

31 July 2023

June 2023

Quarterly Activities Report and 5B Cashflow

Highlights

- Maiden JORC Code 2012 compliant Mineral Resource Estimate (MRE) defined for the Mavis Lake Lithium Project – 8.0Mt at 1.07% Li₂O
- Significant new spodumene intercepts, adding tonnage for a future Mineral Resource upgrade
- Commencement of spring exploration program across the 8km pegmatite trend encompassing the Gullwing and Tot prospects
- Exceptional results from metallurgical test work – up to 87% Lithium recovery from heavy liquid separation and flotation, producing a high-grade, low impurity concentrate
- Agreement in Principle signed and ceremony held with Wabigoon Lake Ojibway Nation in support of continued project progression
- Appointment of lithium industry expert, Mr Anthony Tse as strategic advisor to the board.
- \$10.2M capital raise (completed subsequent to the Quarter end) allows for continued focus on resource growth and project development, with on-going drilling focused on delivery of a future Mineral Resource upgrade

Overview

Lithium exploration and project developer Critical Resources Limited (**ASX:CRR**) ("Critical Resources" or "the Company") is pleased to report on its activities for the quarter ended 30 June 2023 ("the Quarter"). The focus for the quarter remained on the advancement of the Company's flagship asset, the Mavis Lake Lithium Project.

Operational Activities

Mavis Lake Lithium Project (100%) – Ontario, Canada

The Company continued to progress activities associated with the development of Mavis Lake, achieving significant milestones during the Quarter. These included announcement of a maiden JORC Code 2012 compliant Inferred Mineral Resource Estimate (MRE) for Mavis Lake – an essential step in Critical Resources' transition from explorer to project developer. Other highlights included the release of exceptional assay results from drilling, release of metallurgical test results, commencement of exploration at the nearby Gullwing and Tot prospects and announcement of a key community partnership with Wabigoon Lake Ojibway Nation ("WLON").

Critical Resources Limited

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Maiden Mineral Resource Estimate¹. In May, the Company delivered its maiden JORC Code 2012 compliant Inferred Mineral Resource Estimate (MRE) for Mavis Lake. Based on drilling completed up to the end of March 2023, and only covering approximately 2% of the project area.

The 8.0Mt grading 1.07% Li₂O MRE is the culmination of an intense 11-month exploration campaign. The achievement sees Critical Resources become one of only two ASX-listed companies with a JORC Code 2012 compliant Lithium Mineral Resource in Ontario, Canada. The defined resource, sets the Company apart and underpins efforts to transition from explorer to project developer.

