# TULLA RESOURCES PLC

**(Incorporated in England and Wales under the Companies Act 1985 with registration number 05380466)**
**ARBN 122 088 073**

**HALF-YEAR FINANCIAL REPORT**

**FOR THE PERIOD ENDED 31 DECEMBER 2020**

CONTENTS

| | | |
|---|---|---|
| **Directors:** | Kevin Maloney | Executive Chairman |
| | Mark Maloney (appointed 18 February 2021) | Executive Director |
| | Arthur Michael Anglin (appointed 18 February 2021) | Non-Executive Director |
| | Andrew Greville (appointed 18 February 2021) | Non-Executive Director |
| | Frederick Kempson | Non-Executive Director |
| | David Steinepreis (resigned 18 February 2021) | Non-Executive Director |

**Company Secretary:**
Ben Harber
Stephen Law (appointed 18 February 2021)
Mark McIntosh (appointed 18 February 2021)

**Company Registration Number:** 05380466
**ARBN**: 122 088 073

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**Group Auditors:**
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The Directors present their report together with the consolidated interim financial report of Tulla Resources Plc ("the Group" or "the Company" or "Tulla Resources") for the half-year ended 31 December 2020.

The Company is a public Company registered in England and Wales. At the AGM on 30 December 2020, the shareholders resolved to change the name of the company from Norseman Gold Plc to Tulla Resources Plc.

**Directors**
The Directors of the Company at any time during or since the end of the half-year period are:

| | |
|---|---|
| Kevin Maloney | Executive Chairman |
| Mark Maloney (appointed 18 February 2021) | Executive Director |
| Arthur Michael Anglin (appointed 18 February 2021) | Non-Executive Director |
| Andrew Greville (appointed 18 February 2021) | Non-Executive Director |
| Frederick Kempson | Non-Executive Director |
| David Steinepreis (resigned 18 February 2021) | Non-Executive Director |

**Principal activity and significant events**
The Group's principal activity was a 50% interest in the Norseman Gold Project. The Norseman Gold Project is located adjacent to the Norseman township, approximately 725 kilometres east of Perth, Western Australia.

**Results and dividends**
Summary of results is as follows

- Consolidated loss after tax – AUD$6.2 million (2019: AUD$37.1 million profit)
- Net cash flows – AUD$0.2 million (2019: AUD$0.0 million)

**Business review**
Pursuant to an agreement dated 14 May 2019, Pantoro South Pty Ltd, a wholly owned subsidiary of Pantoro Limited (collectively "Pantoro") acquired a 50% ownership of the Norseman Gold Project through a Farm In and Joint Venture Agreement (FJVA) with Central Norseman Gold Corporation Pty Ltd ("CNGC") and the Company.

On 12 October 2020, Pantoro released to the market a definitive feasibility plan to recommence production at the Norseman Gold Project. Pantoro also outlined a number of exploration targets. The Company is fully supportive of working with Pantoro to resume production at the Norseman Gold Project by Q2 2022 and to seek to increase the knowledge of the Ore Reserves and Mineral Resources through a targeted exploration program.

Pantoro is contractually obligated under the FJVA to spend AUD$50.0 million on the Norseman Gold Project for the period known as the "Sole Funding Period". The Company is not liable for any financial contribution to the Norseman Gold Project during the Sole Funding Period. For the duration of the Sole Funding Period, Pantoro has full management and operational control of the Norseman Gold Project and is responsible for ensuring that the tenements are maintained in good standing, all environmental conditions are met and all regulatory and reporting matters are complied with.

The Group results for the period are set out in the Financial Statements. The Directors do not propose to recommend any dividends for the reporting period ended 31 December 2020. The Group made a loss after tax of AUD$6.2 million for the period ended 31 December 2020 (2019: profit after tax of AUD$37.1 million).

As at 31 December 2020, Pantoro has informed the company that it has spent approximately AUD$33.5 million on the Norseman Gold Project of its AUD$50.0 million funding obligation for the Sole Funding Period. Upon completion of the Sole Funding Period Tulla Resources will be required to fund 50% of the pre-production capital and ongoing exploration costs of the joint venture. Furthermore, once the mine is in production, Tulla Resources will be required to fund 50% of the operating costs of the mine and it will receive 50% of produced gold and silver from the mine.

Pantoro is an ASX listed entity. Shareholders can review Pantoro's progress in relation to the Norseman Gold Project, including reviewing the Definitive Feasibility Study ("DFS") and updated Joint Ore Reserve Committee ("JORC") Statement via its website (www.pantoro.com.au) and on the ASX platform (ASX: PNR).

**Business review (cont.)**
As previously reported by the Company, certain assets were excluded from the FJVA; including the accommodation camp on site at Norseman and a number of houses in the Norseman township and Industrial Minerals (subject to certain buy-in rights granted to Pantoro).

Pantoro has implemented Covid-19 Safe Working Practices at the Norseman Gold Project and COVID-19 has had little impact on operations during the reporting period.

**Corporate**
As at 31 December 2020, Tulla Resources had 69,806,253,699 Ordinary shares of £0.00003827 each and 1,117,202,223 Deferred shares of £0.01246173 each on issue.

During the reporting period, Tulla Resources Group Pty Ltd (Tulla Private) continued to financially support the Company pursuant to the $60 million secured facility which commenced with effect from 1 January 2020. Tulla Private is a private company owned and controlled by Kevin Maloney and his family and is a related party to the Company.

During the reporting period the Company undertook a comprehensive corporate review in relation to its strategy to meet its funding obligations of the unincorporated joint venture with Pantoro under the FJVA once Pantoro's Sole Funding obligations have been met. The Company retained Treadstone Resource Partners as Corporate Advisors.

