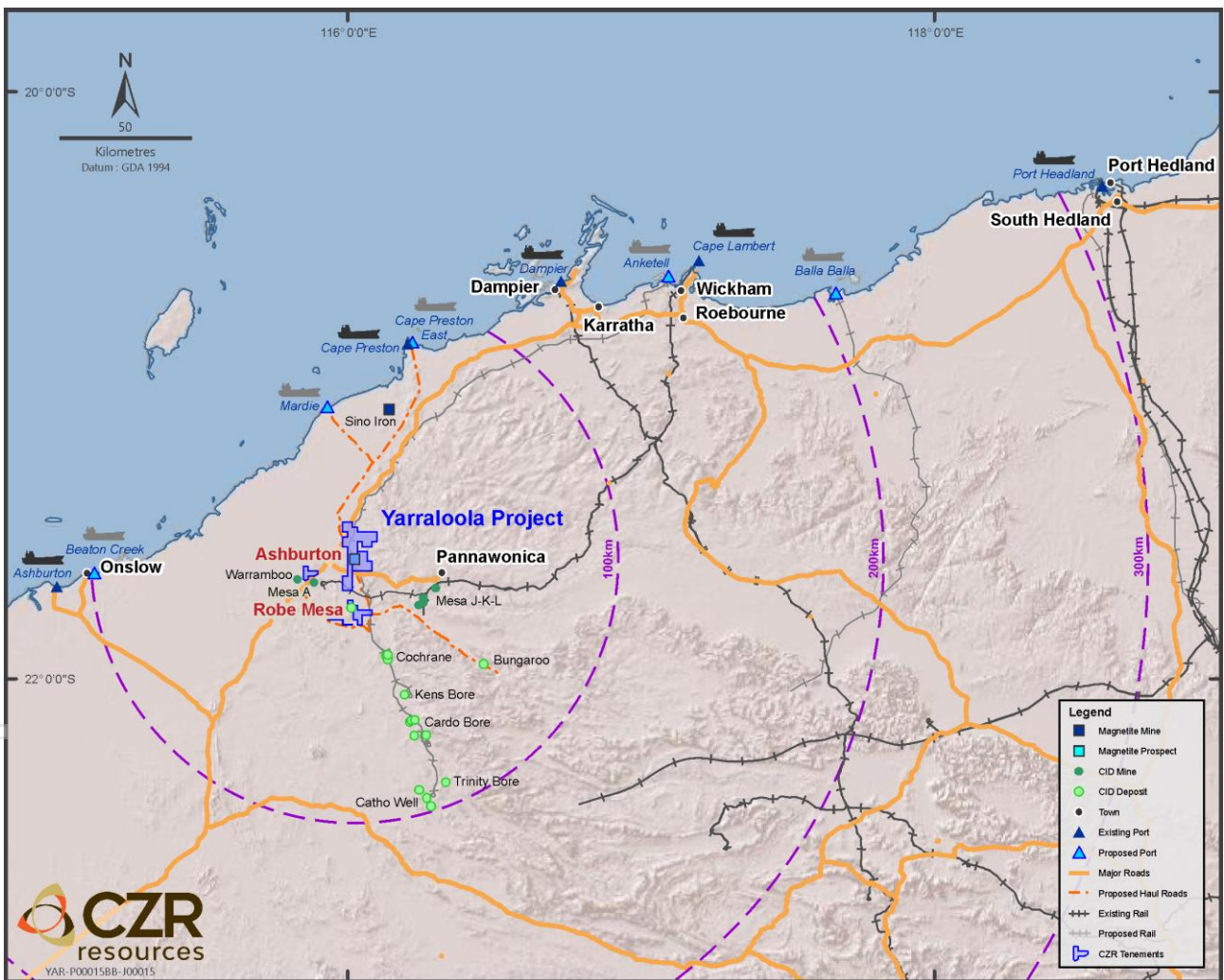
Figure 1. Location of the Cozion Resources Ltd tenements in Western Australia.

DIRECTORS' REPORT (Continued)

**Yarraloola Iron-Ore Project**

The Yarraloola project (E08/1060, E08/1686, E08/1826 MLA08/519) covers an area of 206 square kilometres and is located 100 kilometres southwest of Karratha with bitumen highway access (Fig 2). CZR has defined to JORC2012 standard, deposits of direct-shipping iron-ore at Robe Mesa, Robe East and P529, and is exploring magnetite mineralisation at the Ashburton prospect that will require down-stream processing before shipping.

The Robe deposits on the CZR tenure are located within a mineralised system that is mined on adjacent tenure by RioTinto and about 34 million tonnes per annum is exported from ports near Karratha. There is also a suite of undeveloped deposits with a similar geological setting and style of mineralisation extending from Cochrane to Catho Well to the south of the Robe. In contrast to the well characterised and marketable style of mineralisation in the Robe, the Ashburton magnetite prospect represents a new style of volcanic-hosted mineralisation in the West Pilbara that has a similar geological setting to the Fortescue Metals Group's (FMG) Iron Bridge Project.

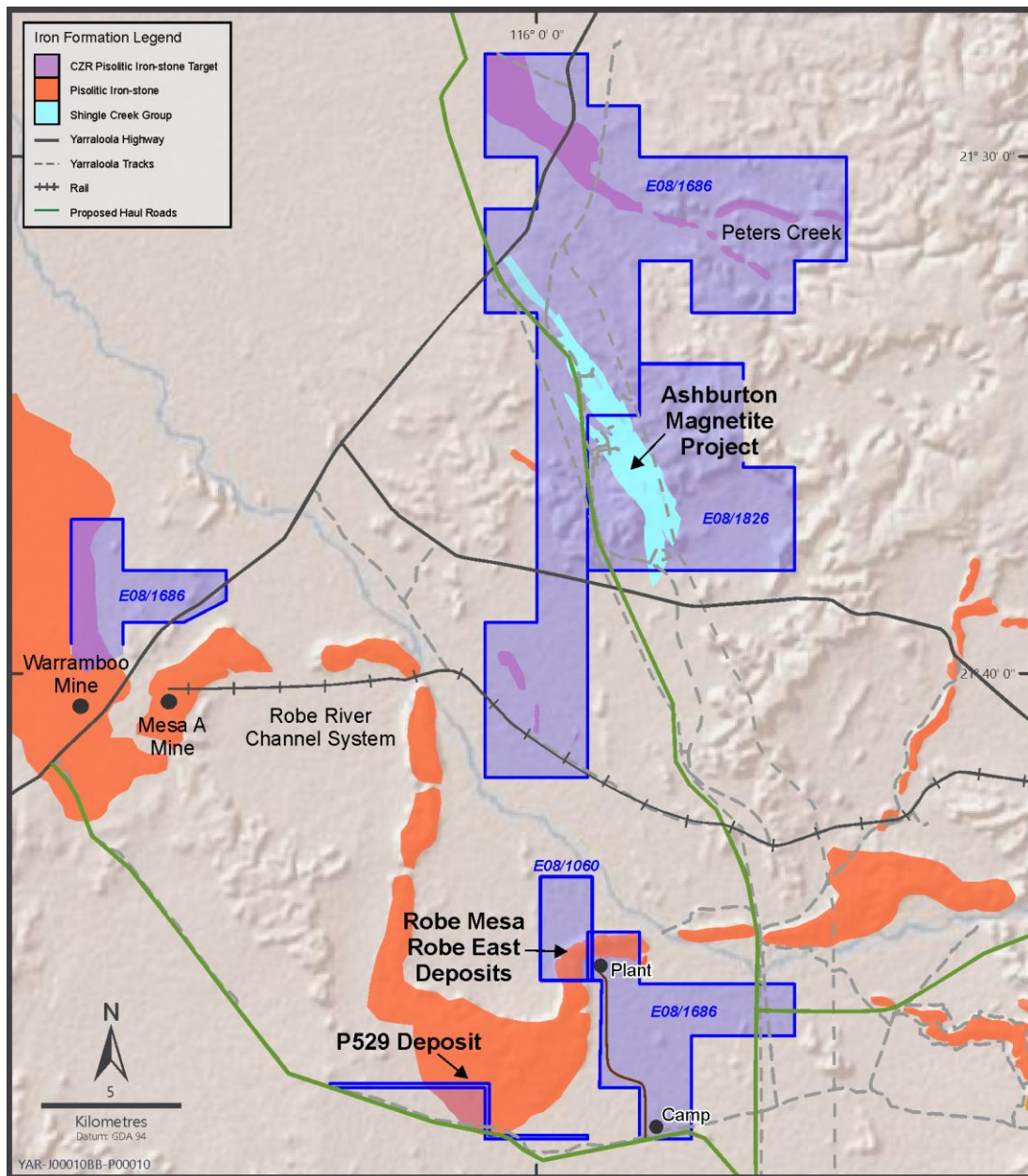


**Figure 2.** Location of the Robe Mesa deposits and Ashburton magnetite prospect on the Yarraloola tenements in the West Pilbara.

*Robe Mesa Iron-Ore Deposits – Review and Prefeasibility Studies*

In response to the increased demand and pricing for direct-shipping iron-ore during 2020, CZR initiated a strategic review and then progressed to a prefeasibility study (PFS) on its Robe Mesa channel iron deposits (CID) which comprise Robe Mesa, Robe East and P529 at Yarraloola (Figure 3).

DIRECTORS' REPORT (Continued)



**Figure 3.** Location of the Robe Mesa deposits with the proposed locations of the camp-site, plant and haul-road from the prefeasibility study on the Yarraloola tenements.

The Robe Mesa and Robe East deposits contain **89.1Mt @ 53.7% Fe (calcining to 60% Fe)** of Indicated and Inferred ore-resources above a 50%Fe cut-off that are compliant with JORC2012 in two sub-horizontal sheets of mineralisation (Figure 5; Tables 1 to 4; CZR releases to ASX: 8 February 2016, 26 April 2017).

The combined ore-resource includes a higher grade surface interval on the Robe Mesa which reports an Indicated and Inferred ore-resource compliant to JORC2012 of **24.7Mt @ 56% Fe (calcining to 62.7% Fe)**. The strategic review established a rate of mining, haulage, shipping and product marketing solutions that provide options for more detailed analysis in a prefeasibility study.