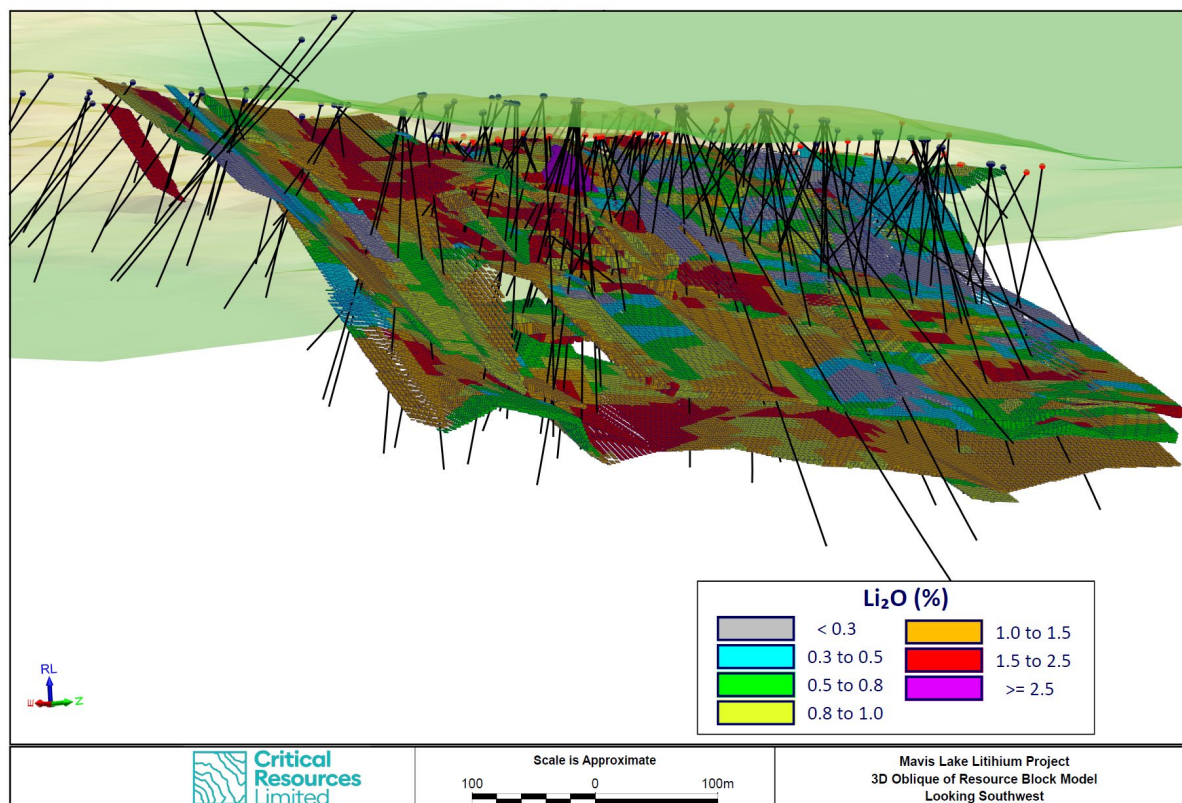


Figure 1 – Mavis Lake Block Model of Main Zone Resource

Continued Exploration Success. During the Quarter significant new spodumene intercepts were released, adding tonnage for a future Mineral Resource upgrade at Mavis Lake². Key intercepts included:

- **19.1m @ 1.35% Li₂O** from 229.6m down-hole (Drill-hole MF23-191)
- **8.35m @ 1.19% Li₂O** from 39.5m down-hole (Drill-hole MF23-194)
- **10.65m @ 1.59% Li₂O** from 3m down-hole (Drill-hole MF23-197)
- **13.3m @ 1.07% Li₂O** from 11.3m down-hole (Drill-hole MF23-199)
- **6.25m @ 1.37% Li₂O** from 182.5m down-hole (Drill-hole SZ23-011)

Significant lithium mineralisation continues to be intercepted demonstrating that the mineralisation remains open, providing clear potential for a significant future resource upgrade.

¹ Refer to ASX Announcement released 5 May 2023

² Refer to ASX Announcement released 27 June 2023



Metallurgical Test Work. The Company's initial metallurgical test work program concluded during the Quarter, producing consistently strong results across lithia grade and recoveries³. Testing demonstrated excellent potential for Mavis Lake to produce a premium product in terms of lithia grade coupled with very low impurities.

Test results included:

- Representative feed grade (1.2% Li₂O) produced a 6.02% Li₂O concentrate with total lithia recovery of 77.5% via heavy liquid separation (HLS) and flotation
- High feed grade (1.6% Li₂O) produced a 5.98% Li₂O concentrate with total lithia recovery of 87.3% via HLS and flotation
- HLS optimisation delivered a coarse concentrate at 6.2% Li₂O with 72.1% recovery

Processing techniques, concentrate grade, impurities and recoveries will inform development studies for the Mavis Lake Lithium Project.

Gullwing and Tot Spring Field Program. During the Quarter, grass-roots exploration commenced on an 8km pegmatite trend of the recently acquired Gullwing and Tot prospects, located within the north-eastern portion of the Mavis Lake Lithium Project.