Following a detailed analysis, the Company resolved to proceed with a capital raising via admission to the Official List of the ASX.

The Company retained Bell Potter Securities Limited and Canaccord Genuity (Australia) Limited as joint lead managers and Herbert Smith Freehills as Australian lawyers together with the Company's UK lawyers, Shakespeare Martineau to commence working on the listing together with a number of technical advisors. Further details on the proposed listing are detailed in the subsequent events section below.

**Legal and Governance**
During the Sole Funding Period Pantoro is liable for all reporting and governance issues in relation to the Norseman Gold Project. The Company has been informed that Pantoro continues to comply with its governance and reporting requirements pursuant to its contractual obligations.

Under the FJVA, the Company retained all legal liabilities for the period prior to 9 July 2019. The appeal by the Department of Mines, Industry Regulation & Safety ("DMIRS") of CNGC's acquittal with respect to the prosecution of the incident at the North Royal open pit in August 2015 was heard in the Supreme Court of Western Australia on 24 November 2020. The decision is still outstanding.

DMIRS confirmed that it would not prosecute CNGC in relation to the electrical arc incident that occurred on site on 8 February 2018.

Further details on the status of legal proceedings impacting the Company are included in Note 15 Contingent liabilities and commitments on page 21.

**Statement in Accordance with Section 172 of the Companies Act 2006**
The Directors are required to make a statement which describes how they have behaved with regard to the matters set out in Section 172(1) of the Companies Act 2006, namely:

**Duty to promote the success of the company**
(a) the likely consequences of any decision in the long-term;
(b) the need to foster the Group's business relationships with suppliers, customers, and others;
(c) the impact of the Group's operations on the community and the environment;
(d) the desirability of the Group maintaining a reputation for high standard of business conduct;
(e) the need to act fairly between members of the Group.

**Section 172 Statement**

The Directors insist on high operating standards and fiscal discipline and routinely engage with management and consultants of the Group to understand the underlying issues within the Group. Additionally, the Board looks outside the Group at macro factors affecting the business. The Directors consider all known facts when developing strategic decisions and long-term plans, taking into account their likely consequences for the Group.

The Group is committed to the highest levels of integrity and transparency possible with consultants, contractors and other stakeholders. Safety initiatives, consistent training, strong benefit packages and open dialogue between all consultants and contractors are just a few of the ways the Group ensures its consultants and contractors improve skill sets and work hand-in-hand with management to improve all aspects of the Group's performance.

Other stakeholders include, joint venture partners, customers, suppliers, debt holders, industry associations, government and regulatory agencies, media, local communities and shareholders. The Board, both individually and together, consider that they have acted in the way they consider would be most likely to promote the success of the Group as a whole. In order to do this, there is a process of dialogue with stakeholders to understand the issues that they might have. The Group believes that any supplier/customer relationship must be mutually beneficial and the Group is known for its commitment to its customers. Communications with debt holders and shareholders occur on an ongoing basis and as questions arise.

The Directors are committed to positive involvement in the local communities where we operate. Part of this commitment is our program, where the Group supports local business in Norseman on various town festival days by donating equipment, accommodation and money. Additionally, the Group strictly follows environmental regulations at its site and supports sustainability practices where possible.

Integrity is a key tenet for the Group's Directors and stakeholders. The Group believes that any partnership must benefit both parties. We strive to provide our stakeholders with timely and informative responses and are always striving to meet or exceed customers' needs.

The Board recognises its responsibilities under section 172 as outlined above and has acted at all times in a way consistent with promoting the success of the Group with regard to all stakeholders.

**Subsequent events**

There have been a number of events that have occurred subsequent to the reporting period ended 31 December 2020 that are in preparation for the admission of Tulla Resources to the Official List of the ASX which is scheduled for 17 March 2021 with trading expected to commence on 18 March 2021:

a. Directors and Office Holders: David Steinepreis resigned as a director of Tulla Resources on 18 February 2021 and Mark Maloney, Andrew Greville and Michael Anglin were appointed to the Board on the same date. Stephen Law and Mark McIntosh were appointed additional company secretaries.

b. Sale of Assets: On 11 February 2021 the Independent Directors at the time (David Steinepreis and Frederick Kempson) approved the sale of non-key assets of CNGC being the accommodation camp and the Norseman town houses to Resource Accommodation Management Pty Ltd, a company connected to Kevin Maloney.

c. Assignment: On 11 February 2021 CNGC assigned to Tulla Private the Second Deferred Payment of $10 million due on 9 July 2021 under the FJVA for consideration of $10 million. Pantoro had previously granted its consent to the Assignment on 1 February 2021.

d. Admission to the Official List of the ASX: On 24 February 2021, Tulla Resources lodged a Prospectus with ASIC. On 4 March 2021, Tulla Resources lodged a Supplementary Prospectus with ASIC. The Prospectus and Supplementary Prospectus can be accessed by Australian residents in Australia on the new Tulla Resources website (www.tullaresources.com). In accordance with the Offer outlined in the Prospectus, settlement of the Offer has occurred with the Company receiving the proceeds of the Offer of AUD$78.3 million, and the share registry issuing 87,000,000 Chess Depository Interests ("CDIs") at the listing price of AUD$0.90 per CDI.

e. Tulla Private Debt Consolidation; Subject to the admission of the Company to the Official List of the ASX, Tulla Private has agreed to terminate its AUD$60.0 million facility and release its security over CNGC on the terms set out in the Debt Consolidation Agreement dated 11 February 2021; namely, the consideration paid to CNGC for the sale of the accommodation camp and Norseman town houses, the consideration for the Assignment and a cash payment of AUD$20.0 million from the proceeds of the Offer for the listing with the balance indebtedness being converted to equity at the listing price of AUD$0.90 per CDI.