DIRECTORS' REPORT (Continued)

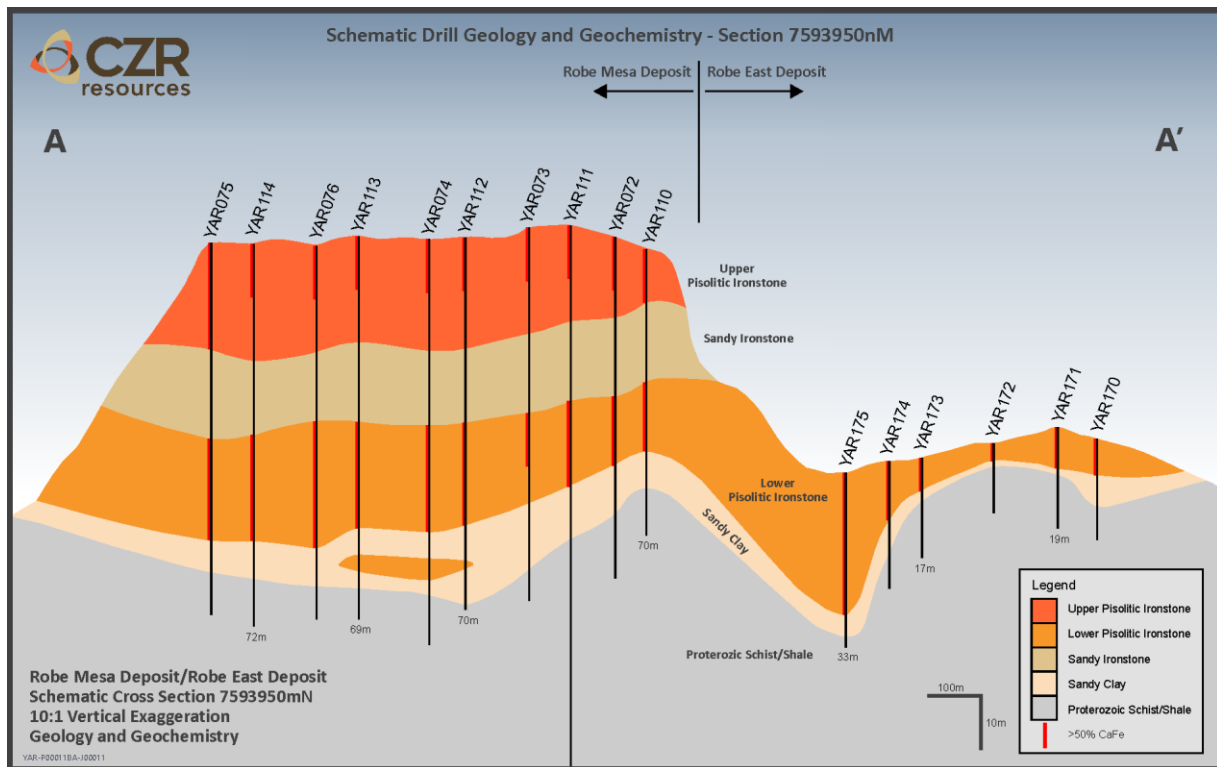


Figure 4. A representative cross-section on 7593950N across the Robe Mesa and Robe East deposits.

Table 1 Robe Mesa JORC 2012 mineral resource estimate reported above a 50% Fe cut-off grade (CZR announcement to ASX; 8 February 2016).

Category	Tonnes	Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	TiO <sub>2</sub>	LOI	P	S	Fe <sub>ca</sub>
	Mt	%	%	%	%	%	%	%	%
Indicated	65.7	53.8	8.27	3.43	0.14	10.63	0.041	0.018	60.2
Inferred	18.8	53.8	8.22	3.42	0.14	10.71	0.046	0.017	60.3
<b>Total</b>	<b>84.5</b>	<b>53.8</b>	<b>8.26</b>	<b>3.43</b>	<b>0.14</b>	<b>10.64</b>	<b>0.042</b>	<b>0.018</b>	<b>60.2</b>

Table 2 Robe East JORC 2012 mineral resource estimate reported above a 50% Fe cut-off grade (CZR release to ASX; 26 April 2017).

Category	Tonnes	Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	TiO <sub>2</sub>	LOI	P	S	Fe <sub>ca</sub>
	Mt	%	%	%	%	%	%	%	%
Inferred	4.6	51.8	9.7	3.8	0.20	10.9	0.1	0.02	58.2
<b>Total</b>	<b>4.6</b>	<b>51.8</b>	<b>9.9</b>	<b>3.8</b>	<b>0.20</b>	<b>10.9</b>	<b>0.1</b>	<b>0.02</b>	<b>58.3</b>

Table 3 Combined Robe Mesa and Robe East JORC2012 mineral resource reported above a 50% Fe cut-off grade (CZR release to ASX; 26 April 2017).

Category	Tonnes	Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	TiO <sub>2</sub>	LOI	P	S	Fe <sub>ca</sub>
	Mt	%	%	%	%	%	%	%	%
Indicated	65.7	53.8	8.3	3.43	0.14	10.63	0.04	0.02	60.2
Inferred	23.4	53.4	8.5	3.49	0.15	10.75	0.06	0.02	59.9
<b>Total</b>	<b>89.1</b>	<b>53.7</b>	<b>8.3</b>	<b>3.45</b>	<b>0.14</b>	<b>10.66</b>	<b>0.05</b>	<b>0.02</b>	<b>60.1</b>

DIRECTORS' REPORT (Continued)

**Table 4** Robe Mesa JORC 2012 mineral resource estimate reported above a 55%Fe cut-off grade (CZR release to ASX; 8 February 2016) and within the +50%Fe ore-resource and is inclusive of the +55%Fe ore-reserve estimate in Table 5.

Category	Tonnes	Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	TiO <sub>2</sub>	LOI	P	S	Fe <sub>ca</sub>
	Mt	%	%	%	%	%	%	%	%
Indicated	19.5	56.0	5.95	2.72	0.10	10.71	0.043	0.017	62.7
Inferred	5.2	56.0	5.79	2.76	0.10	10.71	0.047	0.016	62.7
<b>Total</b>	<b>24.7</b>	<b>56.0</b>	<b>5.92</b>	<b>2.73</b>	<b>0.10</b>	<b>10.71</b>	<b>0.044</b>	<b>0.016</b>	<b>62.7</b>

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

The strategic review concluded that hauling the Robe Mesa iron-ore to the existing public owned port facilities in Port Hedland was achievable. However, the review also highlighted that a range of other port options in closer proximity to the Robe Mesa deposits are likely to be available between Onslow and Dampier over the next 2 to 3 years, all of which present closer and potentially more profitable port options within a 150km radius of Robe Mesa (Figure 2).

The strategic review then proposed that a prefeasibility study (PFS) should assess the viability of a direct shipping ore (DSO) mining operation from the higher grade 24.7 million tonnes of surface interval on the Robe Mesa at a rate of 1.5 to 2.5 million tonnes per annum, with initial trucking of ore approximately 400 kilometres to Port Hedland (CZR release to ASX; 8 September 2020).

The key components of the PFS study included:

1. Operating Costs and Capital Costs (Port Hedland export basis).
2. Mine Planning – including mine layout, mine design, production rate, mine schedule with a target of defining a maiden ore-reserve.
3. Logistics – Haulage and Port.
4. Ore characterisation and market price analysis.
5. Approvals – including heritage, flora and fauna.
6. Development path and timeline.

During the early stage of the study, the strong outlook for the Robe Mesa was confirmed by the Company's discussions with leading Asian steel mills and trading houses regarding the acceptability of the product and likely pricing points based on an indicative ore-specification (CZR release to ASX: 21 October 2020). These discussions involved potential customers are active buyers of ~56% Fe products from Australia which comprises approximately 10% of the present Australian export volume. The customer feedback revealed a strong demand in the market for lower-grade ore with the product discount applicable to the market-leading 56% Fe ore being at its lowest level since 2016. These discount rates, which are derived from the price for benchmark 62% Fe ore, mean that 56% Fe product similar to that which would be produced at Robe Mesa, was selling for more than US\$100 DMT on a CFR basis against a modelled price for the PFS of US\$90/tonne.

The PFS on the Robe Mesa deposit then concluded that it is set to be technically robust and is likely to generate strong financial return based on an annual production rate of two million tonnes of DSO from a maiden JORC2012 Probable Ore Reserve of 8.2Mt at 56 % Fe (**Table 5; Figure 5**; CZR release to ASX; 10 December 2020).

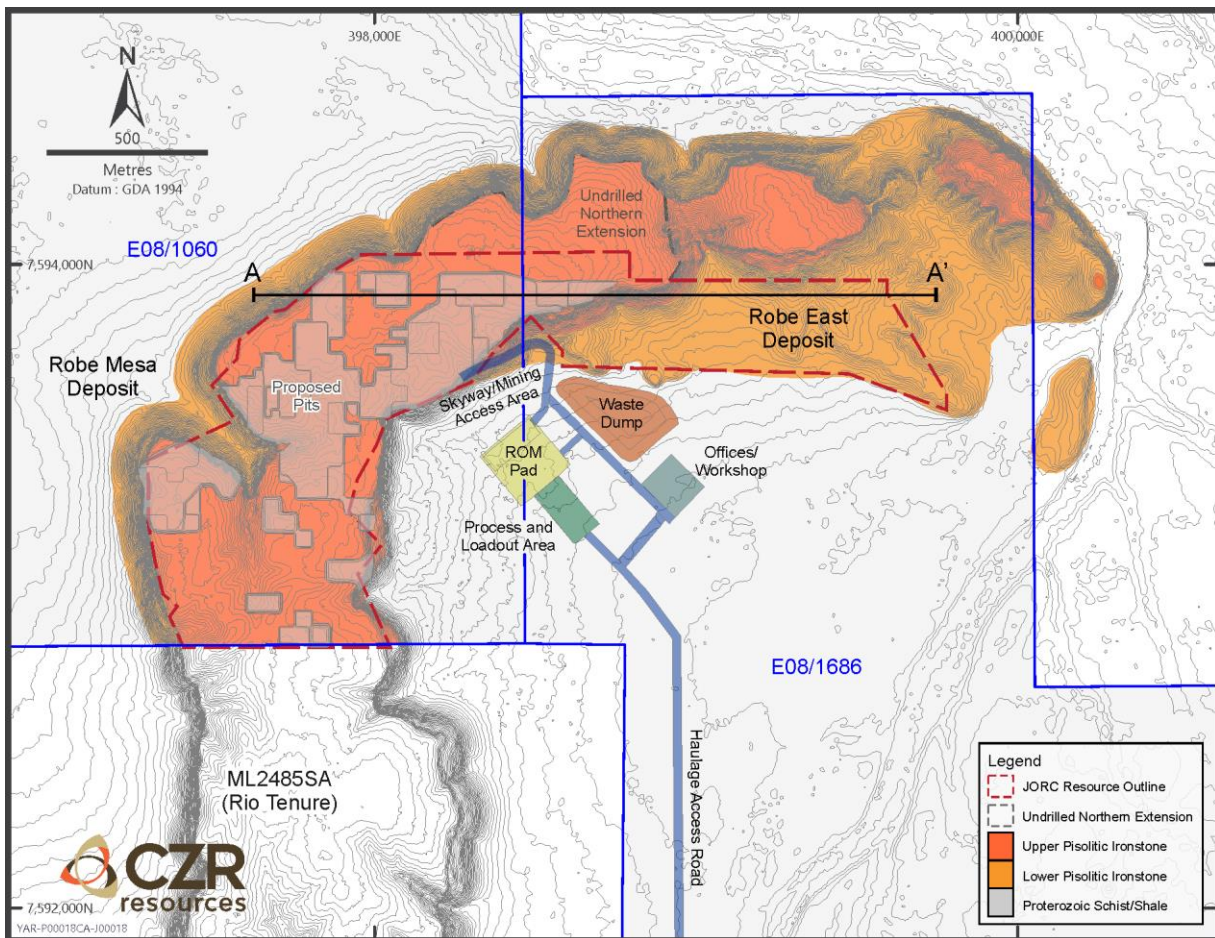
**Table 5.** Robe Mesa JORC2012 ore-reserve reported above a cut-off grade of 55% Fe (CZR release to ASX; 10 December 2020) with the proposed pit outlines to recover the ore-reserve shown on Figure 5.