Field teams conducted mapping and sampling, along with identification of targets for drilling. The Gullwing and Tot prospects add immediate growth potential to the Mavis Lake Project. Results from the fieldwork were released subsequent to the Quarter end⁴, the results confirmed high-grade lithium mineralisation in spodumene, up to 3.2% Li₂O from rock chip samples, permitting and planning for drill testing is ongoing.



Figure 2 – Field team sampling the Gullwing Lake Pegmatite (significant outcrop identified in grey shading)

³ Refer to ASX Announcement released 3 April 2023

⁴ Refer to ASX Announcement released 17 July 2023



Graphic Lake Lithium Project (100%) – Ontario, Canada

No exploration activities were completed during the Quarter.

Plaid and Whiteloon Lake Projects (100%) – Ontario, Canada

No exploration activities were completed during the Quarter.

Halls Peak Project – New South Wales, Australia

A maiden JORC 2012 compliant Mineral Resource Estimate (MRE) was completed for the Halls Peak Project during the Quarter.

The inferred Mineral Resource contains 840,000 tonnes at 3.7% zinc, 1.5% lead, 0.44% copper, 30 grams/tonne silver and 0.1 grams/tonne of gold at a 2.0% zinc cut-off grade.⁵

Mineralisation remains open along strike and at depth, offering the potential to increase the Mineral Resource through follow-up exploration.

Sohar Block 4 and 5 Project – Sultanate of Oman

No exploration activities were completed during the Quarter. The Company continued dialogue with in-country partners regarding future prospects of the Block 4 and Block 5 projects.

Schedule of mineral tenements

The Company's tenement and claim schedule can be seen in Appendix 1.

ESG and Sustainability

During the Quarter, Critical Resources executed an Agreement In Principle (AIP) with the Wabigoon Lake Ojibway Nation (WLON) related to ongoing exploration and project development activities at the Mavis Lake Lithium Project.

The AIP follows 18 months of positive engagement between the Company and WLON, the AIP defines how WLON and Critical Resources will work together to conduct continued exploration and project development activities.

The AIP also lays the foundation for the development of a consultation framework and an impact benefit agreement associated with future operations at Mavis Lake.

During the Quarter the Company presented at the Thunder Bay Mining Day, providing corporate sponsorship to the community based event.

The annual event seeks to promote exploration and mining within Northwest Ontario with proactive community engagement.

⁵ Refer to ASX Announcement released 30 June 2023



Finance

Exploration Expenditure

The Company invested approximately AUD\$3.2m in exploration activities across its project portfolio during the Quarter, approximately 90% was focused on Mavis Lake, with almost all Mavis Lake expenditure allocated to drilling, field geological support assays and exploration consumables.

Cash Position

The Company held cash and cash equivalents of AUD\$1.9m as at 30 June 2023.

Other Disclosure

As disclosed under item 6 in the Appendix 5B, the Company made payments to related parties for a total consideration of \$138,479. This consideration relates to payments attributable to routine Director fees, salaries and statutory superannuation.

Ontario Junior Exploration Program Funding

During the Quarter, the Company applied for funding consideration under the Ontario Junior Exploration Program (OJEP) funding scheme. OJEP provides 50% of project costs up to CAD\$200,000 per project and is part of a CAD\$20 million program supporting Canada's comprehensive strategy to fast-track the development of critical mineral projects.

Subsequent Events

Subsequent to the end of the Quarter, the Company announced a capital raise through a combination of a Flow-Through Share placement, and an Institutional placement, raising at total of AUD\$10.2M.

The Flow-Through placement is being conducted utilising the flow-through shares provision allowed under Canadian Tax Law and allows for the raising of capital at a premium and providing a clear runway for Critical Resources to continue to grow its Resource at Mavis Lake.