**Subsequent events (cont.)**

f. Purchase of Shares in Pantoro Ltd: Subject to the admission of the Company to the Official List of the ASX, the Company has agreed to purchase 100 million ordinary shares in Pantoro Ltd from Tulla Private at a price of AUD$0.2102 per share (AUD$21.02 million), representing the 10-day volume weighted average price ("VWAP") at the close of the Offer as contemplated by the Prospectus. The Company will issue Tulla Private 23,355,555 fully paid ordinary shares in the Company as consideration for the purchase of the 100 million shares in Pantoro Ltd at the listing price of AUD$0.90 per CDI.

g. General Meeting of Tulla Resources held on 9 March 2021("GM"): At the GM the Company's shareholders resolved to:
   a. Consolidate 600 ordinary shares with a nominal value of £0.00003827 each in the capital of the Company for one (1) New Ordinary Share with a nominal value of £0.022962 each in the capital of the Company. The result being a new total of 116,343,756 New Ordinary Shares on issue;
   b. Approve the purchase by the Company of the deferred shares with a nominal value of £0.01246173 each for the total consideration of £0.01 and then cancel the deferred shares pursuant to the terms of a Deferred Share Agreement dated 11 February 2021. The transaction has now been completed and the Deferred Shares are in the process of being cancelled;
   c. Approve the total remuneration for the non-executive directors in the aggregate of up to £250,000;
   d. Consequential amendments to the Company's Articles of Association;
   e. The allotment of up to 200,000,000 new ordinary shares of £0.022962 each (i.e. new post consolidation shares) for the listing and the debt for equity conversion of the balance of the Tulla Private indebtedness and the purchase by the Company of the shares in Pantoro owned by Tulla Private (as outlined in the Prospectus and the Circular). On 11 March 2021 the Board resolved to allot 152,828,667 New Ordinary Shares in the Company.

These matters are set out in the Circular and Notice of General Meeting to shareholders dated 15 February 2021 and uploaded to the Company's new website.

**Principal risks and uncertainties facing the Company**
The Pantoro Transaction has significantly de-risked the Group's exposure to the Norseman Gold Project. Notwithstanding this, the Norseman Gold Project risks are as follows:

- The FJVA may be terminated, breached or not complied with.

- The estimating of mineral reserves and resources is a subjective process, and the accuracy of reserve and resource estimates is a function of the quantity and quality of available data and the assumptions used and judgements made in interpreting engineering and geological information. There is significant uncertainty in any reserve or resource estimate and the actual deposits encountered and the economic viability of mining a deposit may differ materially from the Company's estimates. Historically, variances have occurred between the mined ore as compared to estimated reserves and resources;

- The exploration of mineral rights is speculative in nature and is frequently unsuccessful;

- Underground development is required at the Norseman Gold Project (and drilling to allow effective resource estimation and mine planning is a continuing process). The complexity of the deposit and mineralisation style creates variances in the estimation of the resource model against actual mill production. This can result in significant variances in the amount of contained gold produced against estimates. Further, whilst open pit resources have been consistently estimated, historically variances are noted between the mine plan and production, reflecting the complexity of the deposit and the shortcomings of the estimation approach to adequately deal with the complex mineralisation style;

- Production estimates are dependent on timing of the refurbishment of the new plant and the accuracy of mineral reserve and resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions and physical characteristics of ores, such as hardness and the presence or absence of particular metallurgical characteristics, and the accuracy of estimated rates and costs of mining and processing;

**Principal risks and uncertainties facing the Company (cont.)**

- The ability to sustain or increase levels of production is dependent upon the successful development of new producing mines and/or identification of additional reserves at existing mining operations. Whilst the Directors consider the Norseman Gold Project to have very good potential for the discovery of additional resources, there is no guarantee of a discovery or that any discovery will be commercially feasible. Reduced production could have a material adverse effect on future cash flows, results of operations and financial condition;

- Estimated mineral reserves or mineral resources may have to be recalculated based on changes in metals prices, further exploration or development activity or actual production experience. This could have a material adverse effect on estimates of the volume or grade of mineralisation, estimated recovery rates or other important factors that influence reserve or resource estimates;

- Market price fluctuations for gold, increased production costs or reduced recovery rates, or other factors may render the present mineral resources uneconomical or unprofitable to develop at a particular site or sites;

- Mining operations have significant operational and development and natural hazard risks. The business of gold mining is subject to a variety of risks including consistency and reliability of ore quality, commodity prices, government policies and other unforeseen contingencies. These and other similar occurrences may delay production, increase production costs or result in liability;

- Reliance on key personnel and other business inputs. The Company's operations rely on the ability of the Joint Venture with Pantoro to source and retain skilled personnel, contractors, materials and supplies. Cost inflation for these inputs may have a material impact on the Company's operations; and

- The Company may be unable to access appropriate funding and the Company may need to raise new equity and/or debt financing to continue to fund its interest in the Norseman Gold Project in the future.