Category	Mt	Fe %	Al <sub>2</sub> O <sub>3</sub> %	P%	SiO <sub>2</sub> %	S%	LOI%
Probable	8.2	56.0	2.7	0.039	5.9	0.020	10.9
<b>Total</b>	<b>8.2</b>	<b>56.0</b>	<b>2.7</b>	<b>0.039</b>	<b>5.9</b>	<b>0.020</b>	<b>10.9</b>

**Note 1:** CZR confirms that it is not aware of any new information or data that materially affects the information included in the CZR announcements to the ASX on 8 February 2016, 26 April 2017 and 10 December 2020 and, in the case of estimates of the mineral resources in Tables 1 to 4 and the ore reserves in Table 5, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.



DIRECTORS' REPORT (Continued)



**Figure 5.** Outlines of the proposed pits on the Robe Mesa from the PFS to mine the ore-reserve from ore-resource.

The PFS estimated an average C1 operating cost of A\$64.78 per dry metric tonne over the +5 year life of the project. This underpins a payback period of just 19 months using an assumed benchmark iron price of US\$90/dmt and an assumed Australian dollar exchange rate of US70c (Tables 6 and 7). As at 11<sup>th</sup> of March 2021 the benchmark iron ore price is trading at US\$169/dmt.

The strong foundations highlighted for the Robe Mesa project by the PFS include:

- A saleable product specification with existing product reference points that are well established in the market (Rio Tinto Robe Fines, FMG SSF). This style of product comprises approximately 10% of the present Australian export volume for iron ore.
- Robe Mesa is close to existing infrastructure and major regional hubs, and therefore well supported for access and the logistics of running an operation (Figure 2).
- Whilst the PFS utilises Utah Point in Port Hedland for exports, closer port options (within 100km of Robe Mesa, Figure 2) along the coast between Onslow and Dampier may present significant opportunity to reduce the haulage distance to port.
- The terrain is favourable making access to the Mesa for mining and the construction of infrastructure relatively straightforward.
- A simple, low strip ratio mining operation, with the PFS making use of a single excavator and four dump trucks for the primary mining fleet, operating day shift only.
- All mining is above water table.

DIRECTORS' REPORT (Continued)

**Table 6. Robe Mesa Mine Production Metrics Estimate**

PFS Production rate (dry tonnes)	Mtpa	2.0
Life of Mine Strip Ratio (including pre-production)	waste:ore	0.57
Total Pit Inventory (dry ore tonnes)	Mt	9.2 <sup>1</sup>
Mine Life	Months	66
C1 Cash Cost (nominal – before inflation)	\$/dmt	64.78

<sup>1</sup>Total pit inventory comprised of Probable Ore Reserve (8.2Mt) and Inferred Mineral Resource (1.0Mt)

**Table 7. Robe Mesa Project Economics Estimates**

Life of Mine Revenue <sup>1</sup>	\$M	956.4
Project Cashflow (at 62% Fe Index Price of \$90/dmt) <sup>1,2</sup>	\$M	96.4
C1 Cash Cost (nominal - no inflation)	\$/dmt	64.78
Payback Period (post construction) <sup>2</sup>	Months	19
Pre-production Capital costs (includes contingency & capitalised pre-production opex)	\$M	51.1
Capital Contingency & Pre-commissioning/ramp up capitalised mining and crush & screen opex	\$M	16.0
Life of Mine Capital costs (Pre-production capital + sustaining capital + mine closure capital)	\$M	60.1

<sup>1</sup>PFS cashflow modelling has used a flat 62% Fe Index Price of US\$90/dmt (in addition to other revenue modifying factors assumed for the product) and a constant exchange rate of 0.70 for converting A\$ to US\$.

<sup>2</sup>Cashflow modelling and Project Payback period uses operating cost estimates inflated 1.25% annually over the life of the project.

In light of the strong findings, CZR determined that it would progress with further work to complete a Definitive Feasibility Study and commence the studies to acquire approvals for mining on Robe Mesa.

The PFS also highlighted the main areas that could improve the financial returns from the mining operation, increase the ore-resources and ore-reserves which will become part of the 2021 exploration programmes, and investigate increasing the production from 2Mt to 3Mt/annum to improve the equipment utilisation, reduce the capital component by finding the optimum location and a strategic development plan for the haul-road to the highway and identify a practical solution to reduce the haulage distance and cost by identifying a new port location.

In the later part of the PFS study, CZR was approached by the operators of the Onslow Marine Support Base (OMSB) at Onslow which is a privately owned multi-user facility, with the Western Australian Department of Transport as the controlling authority. The OMSB Facility has hard-stand areas in excess of 250,000sqm ready for use, an inner and outer harbour, wharf with heavy lift facilities and channel to deeper water (**Figure 6**). It supports on-shore to off-shore activities for the petroleum industries in the Carnarvon Basin and has advised they are expanding into the handling of bulk commodities.

The channel and the OMSB Facility can currently accommodate a transshipping operation for the loading of iron-ore onto barges or self-propelled barges (up to 100 metres in length), before sailing to a suitable transshipment anchorage.

The channel and the OMSB Facility have the potential to accommodate the berthing of vessels for direct ship loading. The direct loading of Handymax or larger vessels requires further modelling and will require further dredging and channel widening.

CZR signed a non-binding MOU with OMSB to allow the company to investigate the potential logistical and financial benefits of utilising a second port that is significantly closer to the Robe Mesa deposit (CZR release to ASX: 31 December 2020). The OMSB Facility is located approximately 180 kilometres by road from Robe Mesa,

DIRECTORS' REPORT (Continued)

and as such represents a 60% reduction in haul distance to that which was assumed in the PFS for export through Utah Point (**Figure 2**).

The MOU will investigate the receipt of product and product handling and storage on the landside facility, along with the loading of vessels via transhipping versus direct ship loading of vessels berthed at the facility.

Transshipment of bulk materials has been successfully deployed at numerous ports, both in Australia and overseas. CZR and OMSB will work together to understand the economics, technical, environmental and community considerations such that an optimal solution can be identified for all stakeholders.



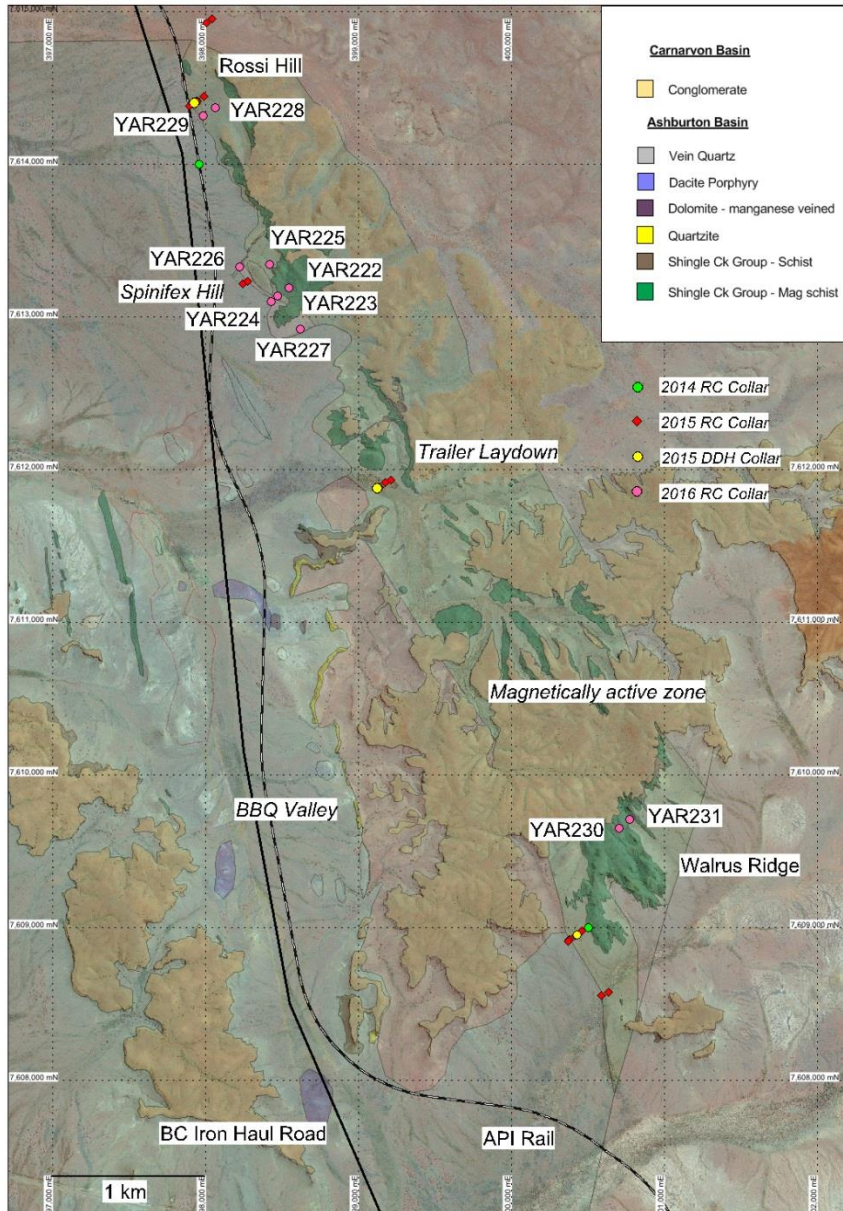
**Figure 6** Vertical aerial photograph of the OMSB Facility at Onslow with a vessel dock-side.

*Ashburton magnetite prospect - Exploration*

The volcanic-hosted magnetite mineralisation from the Ashburton prospect at Yarraloola reports mass recoveries of magnetite from Davis tube on RC chips and diamond-core up to 42%, at a P80-grainsize of 22 microns with Fe greater than 67% and SiO<sub>2</sub> less than 5% (ASX Release: 28 April 2016, 3 August 2016, 1 June 2017).

DIRECTORS' REPORT (Continued)

In late 2020, CZR sampled intercepts with magnetic susceptibility greater than 10,000 SI units for Davis Tube processing from 10 stored RC holes and generated a total of 252 predominantly 5 m interval samples (Figure 7; ASX Release 10 October 2019). The maximum downhole intercepts were from holes in Spinifex Hill with YAR223 containing 121 m @ 26.4% Fe between 64 and 121 m and YAR 227 intersecting 137 m @ 28.3% Fe between 44 and 181 m (ASX Release: 1 June 2017). The compilation of all available samples from surface to the maximum depth of drilling delivers an un-optimised overall 24% mass yield of magnetite with a composition of Fe @ 65% and SiO<sub>2</sub> @ 7.48% but very low concentrations of Al<sub>2</sub>O<sub>3</sub> @ 0.39%, P @ 0.02%, S @ 0.1%, TiO<sub>2</sub> @ 0.05%. However, a more commercially significant review of results is underway with a separation of weathered samples from fresh rock and a comparison with steel-making feed-stock materials.