Subsequent to the end of the Quarter, the Company received written confirmation from the Ontario Mines Minister that subsidiary company (Canada Critical Resources Corp.) has been accepted to participate in the 2023-24 OJEP funding scheme. Funding from the OJEP scheme will be directed to the Company's ongoing drilling program at the Mavis Lake Lithium Project.

Corporate Activity

Strategic Advisor Appointment

During the Quarter Critical Resources appointed Mr Anthony Tse, former Managing Director and Chief Executive Officer of lithium operator and project developer Galaxy Resources (now merged with Allkem), as a Strategic Advisor.



Mr Tse will support the Critical Resources Board in delivery of its growth strategy, centred on the Mavis Lake Lithium Project.

He has extensive experience in developing lithium companies and delivering high-value shareholder outcomes through acquisition, divestment and merger activity.

Annual General Meeting of Shareholders

On 5 May 2023, Critical Resources held its Annual General Meeting in Perth. All Resolutions were passed by a poll, including:

- Adoption of the Remuneration Report
- Re-election of Director, Mr Robert Martin and election of Director, Mr John Markovic
- Ratification of prior Issue of Placement Shares
- Approval of a 10% Placement Facility (CR 7.1A)
- Adoption of a New Constitution

Forward Work Plan

All operational efforts for the following quarter will be focussed on continuing the test and define the zone of significant mineralisation swell identified with Drill Hole MF23-207⁶. The swell zone has been interpreted to plunge from surface, through-out the Mavis Lake Main Zone across a ~725m strike. Drill holes have been planned to test this theory, seeking to continue to intersect the plunging swell structure, currently assessed to be shallow plunging (15 degrees) towards the west-north-west (~280Az) - refer to Figure 3.