By order of the board

Kevin Maloney
**Executive Chairman**
16 March 2021

**GROUP STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

| | *Notes* | *Unaudited half-year ended 31 December 2020 AUD$* | *Unaudited half-year ended 31 December 2019 AUD$* |
|---|---|---|---|
| **Continuing operations** | | | |
| **Group revenue** | | - | - |
| Cost of sales – direct costs | | - | - |
| **Gross profit** | | - | - |
| Profit on sale of assets | 3 | - | 44,525,265 |
| Other operating income | 5 | 160,088 | 13,100 |
| Administrative expenses before depreciation, exploration expenditure write off, rehabilitation costs write back and impairments | | (709,048) | (900,496) |
| Rehabilitation costs – provision | 11 | (2,174,745) | - |
| Listing costs | | (612,931) | - |
| Depreciation and impairment of property, plant & equipment | | (3,182) | - |
| Total administrative expenses | | (3,499,906) | (900,496) |
| **Group operating (loss) / profit** | | (3,339,818) | 43,637,869 |
| Unwind discount on deferred consideration | 6 | 451,414 | 675,176 |
| Interest receivable | | 36 | 123 |
| Interest payable | 6 | (3,349,033) | (7,188,541) |
| **(Loss) / Profit before taxation** | | (6,237,401) | 37,124,627 |
| Taxation | 7 | - | - |
| **(Loss) / Profit for the period** | | (6,237,401) | 37,124,627 |
| Other comprehensive income | | - | - |
| **Total comprehensive (loss) / profit attributable to equity holders of the Company** | | (6,237,401) | 37,124,627 |

**TULLA RESOURCES PLC**
**GROUP STATEMENT OF CHANGES IN EQUITY**
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

| | *Share Capital AUD$* | *Share Premium AUD$* | *Retained Losses AUD$* | *Total Equity AUD$* |
|---|---|---|---|---|
| **Unaudited half-year ended 31 December 2020** | | | | |
| Balance at 1 July 2020 | 27,948,180 | 143,086,801 | (248,010,277) | (76,975,296) |
| Loss for the period | - | - | (6,237,401) | (6,237,401) |
| **Total comprehensive Loss for the period** | **-** | **-** | **(6,237,401)** | **(6,237,401)** |
| Balance at 31 December 2020 | 27,948,180 | 143,086,801 | (254,247,678) | (83,212,697) |

| | *Share Capital AUD$* | *Share Premium AUD$* | *Retained Losses AUD$* | *Total Equity AUD$* |
|---|---|---|---|---|
| **Unaudited half-year ended 31 December 2019** | | | | |
| Balance at 1 July 2019 | 22,948,180 | 143,086,801 | (359,063,221) | (193,028,240) |
| Profit for the period | - | - | 37,124,627 | 37,124,627 |
| **Total comprehensive loss for the period** | - | - | 37,124,627 | 37,124,627 |
| Balance at 31 December 2019 | 22,948,180 | 143,086,801 | (321,938,594) | (155,903,613) |
| Profit for the period | - | - | 73,928,317 | 73,928,317 |
| New shares issued during period | 5,000,000 | - | - | 5,000,000 |
| Balance at 30 June 2020 | 27,948,180 | 143,086,801 | (248,010,277) | (76,975,296) |

**TULLA RESOURCES PLC**
**GROUP BALANCE SHEET**
**AS AT 31 DECEMBER 2020**

| | *Notes* | *Unaudited 31 December 2020 AUD$* | *Unaudited 30 June 2020 AUD$* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Exploration and evaluation assets | 9 | - | - |
| Property, plant and equipment | | 28,636 | 31,818 |
| Trade and other receivables | 8 | - | 9,049,774 |
| | | 28,636 | 9,081,592 |
| **Current Assets** | | | |
| Trade and other receivables | 8 | 10,170,392 | 5,294,987 |
| Cash and cash equivalents | | 272,563 | 63,312 |
| | | 10,442,955 | 5,358,299 |
| **Total Assets** | | 10,471,591 | 14,439,891 |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | | 5,092,305 | 6,669,942 |
| Loans and borrowings | 10 | 65,730,608 | 1,912,392 |
| | | 70,822,913 | 8,582,334 |
| **Non-Current Liabilities** | | | |
| Provisions for liabilities | 11 | 22,861,375 | 20,686,630 |
| Loans and borrowings | 10 | - | 62,146,223 |
| | | 22,861,375 | 82,832,853 |
| **Total Liabilities** | | 93,684,288 | 91,415,187 |
| **Net Liabilities** | | (83,212,697) | (76,975,296 |
| **EQUITY** | | | |
| **Capital and Reserves** | | | |
| Share capital | 12 | 27,948,180 | 27,948,180 |
| Share premium | 12 | 143,086,801 | 143,086,801 |
| Retained losses | | (254,247,678) | (248,010,277) |
| **Shareholders' Equity** | | (83,212,697) | (76,975,296) |

The financial statements were approved by the Board of Directors on 16 March 2021 and signed on its behalf by:

Kevin Maloney
**Chairman**
**Company Registration number 5380466**

**TULLA RESOURCES PLC**
**GROUP STATEMENT OF CASH FLOWS**
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

| | Notes | *Unaudited half-year ended 31 December 2020 AUD$* | *Unaudited half-year ended 31 December 2019 AUD$* |
|---|---|---|---|
| **Net cash outflow from operating activities** | 14 | 1,886,291 | (327,674) |
| **Investing activities** | | | |
| Proceeds from sale of assets | | - | 7,512,500 |
| Direct costs from sale of assets | | - | (1,963,000) |
| Purchases of plant & equipment | | - | (31,818) |
| **Net cash generated from investing activities** | | - | 5,517,682 |
| **Financing activities** | | | |
| Cash proceeds from related party financing | | 395,000 | 1,750,000 |
| Loan repayments to related party | | (2,072,040) | (6,937,000) |
| **Net cash used in from financing activities** | | (1,677,040) | (5,187,000) |
| **Increase in cash and cash equivalents** | | 209,251 | 3,008 |
| **Cash and cash equivalents at beginning of the period** | | 63,312 | 54,207 |
| **Cash and cash equivalents at end of the period** | | 272,563 | 57,215 |

### 1.1 Corporate information

Tulla Resources Plc (Tulla Resources or the Company) is a for-profit entity limited by shares incorporated and domiciled in the United Kingdom.