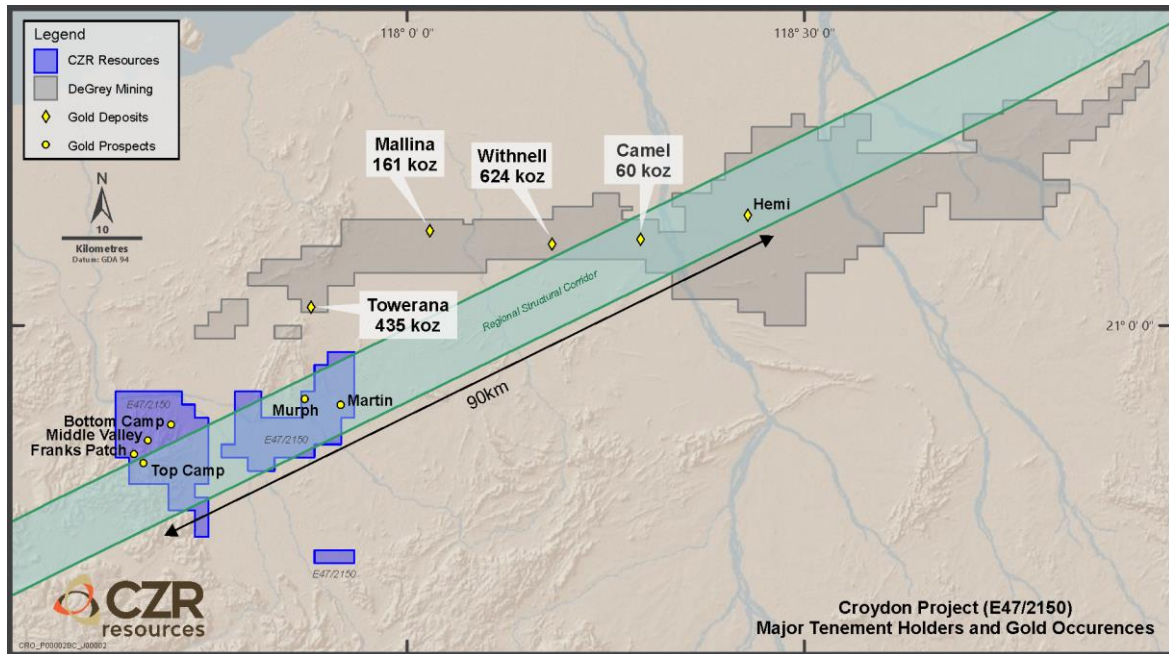


**Figure 7.** Location of 2016 RC drill-collars in the Ashburton Project that were sampled for the recovery and analysis of magnetite by Davis Tube, overlain on the mapped geology and the location of the proposed road and rail infrastructure solutions for the area.

DIRECTORS' REPORT (Continued)

**Croydon Gold Project**

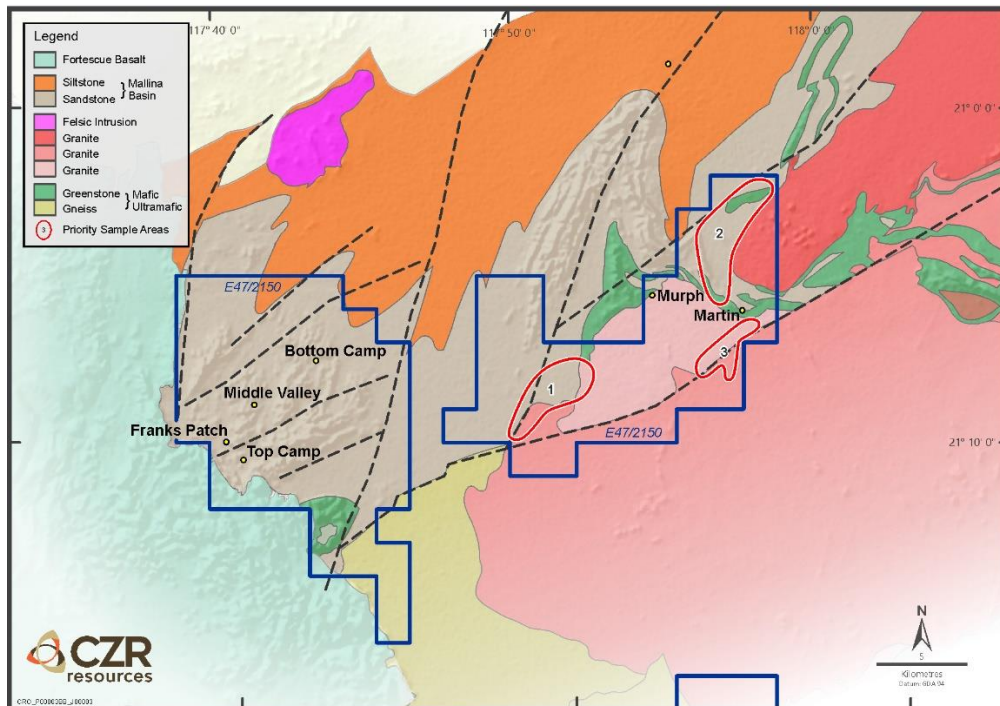
CZR hold a 70% interest in the 320 square kilometres Croydon project (E47/2150) is located in the Mallina Basin region between Karratha and Port Hedland. In the period since the Hemi gold discovery was announced, the area has been re-assessed as a region with the potential to deliver large-scale scale deposits (**Figure 8**; DEG releases to ASX; 6 February 2020 and subsequent announcements).



**Figure 8.** Location of the CZR prospects on the Croydon Project, gold deposits and the emerging Hemi gold-discovery along the south-easterly trend of the regional shear-zone.

Croydon covers approximately 40 kilometres of the key regional structures about 50 kilometres south-west of Hemi with the geology underlying the eastern portion of the tenement dominated by a granite-greenstone terrain and the western portion characterised by sedimentary rocks of the Mallina Basin (**Figure 9**). CZR is focussed on the discovery of lode-style and intrusion-related gold deposits which are the major source of production in Western Australia. The project has a database of historical exploration and this has been increased by the acquisition of high-resolution magnetic and radiometric coverage, re-assay of selected auger pulps to verify and increase geochemical coverage, extending soil sampling to cover more prospective target areas and RC and diamond drilling has commenced (ASX Releases: 10 October 2018 and 6 December 2018; 1 April 2019).

DIRECTORS' REPORT (Continued)



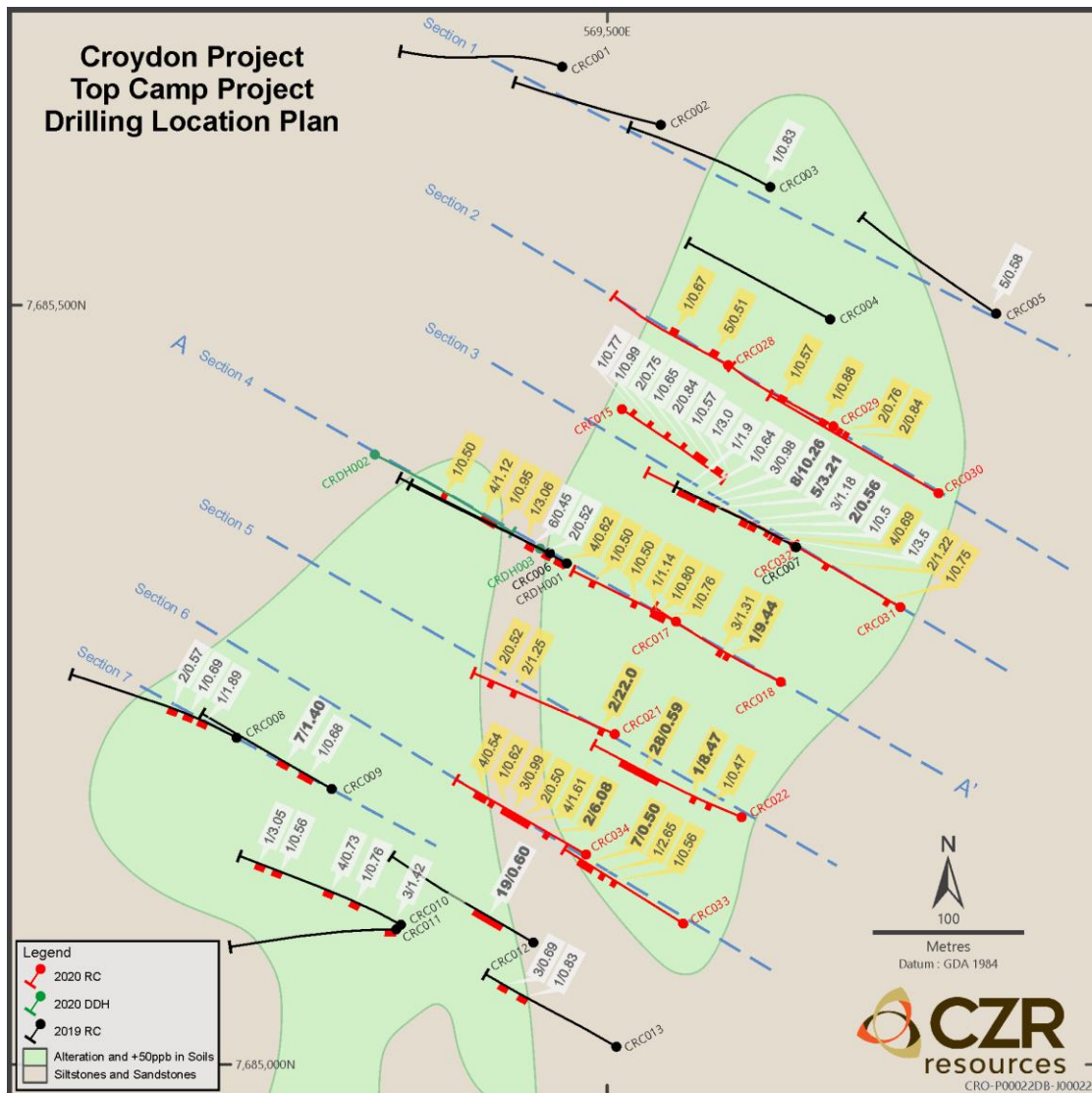
**Figure 9.** Location of the RC-drilled Top Camp, Franks Patch and Bottom Camp prospects on a summary of the Geological Survey of Western Australia published 500K-scale regional geological framework of the Croydon Project (E47/2150).

The maiden Top Camp RC drill campaign in late 2019 reported 1m samples at greater than 0.5 g/t Au from 9 of the 13 holes drilled to 200 metres on 300 metre spaced sections with the best downhole intercept of **8 metres at 10.2g/t Au in CRC007 from 135 metres** and this was supported by broad zones of alteration and mineralisation that included **19 metres at 0.69 g/t Au in CRC013 from 51 metres**, and **7 metres at 1.4g/t Au from 58 metres in CRC009**, (Figure 10; CZR release to ASX: 6 February 2020).

CZR has followed up the maiden programme at Top Camp with an additional 12 RC holes for 2400 metres and 3 diamond holes for 600 metres that all reported intercepts with at least one metre sample reporting Au greater than 0.5 g/t within samples above a cut-off grade of Au at 0.3 g/t (Figure 10; CZR releases to ASX; 2 September 2020, 6 October 2020). Higher grade and broader downhole intercepts were reported from the following.

- CRC018** with 1 metre at 9.44g/t Au from 66 metres.
- CRC021** with 2 metres at 22g/t Au from 7 metres that included 1 metre at 42.2g/t Au from 7 metres.
- CRC022** with 1 metre at 8.47 g/t Au from 54 metres, and 28 metres at 0.59g/t Au from 147 metres that included 9 metres at 0.95g/t Au from 148 metres.
- CRC036** with 2 metres at 6.08g/t Au from 74 metres that included 1 metre at 10.1g/t Au from 74 metres.
- CRC032** with 5 metres at 3.21 g/t Au from 132 metres.
- CRC022** with 28 metres @ 0.59 g/t from 147 metres.