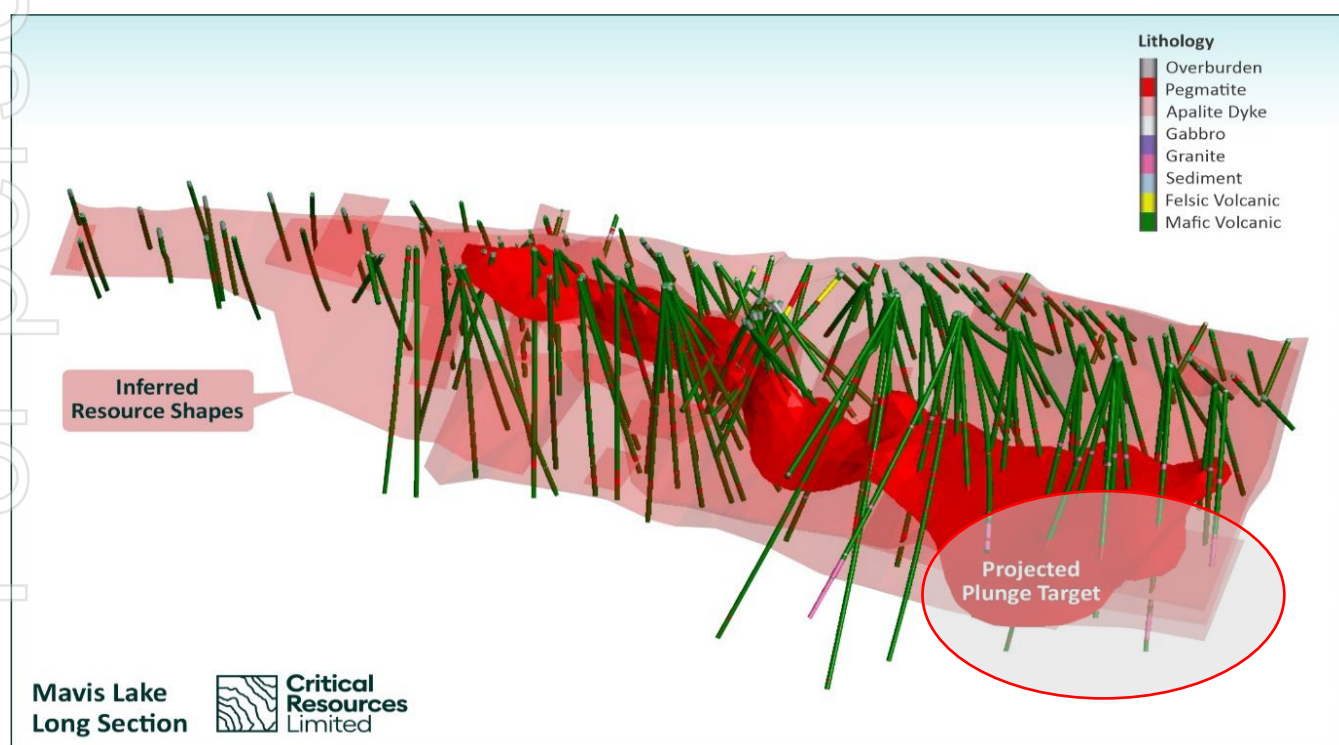


Figure 3 – Main Zone Long Section (looking SE) with projected plunge area (dark red)

⁶ Refer to ASX Announcements released 6 July 2023 and 24 July 2023



This announcement has been approved for release by the Board of Directors.

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ABOUT CRITICAL RESOURCES

Critical Resources is advancing and developing critical metals projects for a decarbonised future. The Company holds a suite of lithium prospects across Ontario, Canada, including Mavis Lake, Graphic Lake, Plaid and Whiteloon Lake. The Company's other projects include a copper project in Oman, and a base metals project in Halls Peak NSW, Australia.

The Company's primary focus is the rapid development of its flagship Mavis Lake Lithium Project. Mavis Lake is an advanced exploration project with near-term development potential. The Company completed over 19,500m of drilling in 2022 and has commenced another significant drilling program in 2023. In early 2023, Critical Resources released its maiden JORC Code 2012 Compliant Inferred Mineral Resource Estimate (MRE) for Mavis Lake – making Critical Resources just one of two ASX-listed companies with a JORC Code 2012 compliant mineral resource in Ontario. In parallel, the Company has also commenced initial studies that will underpin the transition from explorer to developer.

COMPLIANCE STATEMENT

This announcement contains information regarding the Mavis Lake Mineral Resource Estimate extracted from ASX market announcement dated 5 May 2023 and reported in accordance with the 2012 JORC Code and available for viewing at criticalresources.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in any original announcement and that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed. This document contains information on the Mavis Lake Lithium Project extracted from ASX market announcements reported in accordance with the 2012 JORC Code and available for viewing at www.criticalresources.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in any original ASX market announcement. ASX announcements pertaining to key exploration details are as follows:

- Metallurgical Test Work refer to ASX announcement dated 3 April 2023
- Drill Holes MF23-191, MF23-194, MF23-197, MF23-199 and SZ23-011 refer to ASX announcement dated 27 June 2023
- Exploration Results at Gullwing and Tot Prospects refer to ASX announcement dated 17 July 2023
- Drill Hole MF23-207 refer to ASX announcements dated 6 July 2023 and 24 July 2023

This announcement contains information regarding the Halls Peak Mineral Resource Estimate extracted from ASX market announcement dated 30 June 2023 and reported in accordance with the 2012 JORC Code and available for viewing at criticalresources.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in any original announcement and that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed.

FORWARD LOOKING STATEMENTS

This announcement may contain certain forward-looking statements and projections. Such forward looking statements/projections are estimates for discussion purposes only and should not be relied upon. Forward looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved. Critical Resources Limited does not make any representations and provides no warranties concerning the accuracy of the projections and disclaims any obligation to update or revise any forward-looking statements/projects based on new information, future events or otherwise except to the extent required by applicable laws. While the information contained in this report has been prepared in good faith, neither Critical Resources Limited or any of its directors, officers, agents, employees or advisors give any representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement.