The nature of the operations and principal activities of Tulla Resources and its controlled entities (the Group) are described in the Directors' Report.

The consolidated unaudited half-year financial statements were authorised for issue in accordance with a resolution of the directors on 16 March 2021.

### 1.2 Basis of preparation

The unaudited interim financial information set out above, which incorporates the financial information of the Company and its subsidiary undertakings (the "Group"), has been prepared using the historical cost convention and in accordance with International Financial Reporting Standards ("IFRS"), including IFRS 6 ' Exploration for and Evaluation of Mineral Resources', as adopted by the European Union ("EU") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

These interim results for the six (6) months ended 31 December 2020 are unaudited and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial statements for the year ended 30 June 2020 have been delivered to the Registrar of Companies and the auditor's report on those financial statements was qualified because at the time of approval of the financial statements it was not possible to obtain sufficient audit evidence in respect of future funding and therefore conclude on the likelihood of favourable outcomes to the material uncertainties relating to going concern which were described in note 1.2 to the financial statements.

Items included in the Group's financial statements are measured using Australian Dollars ("AUD$"), which is the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are also presented in AUD$ which is the Group's presentation currency.

### 1.3 Going concern

The Group made an operating loss of AUD$3.3 million and a net loss of AUD$6.2 million for the period, which follows an operating profit of AUD$43.6 million and net profit of AUD$37.1 million for the equivalent half-year period.

The Group had cash of AUD$0.27 million and net liabilities of AUD$83.2 million at 31 December 2020.

The Company has completed settlement of the Offer as contemplated in the Prospectus dated 24 February 2021 and the Supplementary Prospectus dated 4 March 2021, with $78.3 million deposited into the Company's bank account and CDIs issued to the new investors. Having regard to the remaining Sole Funding Expenditure to be paid by Pantoro Ltd as contemplated in the FJVA, and the available cash of the Company upon completion of the Offer, the Board has concluded that it has a reasonable expectation that the Group can continue to meet its financial commitments, with respect to funding its 50% interest in the Norseman Gold Project and its overheads, for the next 12 months. The Board also acknowledges the Group will be debt free on completion of the Offer and owns 100 million shares in its ASX listed joint venture partner, Pantoro Ltd, which collectively provide the Group flexibility with respect to future funding options. For these reasons the Group continues to adopt the going concern basis in preparing this unaudited interim financial information.

### 1.4 Basis of consolidation

The consolidated financial statements incorporate the accounts of the Company and its subsidiaries and have been prepared by using the principles of acquisition accounting ("the purchase method") which includes the results of the subsidiaries from their date of acquisition.

The Company controls a subsidiary if it is exposed, or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a year-end reporting date of 30 June.

Intra-group sales, profits and balances are eliminated fully on consolidation.

### 1.5 Statement of compliance

This general purpose condensed consolidated financial statements has been prepared in accordance with the requirements of IAS 34 Interim Financial Reporting.

The half-year financial report does not include all the information required for full annual financial statements and should be read in conjunction with the annual report of Tulla Resources for the year ended 30 June 2020.

The accounting policies are consistent with those disclosed in the 2020 annual financial statements except for the impact of new or amended standards and interpretations effective 1 July 2020. The adoption of these standards and interpretations did not result in any significant changes to the Group's accounting policies.

The Group has not elected to early adopt any new or amended standards or interpretations that are issued but not yet effective.

### 1.6 New and amended accounting standards and interpretations adopted

The Group has not adopted any accounting standard, interpretation or amendment that has been issued but is not yet effective. There is no material impact of any new and amended accounting standards issued but not yet effective.

## 2. Segmental reporting

For the purposes of segmental information, the Group has determined that its operations are confined to a single operating segment, located in a single geographical region, Australia. All material revenue is derived from the development of mineral resources from its Norseman Gold Project in Australia, which is the Group's sole cash generating unit. There was no material revenue generated during the reporting period. However, it is anticipated that revenue will be generated from the production of precious metals, principally gold, and to a lesser extent, silver and these metals will be sold to the government controlled Perth Mint. It is noted that the Norseman Gold Project has been in the exploration and development phase and no material income has been generated during the half-years ended 31 December 2019 or 31 December 2020.

## 3. Profit on sale of assets

The Group's profit on sale of assets is a recognition of the gross profit on the sale of tenements and the sale of shares. The revenue from the sale of assets included all non-contingent consideration and the liabilities assumed by the purchaser as a result of the transaction. The cost base of the assets sold includes the carrying value of those assets.

| | *Unaudited half-year ended 31 December 2020 AUD$* | *Unaudited half-year ended 31 December 2019 AUD$* |
|---|---|---|
| Profit on sale tenements in accordance with FJVA (refer below) | - | 42,012,765 |
| Profit on sale of other tenements | - | 12,500 |
| Profit on sale of shares | - | 2,500,000 |
| | - | 44,525,265 |
| Profit on sale of tenements in accordance with FJVA is reconciled as follows: | | |
| - Add: Upfront consideration | - | 10,000,000 |
| - Add: Present value of deferred consideration (12 months) | - | 4,524,887 |
| - Add: Present value of deferred consideration (24 months) | - | 8,189,840 |
| - Add: Fair value of shares consideration | - | 17,500,000 |
| - Add: FY19 expenditure added to Sole Funding Expenditure and paid by Pantoro South Pty Ltd | - | 1,642,417 |
| - Add: 50% of provision for rehabilitation assumed by Pantoro South Pty Ltd | - | 20,512,218 |
| - Less: Carrying value of exploration assets disposed | - | (18,393,597) |
| - Less: Selling costs | - | (1,963,000) |
| | - | 42,012,765 |