DIRECTORS' REPORT (Continued)

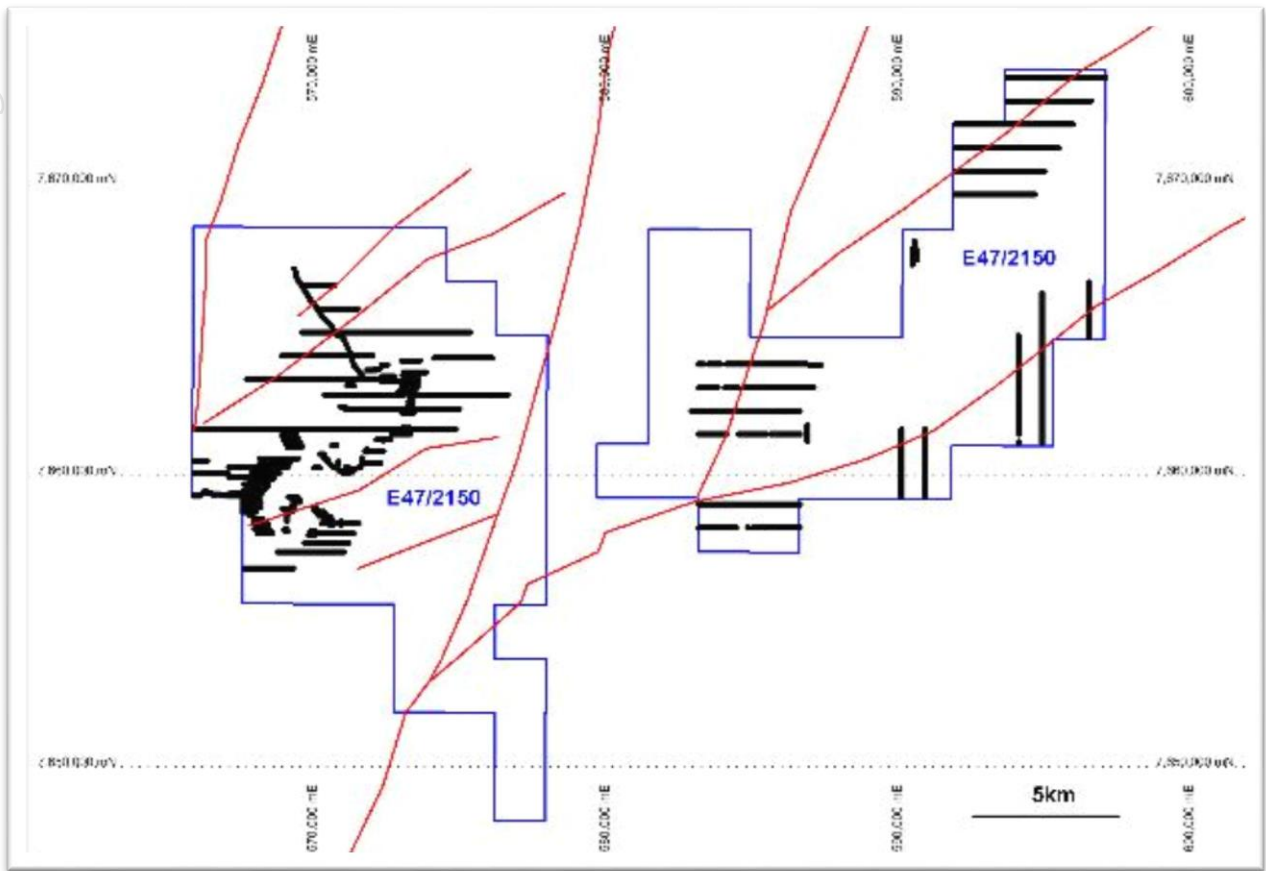


**Figure 10.** Location and down-hole traces of the diamond and RC drill-holes at Top Camp from 2019 and 2020 with significant intercepts (cut-off >0.3g/t and including 1m>0.5g/t Au) in each drill-hole reported as metres at grams/tonne Au. Results in a white background (CZR releases to ASX; 6 February 2020 and 2 September 2020) and results in a yellow background (CZR releases to ASX; 6 October 2020).

Drilling has yet to define the limits of the mineralised system at Top Camp and exploration along the structures from Top Camp is identifying favourable alteration with extensive evidence of historical workings at Franks Patch, Middle Valley and Bottom Camp and these prospects are being ranked for prospectivity and future drilling.

In addition to the drilling, mapping and the collection of a further 3,837 gridded soil-samples to provide greater coverage of the prospective structures extending from Top Camp and three independently generated targets on the eastern block of the Croydon tenement (**Figure 11**). All the samples have been submitted to Bureau Veritas Laboratories in Perth for gold by fire assay, major oxides by XRF on fused disk and trace-elements by lazer ablation ICPMS on a fused disk.

DIRECTORS' REPORT (Continued)



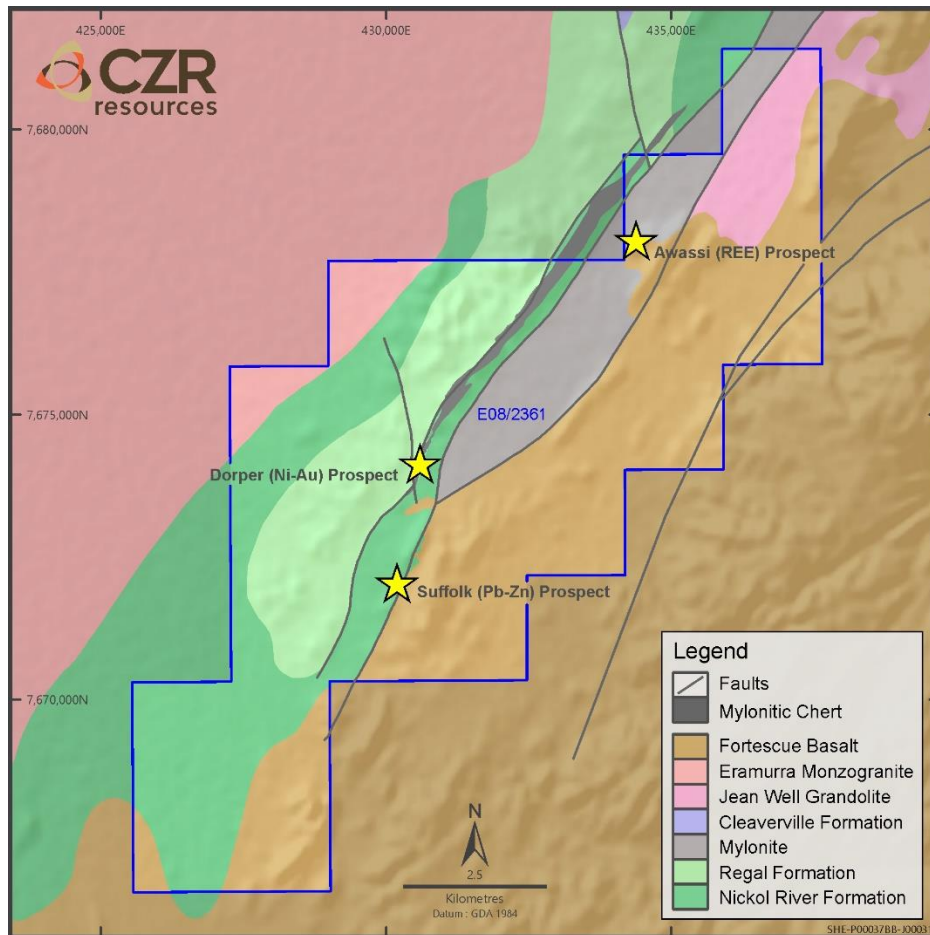
**Figure 11** Location of the 3837 soil samples collected during the latter part of 2020 on E47/2150 (Croydon Project) overlain on the interpreted structural corridors on the tenement (Grid=GDA94Zone 50).



DIRECTORS' REPORT (Continued)

**Shepherds Well Project**

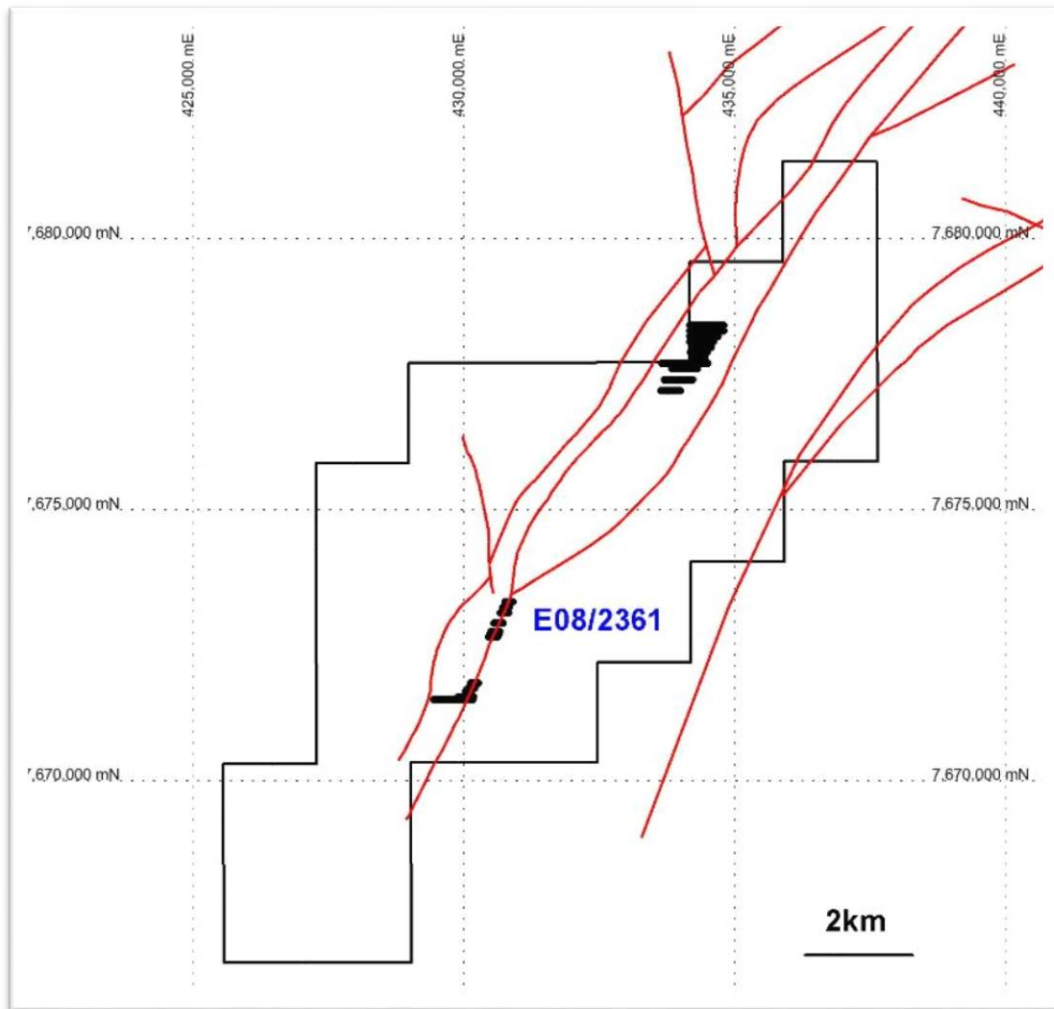
Shepherd's Well (E08/2361), with an area of 77 square kilometres, is located 60 kilometres south-west of Karratha and covers 15 kilometres of a regional shear-zone and has a similar geological history to the Croydon gold project (Figure 12). CZR has completed programmes of soil and rock-chip sampling and mapping and along sections of the shear-zone and identified an advanced nickel prospect at Dorper, a base-metals prospect (lead-zinc-silver) at Suffolk and an emerging rare-earth prospect at Awassi (CZR releases to ASX; 21 March 2017, 13 September 2016, 11 October 2017, 25 November 2019, 25 November 2019).



**Figure 12** Location of the Awassi, Dorper and Suffolk prospects on the Shepherds Well Project overlain on the Geological Survey of Western Australia 500k scale mapping of the Pilbara.

CZR has recently completed a follow-up programme of soil and rock-chip sampling over the core areas of the Suffolk and Awassi prospects (Figure 13) and when the full results from the 357 soil samples and 17 rock-chip samples are available they will be released.

DIRECTORS' REPORT (Continued)



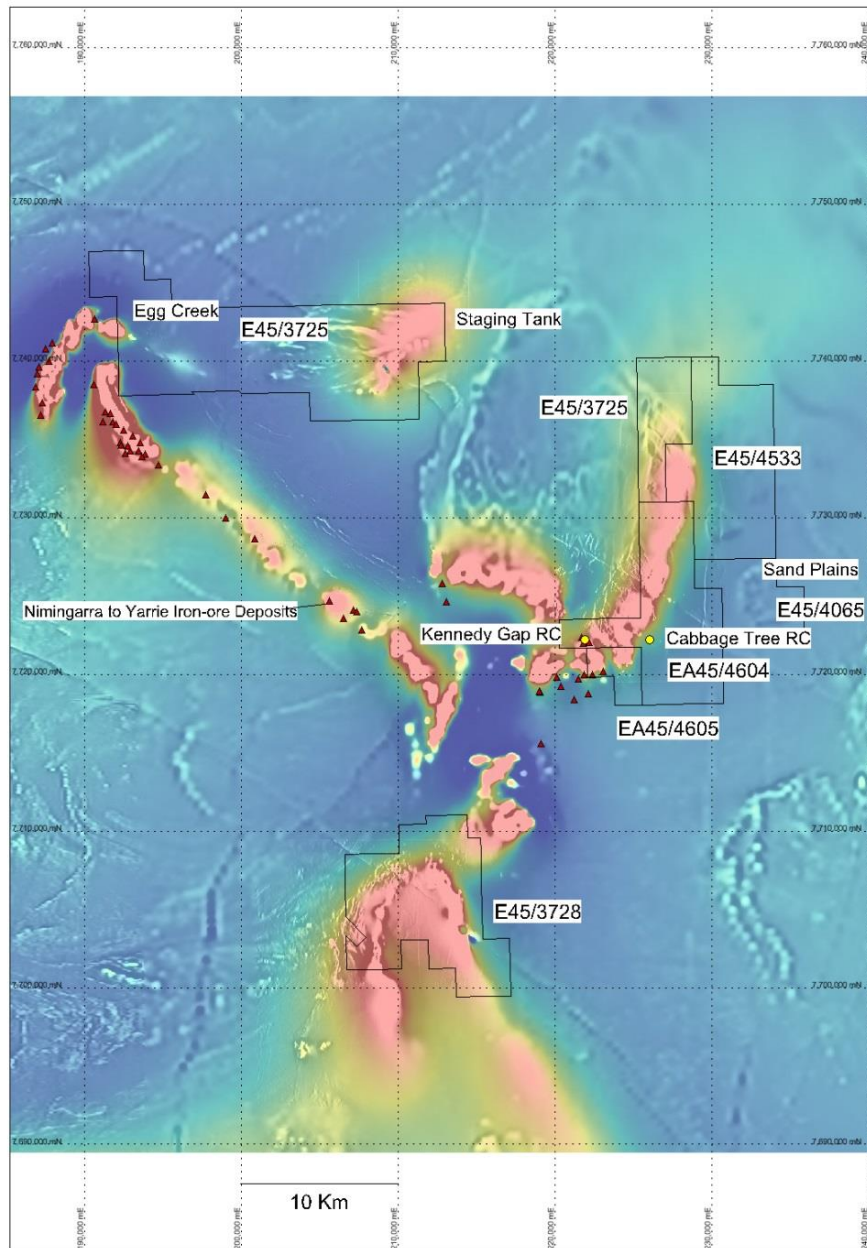
**Figure 13** Location of the 357 soil samples collected during the latter part of 2020 on E08/2361 (Shepherds Well Project) overlain on the interpreted structural corridors on the tenement (Grid=GDA94Zone 50).

**Yarrie Iron-Ore Project**

The Yarrie Project consists of six granted exploration licences (E45/3725, E45/3728, E45/4065, E45/4433, E45/4604, and E45/4605) that cover a total of 419 square kilometres, about 160 kilometres east of Port Hedland. Yarrie is serviced by bitumen and gravel roads and a natural gas pipeline between Pt Hedland and the Telfer copper-gold mine. The BHP-owned rail connection between the Yarrie mining area and Port Hedland also services this area.

The Yarrie tenements have two prospects reporting historical drill-intercepts of high-grade (+62% Fe) iron-ore from the Nimingarra Iron Formation. There is also the potential for gold and base-metals on the tenements. No fieldwork has been undertaken at Yarrie for the past 6 months but the focus of the next programme of exploration will be RC drilling programmes at the Cabbage Tree and Kennedy Gap prospects (**Figure 14**).

DIRECTORS' REPORT (Continued)



**Figure 14:** Regional setting of the Yarrie Project and the Yarrie-Goldsworthy iron-ore deposits overlain onto the magnetic intensity with the most intense responses attributed to the Nimingarra Iron Formation.

**Buddadoo Gold Project**

The Buddadoo Project (E59/1350 and E59/2349) with a surface area of 303 square kilometres, covers part of the Gullewa Greenstone Belt, about 200 kilometres east of Geraldton Port and 60 kilometres from a rail siding at Morawa and is accessible by bitumen-road. The Gullewa Greenstone belt is located within the Youanmi terrain of the Yilgarn and this region hosts large gold deposits near Mt Magnet, Cue and Meekatharra and the Deflector Gold Mine, owned by Silver Lake Resources, is approximately 5 kilometres from the western boundary of the tenement (**Figure 15**).

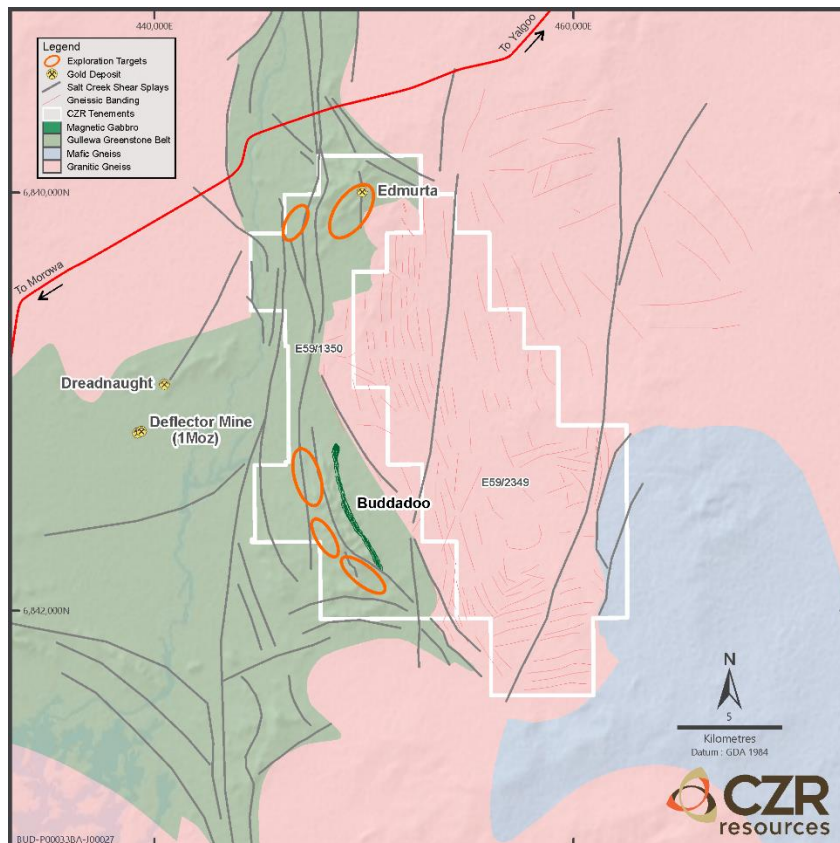
CZR initially investigated part of a 6 kilometre long and 300 metre wide gabbro within the greenstone belt that contains bands of coarse-grained, massive and disseminated, vanadiferous titanomagnetite as a potential source of iron-ore for vanadium (CZR releases to ASX; 29 July 2013, 17 October 2017 and 21 November 2018). At a P80 grind-size of -45 microns the concentrate report Fe from 66-68%, V<sub>2</sub>O<sub>5</sub> from 0.8 to 1.86%, TiO<sub>2</sub> from 1.4 to 5.7%, and SiO<sub>2</sub> and Al<sub>2</sub>O<sub>3</sub> are less than 1% and is a potential feedstock for the direct smelting of

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DIRECTORS' REPORT (Continued)

vanadiferous steel from iron-ore pellets (CZR releases to ASX; 28 February 2018, 21 March 2018, 5 April 2018 and 7 February 2019).