The FJVA included two components of contingent consideration, details of which are set out below. These two contingent amounts receivable meet the criteria of contingent assets in accordance with IAS 37 as they are not virtually certain of being received. They are not recognised in the balance sheet as assets. The two components of contingent consideration are as follows:

a) Royalty – 1% net smelter royalty on Pantoro's attributable gold and silver produced from the Norseman Gold Project, capped at $6.0 million, plus 0.0025% royalty for a period of five (5) years after the first $6.0 million is paid; and
b) Milestone Payment - $10.0 million payment upon definition of 1.80 million ounce JORC Ore Reserve on the Norseman Gold Project.

Subsequent to the half-year ended 31 December 2019, the Company identified further selling costs related to the transaction of AUD$200,000, accordingly the full year Profit on sale of the Tenements was AUD$41,812,765 as reported in the Annual Report for the year ended 30 June 2020.

## 4. Group operating profit

The Group's operating profit is stated after charging / (crediting):

| | *Half-year ended 31 December 2020 AUD$* | *Half-year ended 31 December 2019 AUD$* |
|---|---|---|
| Employee costs, excluding share-based payments | 27,000 | 39,000 |
| Depreciation and impairment of property, plant & equipment | 3,182 | - |
| Listing costs | 612,931 | - |
| Rehabilitation expense (note 11) | 2,174,745 | - |
| | =========== | =========== |

## 5. Other operating income

| **Group** | *Half-year ended 31 December 2020 AUD$* | *Half-year ended 31December 2019 AUD$* |
|---|---|---|
| Equipment lease income | 115,759 | - |
| Insurance proceeds | 5,702 | - |
| Rental income | 10,400 | 13,100 |
| Sundry income | 28,227 | - |
| | 160,088 | 13,100 |
| | =========== | =========== |

## 6. Interest income and interest payable

| **Group** | *Half-year ended 31 December 2020 AUD$* | *Half-year ended 31 December 2019 AUD$* |
|---|---|---|
| Unwind discount on deferred consideration | 451,414 | 675,176 |
| Interest on debt, convertible loan notes, related party financings and other | (3,349,033) | (7,188,541) |
| | =========== | =========== |

Refer to Note 8 on page 16 for details on the accounting for the deferred consideration.

7. **Taxation**

No deferred tax asset has been recognised in respect of historical or current period losses due to the uncertainty of future profit streams. At the year-end date, the Group has unused tax losses available for offset against suitable future profits of approximately AUD$168.2 million (2019: AUD$191.8 million). A resulting deferred tax asset has not been recognised in respect of such losses due to the uncertainty of future profit streams.

8. **Trade and other receivables**

| | *31 December 2020* | *30 June 2020* |
|---|---|---|
| | *Group AUD$* | *Group AUD$* |
| **Current:** | | |
| Deferred consideration – current | 9,501,188 | 5,000,000 |
| Other receivables | 296,263 | 289,987 |
| Prepayments | 372,941 | 5,000 |
| | 10,170,392 | 5,294,987 |
| **Non-current:** | | |
| Deferred consideration – non-current | - | 9,049,774 |
| | - | 9,049,774 |

The deferred consideration included AUD$5.0 million and AUD$10.0 million receivable 12 months and 24 months, respectively after the date of completion (9 July 2019) of the FJVA with Pantoro, adjusted for the impacts of discounting. The first deferred consideration instalment of AUD$5.0 million was received on 9 July 2020, and the second deferred consideration instalment of AUD$10.0 million (the undiscounted value) was assigned to Tulla Private on 11 February 2021 as a partial repayment of the total indebtedness to Tulla Private. The assignment of the second deferred consideration instalment is a non-adjusted post balance sheet date event.

9. **Exploration & evaluation assets**

The Group's main asset is its 50% interest in the Tenements that comprise the Norseman Gold Project. The carrying value of the Group's investment in the Norseman Gold Project was reduce to Nil following the application of the accounting standards guidance to sale of the first 50% interest in the Tenements of the Norseman Gold Project.

In accordance with accounting standard guidance, the Group, as "farmor" under the FJVA, has recognised all non-contingent consideration under the FJVA, including cash, deferred cash and shares issued in Pantoro Ltd. To the extent that this non-contingent consideration exceeded the carrying value of 100% of the Exploration and Evaluation Assets, the excess has been recognised as profit on sale of assets.

In accordance with the terms of the FJVA, Pantoro are required to spend AUD$50.0 million in sole funding on the Norseman Gold Project. Accordingly, the Group has no financial obligations to fund the exploration activities being undertaken until the Sole Funding Period expires.

## 10. Loans and borrowings

| | *31 December 2020 Group AUD$* | *30 June 2020 Group AUD$* |
|---|---|---|
| **Current:** | | |
| Related party loans – Interest bearing | - | 11,460 |
| Unpaid Interest on Related party loans | - | 11,380 |
| Related party loans – Non-interest bearing | 240,353 | 1,889,552 |
| New facility – Related party | 59,009,968 | - |
| Unpaid interest on new facility – Related party | 6,480,287 | - |
| | 65,730,608 | 1,912,392 |

| | *31 December 2020 Group AUD$* | *30 June 2020 Group AUD$* |
|---|---|---|
| **Non-current:** | | |
| New facility – Related party | - | 59,014,968 |
| Unpaid interest on new facility – Related party | - | 3,131,255 |
| | - | 62,146,223 |

***Related Party Loans – Non-interest bearing***

The related party loans owing at 31 December 2020, excluding the New Facility Agreement, are unsecured and non-interest bearing. These loans were not part of the loan consolidation and interest waiver arrangement as outlined in the Circular to the 2019 AGM and GM.