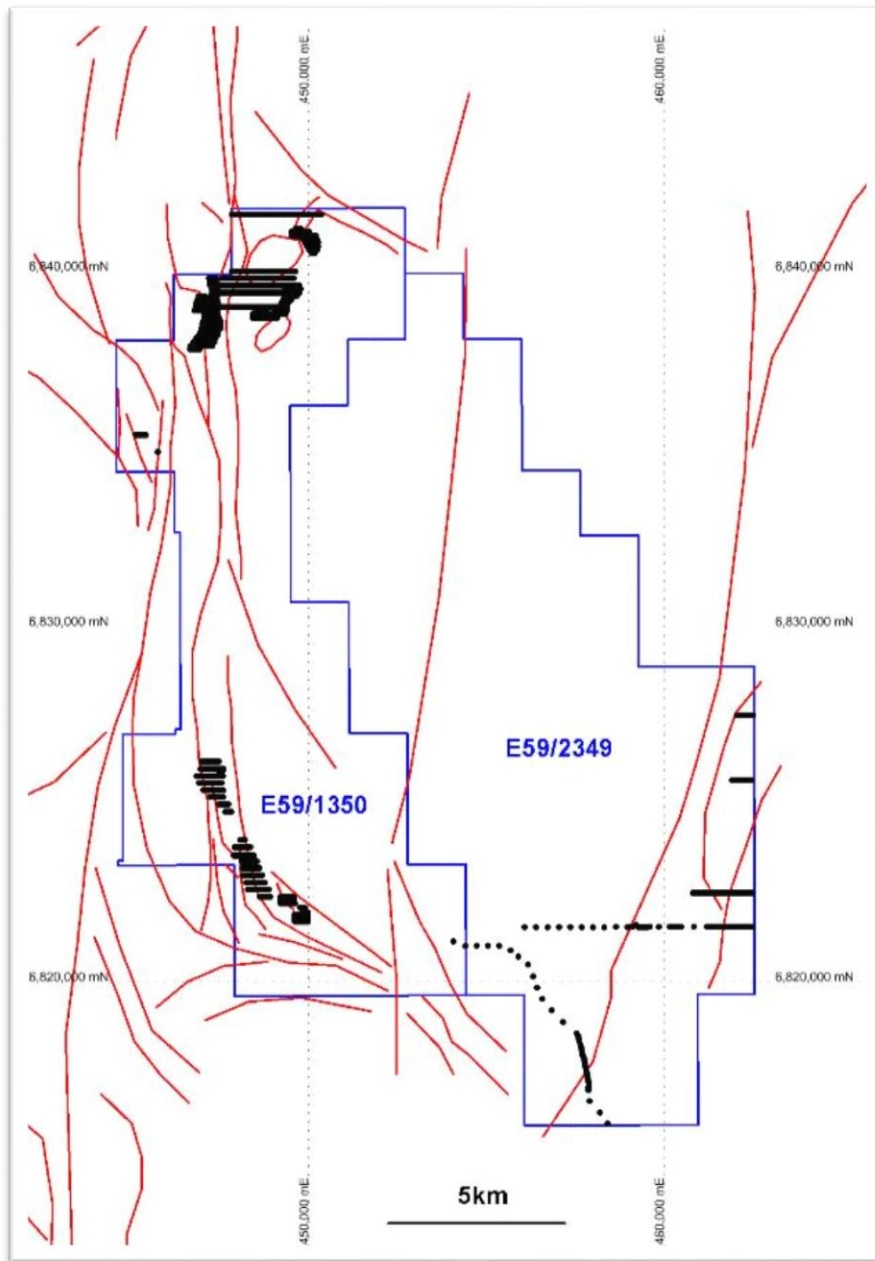
More recently, CZR has focussed on the gold potential of Buddadoo because the tenement covers approximately 25 kilometres of the regional-scale Salt Creek shear zone and up to a 10 kilometre wide area of greenstone belt that is under-explored using modern technology.



**Figure 15.** Major exploration prospects on the Buddadoo Project (E59/1350 and EA59/2349) overlain the Geological Survey of Western Australia 1:500,000 scale regional geology.

In the latter part of 2020, CZR completed a programme of surface exploration that was focussed on five independently generated targets for gold mineralisation within the Gullewa greenstone belt. During a programme of mapping, the field teams collected an additional 1,688 soil and 176 rock-chip samples from the key prospect areas (**Figure 16**). All the samples have been submitted to Bureau Veritas for gold by fire assay, major-oxides by XRF on a fused disk and trace-elements by laser ablation ICPMS on fused disk.

DIRECTORS' REPORT (Continued)



**Figure 16.** Location of the 1,688 soil and 176 rock-chip samples collected during the latter part of 2020 on E59/1350 and E59/2349 (Buddadoo Project) overlain on the major shear and fault structures crossing the tenement (Grid=GDA94Zone 50).

DIRECTORS' REPORT (Continued)

**SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

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

**SUBSEQUENT EVENTS**

Since reporting date Wayne Bramwell has resigned as a director of CZR effective 18<sup>th</sup> of February. On the 19<sup>th</sup> of February Annie Guo was appointed to the Board of directors.

There has been no other matter or circumstance that has arisen after reporting date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2020 is set out on page 23.

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



David Flanagan  
Chairman

Dated this 15<sup>th</sup> day of March 2021

**Competent Persons Statement**

The information in this report that relates to ore reserves, mineral resources and exploration results is based on information compiled by Rob Ramsay BScHons, MSc PhD, Member of the Australian Institute of Geoscientists. Rob Ramsay is a full-time Consultant Geologist for CZR and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Rob Ramsay has given his consent to the inclusion in this report of the matters based on the information in the form and context in which it appears.

**Cautionary Statements**

There are some historical exploration results included that have not been collected and reported in accordance with the JORC Code 2012 and the Competent Person has not done sufficient work to disclose the exploration results in accordance with JORC Code 2012. However, there is nothing that has come to the attention of the acquirer that causes it to question the accuracy or reliability of the former owner's Exploration Results but the acquirer has not independently validated the former owners Exploration Results and therefore is not to be regarded as reporting, adopting or endorsing those results. The announcement is not otherwise misleading.

CZR confirms that it is not aware of any new information or data that materially affects the information included in the CZR announcements to the ASX on 8 February 2016, 26 April 2017 and 10 December 2020 and, in the case of estimates of the mineral resources in Tables A1 to A4 and the ore reserves in Table A5, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

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

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

As lead auditor for the review of CZR Resources Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



**Glyn O'Brien**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 15 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	Half-Year 31 December 2020 \$	Half-Year 31 December 2019 \$
Other income		12,935	8,628
Exploration costs		(1,771,381)	(1,151,924)
Director fees		(138,354)	(83,000)
Compliance and professional fees		(167,944)	(150,009)
Depreciation		(5,162)	(1,967)
Administration expenses		(114,662)	(62,547)
Net Finance costs		(32,105)	(109,113)
Share Based Payments		(19,756)	(291,801)
Stamp duty		(35,115)	-
<b>(Loss) before income tax</b>		<b>(2,271,544)</b>	<b>(1,841,733)</b>
Income tax expense		-	-
<b>(Loss) from continuing operations after related income tax expense for the half year attributable to members of CZR Resources Ltd</b>		<b>(2,271,544)</b>	<b>(1,841,733)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss attributable to the members of CZR Resources Ltd</b>		<b>(2,271,544)</b>	<b>(1,841,733)</b>
<b>(Loss) per share for the half year attributable to members of CZR Resources Ltd</b>			
Basic loss per share (cents)		(0.08)	(0.09)
Diluted loss per share (cents)		(0.08)	(0.09)

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020

	Note	As At 31 December 2020 \$	As At 30 June 2020 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		2,622,696	4,646,115
Other receivables		488,909	200,595
<b>Total Current Assets</b>		<b>3,111,605</b>	<b>4,846,710</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		34,123	39,285
Exploration assets	3	13,479,037	10,317,422
<b>Total Non-Current Assets</b>		<b>13,513,160</b>	<b>10,356,707</b>
<b>TOTAL ASSETS</b>		<b>16,624,765</b>	<b>15,203,417</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	4	208,330	423,680
Borrowings	5	-	277,976
<b>Total Current Liabilities</b>		<b>208,330</b>	<b>701,656</b>
<b>TOTAL LIABILITIES</b>		<b>208,330</b>	<b>701,656</b>
<b>NET ASSETS</b>		<b>16,416,435</b>	<b>14,501,761</b>
<b>EQUITY</b>			
Contributed equity	6	38,898,591	37,253,825
Reserves		3,766,572	1,225,120
Accumulated losses		(26,248,728)	(23,977,184)
<b>TOTAL EQUITY</b>		<b>16,416,435</b>	<b>14,501,761</b>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Note	Ordinary Shares \$	Reserves	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 July 2020</b>	<b>37,253,825</b>	<b>1,225,120</b>	<b>(23,977,184)</b>	<b>14,501,761</b>
Total comprehensive loss for the half-year	-	-	(2,271,544)	(2,271,544)
Shares issued – director and Yandal placement	702,000	-	-	702,000
Shares issued as consideration on acqn of Croydon tenement	760,000	-	-	760,000
Shares issued on Steve Lowe loan repayment	190,000	-	-	190,000
Share Issue costs	(7,234)	-	-	(7,234)
Options issued on Steve Lowe loan repayment	-	120,081	-	120,081
Options issued as consideration on acqn of Croydon tenement.	-	2,401,615	-	2,401,615
Options issued as MD incentive scheme	-	19,756	-	19,756
<b>Balance at 31 December 2020</b>	<b>38,898,591</b>	<b>3,766,572</b>	<b>(26,248,728)</b>	<b>16,416,435</b>
<b>Balance at 1 July 2019</b>	<b>28,833,286</b>	<b>159,158</b>	<b>(20,294,043)</b>	<b>8,698,401</b>
Total comprehensive loss for the half-year	-	-	(1,841,733)	(1,841,733)
Shares issued – placement	2,975,000	-	-	2,975,000
Share Issue costs	(203,145)	-	-	(203,145)
Options issued	-	291,801	-	291,801
Conversion of loans	3,033,010	-	-	3,033,010
<b>Balance at 31 December 2019</b>	<b>34,638,151</b>	<b>450,959</b>	<b>(22,135,776)</b>	<b>12,953,334</b>

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

CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Half-Year 31 December 2020 \$	Half-Year 31 December 2019 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(457,707)	(548,030)
Payment for exploration expenditure	(1,916,298)	(1,596,474)
Interest received	397	7,091
Other (Cashflow Boost, GST paid on acqn)	(309,462)	-
<b>Net cash flows used in operating activities</b>	<b>(2,683,070)</b>	<b>(2,137,413)</b>
<b>Cash flows from investing activities</b>		
Stamp duty on tenement acquisition	(35,115)	-
Acquisition of plant and equipment	-	(1,554)
<b>Net cash flows used in investing activities</b>	<b>(35,115)</b>	<b>(1,554)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares	702,000	2,975,000
Share issue costs	(7,234)	(203,145)
Proceeds from borrowings	-	665,000
<b>Net cash inflows from financing activities</b>	<b>694,766</b>	<b>3,436,855</b>
<b>Net (decrease)/increase in cash held</b>	<b>(2,023,419)</b>	<b>1,297,888</b>
Cash and cash equivalents at the beginning of the half-year	4,646,115	3,736
<b>Cash and cash equivalents at the end of the half-year</b>	<b>2,622,696</b>	<b>1,301,624</b>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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**1. STATEMENT OF SIGNIFICANT ACCOUNT POLICIES**

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

**Basis of Preparation**

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by CZR Resources Ltd and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial statements are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2020 except for the impact (if any) of the new and revised Standards and Interpretations effective 1 July 2020 as discussed below.

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

**Accounting Standards Issued**

In the half-year ended 31 December 2020, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for reporting periods beginning on or after 1 July 2020.

It has been determined by the Group that there is no impact, material or otherwise, of any new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Group's accounting policies as set out in the Annual Report for the year ended 30 June 2020.

**Reporting basis and conventions**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

**Going Concern**

The Group has incurred a net loss after tax for the half year ended 31 December 2020 of \$2,271,544 (2019: \$1,841,733) and experienced net cash outflows from operating activities of \$2,683,070 (2019: \$2,137,413). At 31 December 2020, the Group had current assets of \$3,111,605 (30 June 2020: \$4,846,710).

The impact of the Coronavirus (COVID-19) is ongoing. During the period the imposition of internal state borders and health related obligations reduced the availability of flights and restricted access to the projects areas. Social distancing requirements also reduced the number of people that could travel by road and be accommodated onsite. In addition, the closure of remote area communities impacted the ability to obtain heritage clearance for ground disturbing activities.

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.

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

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

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

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

- The Group has a proven history of successfully raising capital.
- The Directors believe that there is sufficient cash available for the Group to continue operating until it can raise sufficient further capital to fund its ongoing activities.
- The fact that future exploration and evaluation expenditures are generally discretionary in nature and may be slowed or suspended as part of the management of the Group's working capital and other forecast commitments.

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

**2. LOSS BEFORE INCOME TAX**

	Half-Year 31 December 2020 \$	Half-Year 31 December 2019 \$
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
ATO Cashflow Boost	12,538	-
Interest revenue	397	8,628
	<u>12,935</u>	<u>8,628</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Expenses	Half-Year 31 December 2020 \$	Half-Year 31 December 2019 \$
Exploration costs	(1,771,381)	(1,151,924)
Compliance and professional fees	(167,944)	(150,009)
Interest paid or payable	-	(109,113)
Share based payments	(19,756)	(291,801)
Net Finance expense <sup>1</sup>	(32,105)	-

Note 1 See note 5 for more details.

### 3. EXPLORATION ASSETS

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

	31 December 2020 \$	30 June 2020 \$
Opening balance at the beginning of the half-year	10,317,422	10,317,422
Acquisition of Croydon tenement from Colchis Resources Pty Ltd (Colchis)	3,161,615	-
Closing Balance	<u>13,479,037</u>	<u>10,317,422</u>

On 18/09/20 CZR Resources acquired the Croydon tenement from Colchis through its subsidiary company KingX Pty Ltd. Consideration of \$3,161,615 was satisfied through the allocation of 40m shares and 200m options. The options were valued at the CMP at the date of acquisition.

	\$
40m shares issued @\$0.019 – see note 6 for further details	760,000
200m options issued @0.012 – see note 6 for further details	2,401,615
Closing Balance	<u>3,161,615</u>

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

### 4. TRADE AND OTHER PAYABLES

	31 December 2020 \$	30 June 2020 \$
Trade payables	185,985	402,836
Accruals	22,345	20,844
	<u>208,330</u>	<u>423,680</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

5. BORROWINGS

	31 December 2020 \$	30 June 2020 \$
Secured		
Other loans – Director	-	277,976
Movement in Loan Funds		
	31 December 2020 \$	30 June 2020 \$
Opening Balance – 01 July	277,976	2,125,000
Fair value adjustment to loans repaid in shares and options <sup>1</sup>	32,105	177,976
Borrowings – Director loans	-	185,000
Borrowings – Yandal Investments	-	500,000
Less: Loans converted to shares	(310,081)	(2,710,000)
	-	277,976

Note 1: Repayment of the Loan was made through the issue of 10,000,000 shares at \$0.01 per share, along with 10,000,000 options exercisable at \$0.015 per share on the 18<sup>th</sup> of September 2020. The shares were valued at \$190,000 based on the CMP of \$0.019 as at that date and the options were valued at \$120,081 at that date, giving rise to a fair value adjustment of \$32,105.

6. ISSUED CAPITAL

	As At 31 December 2020 \$		As At 30 June 2020 \$	
Ordinary shares	38,898,591		37,253,825	
	2020 No.	2020 \$	2019 No.	2019 \$
<i>Movements in ordinary shares on issue</i>				
Shares on issue at 1 July	2,744,518,894	37,253,825	1,785,551,268	28,833,286
- Shares issued – Yandal and director placement <sup>1</sup>	58,500,000	702,000	297,500,000	2,975,000
- Shares issued – loan repayment	-	-	303,300,959	3,033,010
- Shares issued – Steve Lowe loan repayment <sup>2</sup>	10,000,000	190,000	-	-
- Shares issued – Croydon tenement acquisition <sup>3</sup>	40,000,000	760,000	-	-
- Issue costs		(7,234)	-	(203,145)
At 31 December	2,853,081,894	38,898,591	2,386,352,227	34,638,151

Note 1: During the period the Company raised additional funds through a placement of 58,500,000 shares issued to Yandal and company directors at an issue price of \$0.012.

Note 2: As part of the repayment of the remaining director loan, the Company issued 10,000,000 shares to Steve Lowe at an issue price of \$0.019.

Note 3: During the period, the Company acquired the Croydon Project (Tenement E47-2150) from Colchis, a Creasy Group company. The Tenement was acquired by the Company's subsidiary KingX Pty Ltd. The terms of the Joint Venture are in line with the other joint venture arrangements the Company has in place with the Creasy Group. The Consideration for the purchase included 40,000,000 ordinary Shares issued at a price of \$0.019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Options

	2020 No.	2020 Weighted average exercise price (\$)	2019 No.	2019 Weighted average exercise price (\$)
Outstanding at beginning of period	264,110,378	0.019	-	-
Issued during the period – Steve Lowe loan repayment <sup>1</sup>	10,000,000	0.015	58,500,000	0.015
Issued during the year - placement	-	-	148,750,000	0.02
Issued during the period – acquisition of Croydon tenement from Colchis <sup>2</sup>	200,000,000	0.015	-	-
Issued during the period – MD incentive options <sup>3</sup>	60,000,000	0.0318	-	-
Expired during the period	-	-	-	-
Outstanding at the end of the period	534,110,378	0.019	207,250,000	0.019
Exercisable at the end of the period	534,110,378	0.019	207,250,000	0.019

Note 1: As part of the repayment of the remaining director loan, the Company also issued 10,000,000 options to Steve Lowe at an issue price of \$0.015 and an expiry date of 30/06/2022.

Note 2: During the period, the Company acquired the Croydon Project (Tenement E47-2150) from Colchis, a Creasy Group company. The Tenement was acquired by the Company's subsidiary KingX Pty Ltd. The terms of the Joint Venture are in line with the other joint venture arrangements the Company has in place with the Creasy Group. The Consideration for the purchase also included 200,000,000 Options at a price of \$0.015 and an expiry date of 30/06/2022.

Note 3: During the period the Company issued 60,000,000 MD incentive options at a price of \$0.0318 expiring on 18/09/2024. The options will vest once various performance milestones have been met. The number of options expected to vest is based on the likelihood, as at reporting date, of these milestones being met prior to the expiry date of the options, refer to note 7.

7. SHARE BASED PAYMENTS

Ordinary Shares

	As At 31 December 2020 \$	As At 30 June 2020 \$
Shares provided in repayment of loan	190,000	2,426,408
Shares issued as consideration for Croydon tenement acquisition	760,000	-
	950,000	2,426,408

Options

As mentioned above the Company issued three lots of options during the interim period; 10m options issued to Steve Lowe on repayment of his director loan, 200m options issued to Colchis on the acquisition of the Croydon tenement and 60m MD incentive options of which the number of options expected to vest is 5m. The fair value of the options was determined using the Black-Scholes option valuation methodology and applying the following inputs:

	Steve Lowe loan repayment options	Croydon acquisition options	MD incentive options
Exercise Price	1.5c	1.5c	3.15c
Expiry Date	30 June 2022	30 June 2022	18 Sep 2024
Risk Free Rate	0.35%	0.35%	0.22%
Volatility	121%	121%	125%
Value per Option	\$0.012	\$0.012	\$0.0139
Total Value of Options	\$120,081	\$2,401,615	\$832,027
Amount Expensed in Current Year	\$120,081	\$2,401,615	\$19,756
Amount to be Expensed in Future Years	\$-	\$-	\$812,271



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Tranche	MD Incentive Option Performance Milestones	No. of MD Incentive Options
Tranche 1	Employed for a period of 1 year from the date of issue.	5,000,000
Tranche 2	Definition of a JORC direct shipping iron ore reserve of greater 12 million tonnes, signed off by an independent consultant and at a risk level that is acceptable to the Board.	5,000,000
Tranche 3	Commencement of the sale of direct shipping iron ore.	5,000,000
Tranche 4	A greater than 50% interest in the Ashburton Magnetite project is transacted to a third party, subject to the terms of the Zanthus Joint Venture Agreement, Board approval any and required regulatory approvals.	5,000,000
Tranche 5	Definition of a JORC compliant gold reserve of greater than 0.5 million ounces at a cut of grade of at least 0.5g/t Au (or equivalent), signed off by an independent consultant and at a risk level that is acceptable to the Board.	20,000,000
Tranche 6	Definition of a JORC compliant gold reserve of greater than 1 million ounces at a cut of grade of at least 0.5g/t Au (or equivalent), signed off by an independent consultant and at a risk level that is acceptable to the Board	20,000,000
		60,000,000

Note: Only Tranche 1 options have been expensed during the period as other milestones, while possible have been assessed as not probable at reporting date of 31/12/20.

#### 8. SEGMENT INFORMATION

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

#### 9. CONTINGENT LIABILITIES

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

#### 10. COMMITMENTS

Exploration commitments	31 December 2020	30 June 2020
	\$	\$
<i>Payable:</i>		
Within one year	231,057	643,987
Later than one year but not later than 5 years	868,000	1,109,778
Later than 5 years	-	-
	1,099,057	1,753,765

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

11. RELATED PARTY TRANSACTIONS

Transactions with related parties

As detailed in Note 5, the Company issued options to Steve Lowe on repayment of his director loan.

	31 December 2020	31 December 2019
<b>Loan repayment options issued</b>	<b>\$</b>	<b>\$</b>
Adam Sierakowski	-	32,423
Simon Jackson	-	9,976
Steve Lowe	120,081	-
Yandal Investments Pty Ltd	-	249,402
	<u>120,081</u>	<u>291,801</u>
Robert Ramsay – MD options (note 7)	19,756	-

During the period Wayne Bramwell was appointed as a Non-Executive Director on the 2<sup>nd</sup> of November 2020. Wayne received a pro rata Director's fee of \$54,000 per annum inclusive of superannuation before his resignation on the 18<sup>th</sup> of February.

Anna Neuling was appointed as a Non-Executive Director on the 2<sup>nd</sup> of November 2020. Anna will receive a Director's fee of \$54,000 per annum inclusive of superannuation.

Annie Guo was appointed subsequent to reporting date on the 19<sup>th</sup> of February 2021. She has also been appointed as a Non- Executive Director and will receive a Director's fee of \$54,000 per annum inclusive of superannuation.

**Acquisition of Croydon tenement**

During the year the Group acquired the Croydon tenement from Colchis, a company owned by Yandal Investments Pty Ltd a member of Creasy Group the Company's largest shareholder, for a total consideration of \$3,161,615. See note 3 for further details.

Other than as disclosed above, transactions with related parties during the half-year were on the same basis as stated in the 30 June 2020 Annual Report.

12. SUBSEQUENT EVENTS

Since reporting date Wayne Bramwell has resigned as a director of CZR effective 18<sup>th</sup> of February. On the 19<sup>th</sup> of February Annie Guo was appointed to the Board of directors.

There has been no other matter or circumstance that has arisen after reporting date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

**DIRECTORS' DECLARATION  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

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The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 24 to 34:
  - (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) give a true and fair view of the economic entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



David Flanagan  
Chairman

Dated this 15<sup>th</sup> day of March 2021

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of CZR Resources Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of CZR Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

#### Basis for conclusion

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

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

#### Material uncertainty relating to going concern

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

### **Responsibility of the directors for the financial report**

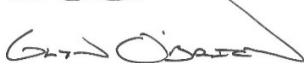
The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation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

### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

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

**BDO Audit (WA) Pty Ltd**

BDO  


**Glyn O'Brien**

**Director**

Perth, 15 March 2021