***New Facility Agreement***

The New Facility Agreement is a secured facility from Tulla Resources Group Pty Ltd (a related party of Tulla Resources) ("Tulla Private") to Central Norseman Gold Corporation Pty Ltd ("CNGC") which is guaranteed by the Company the terms of which were set out in the Circular to Shareholders in respect to the annual general meeting and general meeting held on 31 December 2019.

The New Facility Agreement is secured by CNGC granting a first ranking security in favour of Tulla Private by an assignment of existing securities and the transfer of the existing mortgages over the tenements (subject to the Pantoro Security and Deed of Priority and Subordination with Pantoro as part of the Pantoro Farm-in and Joint Venture Transaction). The Company has guaranteed the amount owing by its wholly owned subsidiary, CNGC under the New Facility Agreement.

Tulla Private is a related party.

As outlined in the subsequent events within the Directors' Report, subject to the admission of the Company to the Official List of the ASX, the amounts owing under the New Facility Agreement will be repaid in full, and the security held by the lender will be released. The amount owing is repaid via several transactions outlined in the Debt Consolidation Agreement, including the transfer of the camp and housing assets owned by the Group, located within the Norseman mine site and township and the transfer the second deferred consideration. Upon completion of the Offer the Company paid AUD$20.0 million and converted the balance of the amount owing to equity at the listing price of AUD$0.90 per CDI.

## 11. Provisions for liabilities

| **Group** <br> **Non-current:** | *Employees Benefits AUD$* | *Rehabilitation and decommissioning AUD$* | *Total AUD$* |
|---|---|---|---|
| At 1 July 2020 | - | 20,686,630 | 20,686,630 |
| Debit to income statement | - | 2,174,745 | 2,174,745 |
| As at 31 December 2020 | - | 22,861,375 | 22,861,375 |

The Directors have considered environmental issues and the need for any necessary provision for the cost of rectifying any environmental disturbance, as might be required under local legislation and the Group's licence obligations and have provided the above provisions for any future costs of decommissioning or any environmental disturbance.

The provision for rehabilitation was reviewed at 31 December 2020 following the release of the DFS over the Norseman Gold Project by our joint venture partner, Pantoro Limited, which identified a phase one (1) life of mine of seven (7) years. The result was an increase in the present value of the estimated rehabilitation costs for the Norseman Gold Project.

## 12. Share capital

| | *31 December 2020* <br> £ | *30 June 2020* <br> £ |
|---|---|---|
| **Allotted, called up and fully paid** | | |
| 69,806,253,699 new ordinary shares of £0.00003827 each | 2,671,485 | 2,671,485 |
| 1,117,202,223 deferred shares of £0.01246173 each | 13,922,273 | 13,922,273 |
| | 16,593,758 | 16,593,758 |
| | *AUD$* | *AUD$* |
| **Allotted, called up and fully paid** | | |
| 69,806,253,699 new ordinary shares of £0.00003827 each | 5,070,258 | 5,070,258 |
| 1,117,202,223 deferred shares of £0.01246173 each | 22,877,922 | 22,877,922 |
| | 27,948,180 | 27,948,180 |

| **Movement in issued and fully paid capital and share premium reserve** | *Number* | *Issued and fully paid capital* <br> £ | *Share premium reserve* <br> £ | *Issued and fully paid capital* <br> *AUD$* | *Share premium reserve* <br> *AUD$* |
|---|---|---|---|---|---|
| Total as at 30 June 2020 | 69,806,253,699 | 16,593,758 | 75,658,738 | 27,948,180 | 143,086,801 |
| Total as at 31 December 2020 | 69,806,253,699 | 16,593,758 | 75,658,738 | 27,948,180 | 143,086,801 |

At the date of the creation of the new ordinary shares existing shareholders received one Deferred Share of £0.01246173 each for each ordinary share in the capital of the Company, being 1,117,202,223 Deferred Shares.

12. **Share capital (cont.)**

The Deferred Shares have the following rights:

- No dividends or entitlement to any other distribution;
- No entitlement to receive any Notice or attend or vote at ant general meeting of the Company;
- On a return of capital on a winding up only entitled to receive the amount paid up on each Deferred Share after the ordinary shares have received the sum of £1,000,000 for each ordinary share and then no other rights to participate in the assets of the Company

The Deferred Shares were subsequently bought back by the Company and are in the process of being cancelled.

13. **Related party transactions**

The Key management of the Group comprises the Directors of the Company. The remuneration paid or accrued to the Directors, in accordance with the service contracts which include payments made to entities associated with the Directors, during the half-year ended 31 December 2020 and 31 December 2019, was as follows:

| | *Note* | *Fees/Salaries* | *Share based payments* | *2020 Total* | *2019 Total* |
|---|---|---|---|---|---|
| | | *AUD$* | *AUD$* | *AUD$* | *AUD$* |
| Kevin Maloney | | - | - | - | - |
| David Steinepreis | | $9,000 | - | $9,000 | $18,000 |
| Fred Kempson | | $18,000 | - | $18,000 | $21,000 |
| Totals | | $27,000 | - | $27,000 | $39,000 |

Other transactions with related parties:

- the loans and borrowings balance includes an amount owing to Ascent Capital, a Company connected with Gary Steinepreis, a former Director of Tulla Resources Plc.
- CNGC is indebted to Tulla Private, a company associated with Kevin Maloney pursuant to the New Facility Agreement. CNGC has provided security for this indebtedness and it is guaranteed by the Company.
- Tulla Group Pty Ltd, a company associated with Kevin Maloney, has paid invoices on behalf of the Group and these invoices have been recharged to the Group at cost, with no administration or mark-up fee.
- CNGC pays the insurance and registration costs in relation to two (2) prime movers (trucks) owned by JLM Transport & Logistics Pty Ltd (JLM), a company associated with Kevin Maloney. This equipment is on-site and available to meet the haulage needs of CNGC on a daily hire basis. There is no charge for downtime. No hire fees were paid by CNGC to JLM in the financial year. As outlined in the Prospectus, the historical balance owing to JLM has been converted to equity at the listing price of AUD$0.90 per CDI.
- Resource Accommodation Management Pty Ltd (RAM), a company associated with Kevin Maloney managed and operated the residential camp on-site and the houses which CNGC owned for the provision of accommodation services to Pantoro South Pty Ltd employees and contractors, at direct cost. There was no fee payable by RAM to CNGC.

## 14. Net cash flows from operating activities

| **Group** | *Half-year ended 31 December 2020 AUD$* | *Half-year ended 31 December 2019 AUD$* |
|---|---|---|
| Group operating (loss) / profit | (3,339,818) | 43,637,869 |
| *Adjustments for items not requiring an outlay of funds:* | | |
| Depreciation and impairment | 3,182 | - |
| Profit on sale of assets | - | (44,525,265) |
| Provision for rehabilitation costs | 2,174,745 | - |
| Unwind discount on deferred consideration | 451,414 | - |
| Net cash outflow before changes in working capital | (710,477) | (887,396) |
| Decrease in receivables and prepayments | 4,174,369 | 410,534 |
| (Decrease) / increase in payables | (1,577,637) | 166,219 |
| Decrease in provisions for liabilities | - | (17,154) |
| Net cash outflow from operations | 1,886,255 | (327,797) |
| Interest received | 36 | 123 |
| Net cash inflow / (outflow) from operating activities | 1,886,291 | (327,674) |

## 15. Contingent liabilities and commitments

**Prosecution**

The Department of Mines, Industry, Regulation & Safety (DMIRS) appealed the decision of the Kalgoorlie Magistrates Court acquitting CNGC of any liability in respect to the excavator incident in the North Royal open pit in August 2015 which was heard by the Supreme Court of Western Australia on 24 November 2020. The decision has not yet been handed down by the Supreme Court. If the appeal is successful the maximum fine that the Court can impose on CNGC is AUD$250,000, plus DMIRS's legal costs.

The employee of Hampton Transport Services Pty Ltd injured in the excavator incident in the North Royal open pit in August 2015 commenced civil proceedings against CNGC in the District Court of West Australia. This matter was notified to CNGC's liability insurers who accepted coverage under the relevant policy, and CNGC is liable for the insurance policy excess of $100,000. This liability has been accrued in the Company's Statement of Financial Position as at 31 December 2020.

On 8 February 2018 there was a serious electrical incident on site. Energy Safe and DMIRS conducted a criminal investigation and there was the potential for a criminal prosecution to be brought against CNGC prior to the expiry of the limitation period on 7 February 2021. No prosecution was pursued by Energy Safe or DMIRS with the regulators confirming that no prosecution was being brought, accordingly there is no further related contingent liability.

**Commitments**

The Tenements comprise one consolidated project, being C11/1995. For each Tenement, the Tenement holder is required to meet minimum annual expenditure commitments pursuant to the licence conditions. On completion of Pantoro's acquisition of a 50% interest in the Project on 9 July 2019, Pantoro became liable to meet the exploration expenditure commitments for the Tenements for the Sole Funding Period. Upon completion of the Sole Funding Period, the UJV with Pantoro will commence and Tulla Resources will be liable for 50% of this commitment under the FJVA. The Tenements will require a minimum annual expenditure to ensure they are maintained in good standing. The annual expenditure commitment on the Tenements as at 31 December 2020 for the following 12 months was AUD$5.80 million.

In addition to meeting the minimum funding requirement, upon completion of the Sole Funding Period, Tulla Resources will be required to fund 50% of the pre-production capital and ongoing exploration costs of the joint venture. Furthermore, once the mine is in production, Tulla Resources will be required to fund 50% of the operating costs of the mine and it will receive 50% of gold and silver produced from the mine.

## 16. Subsequent events

The Directors Report provides details on the events that have occurred subsequent to 31 December 2020.

UHY Hacker Young
Chartered Accountants

**UHY Hacker Young LLP**
Quadrant House
4 Thomas More Square
London E1W 1YW

**INDEPENDENT REVIEW REPORT TO TULLA RESOURCES PLC**

**Introduction**

We have been engaged by the Company to review the condensed financial information in the interim results for the six months ended 31 December 2020 which comprises the Group Statement of Comprehensive Income, the Group Statement of Changes in Equity, the Group Balance Sheet, the Group Statement of Cash Flows and the related notes. We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

**Directors' Responsibilities**

The interim results are the responsibility of, and have been approved by, the directors. The directors are responsible for preparing the interim results in accordance with the ASX Rules.

As disclosed in note 1.2, the annual financial statements of the Group will be prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in the interim results has been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as adopted by the European Union.

**Our Responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim results based on our review.

**Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements (UK and Ireland) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information 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 International Standards on Auditing (UK) 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.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed financial statements in the interim results for the six months ended 31 December 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the ASX Rules.

UHY Hacker Young

**UHY Hacker Young LLP**
Chartered Accountants
Registered Auditors
London

16 March 2021