Appendix 1 – Schedule of mineral tenements at 30 June 2023

Claim Number	Project / Location	Acquired Interest during quarter	Disposed interest during quarter	Interest at end of Quarter
101034, 101215-101218, 101616-101619, 103512, 107330-107331, 109871, 110434, 110703, 116376, 117689-117690, 123068, 124332, 129509, 130111, 130299-130330, 135026, 135728, 138331, 138446, 139468-139470, 141103, 141801, 143041, 143046-143047, 144330, 144441, 151583-151585, 151642, 157160-157161, 158448, 158546, 160902, 166897, 167079-167080, 167677, 168187-168188, 168229, 168328-168329, 176105, 176198, 179416-179418, 179741-179743, 180192, 108489, 181000, 181037, 182187, 186194, 187649, 188359, 189624, 190960-190961, 196153-196154, 197591, 198244-198246, 199857, 201802, 203140-203142, 203594, 203763, 205589, 205676, 207864, 209134-209136, 210239, 210439, 212294-212295, 215413, 215824, 216365-216366, 228777-228778, 230161-230162, 233613-233614, 233867, 234948, 235582, 239067, 240149, 246549, 247620, 253509-253510, 254970, 256451-256452, 256960, 257849, 257852, 259169, 259285, 264260, 266452, 267141, 270261, 271534, 271591, 272225-272226, 273079, 274526, 275823-275825, 278758, 281841, 282015, 283653-283655, 284320-284321, 286761-286763, 289910, 290059-290060, 290972, 292149, 302230, 303032, 303733-303734, 305020-305022, 306990, 307466-307467, 310379-313380, 312334, 314170-314171, 316293-316294, 316884, 325843, 326459, 329628-329631, 703383-703516, LEA-108830 – LEA-108835	Mavis Lake Ontario Canada	-	-	100%
76580-765816, 766092-766191, 766195-766294, 766540-766589, 766636-766685, 766745-766794, 766848-766898		-	-	100%
710276-710332, 710441-710491, 710659-710826, 710995-711044, 717564-717591	Plaid & Whiteloan Lake Ontario Canada	-	-	100%
659224-659228, 659230-659241, 686985 – 686998, 702287-702311, 702357-702389,	Graphic Lake Ontario Canada	-	-	100%
EL 4474, EL 9428 – EL9430	Halls Peak NSW Australia	-	-	100%
EL 7679	Halls Peak NSW Australia	-	-	59.5%
Block 5	Oman	-	-	65%
Block 4	Oman	-	-	51%

Appendix 5B

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

Name of entity

Critical Resources Limited

ABN

12 145 184 667

Quarter ended ("current quarter")

30 June 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(276)	(372)
	(e) administration and corporate costs	(111)	(506)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(387)	(877)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(5)	(5)
	(d) exploration & evaluation	(3,234)	(5,202)
	(e) investments	-	(649)
	(f) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(3,239)	(5,856)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	177
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(16)	(16)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Repayment of lease liabilities)	(30)	(30)
3.10	Net cash from / (used in) financing activities	(46)	131

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,586	8,550
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(387)	(877)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,239)	(5,856)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(46)	131

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	84	50
4.6	Cash and cash equivalents at end of period	1,998	1,998

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,674	5,265
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (security deposits)	324	321
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,998	5,586

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	138 ¹
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		
¹ Related party payments are attributable to director fees and salaries.		

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

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Not applicable		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(387)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(3,234)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(3,621)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,998
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,998
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.55
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Yes	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Yes, as announced on 27 July 2023, the Company has received firm commitments for a A\$10.2M capital raise through a combination of a Flow-Through Share placement, and an Institutional placement. The offer for Flow-Through Shares has been facilitated by Canadian flow-through share dealer, PearTree Securities Inc. ("PearTree"), pursuant to a subscription and renunciation agreement with the Company, and a block trade agreement being facilitated by Canaccord Genuity (Australia) Limited who is acting as Joint Lead Manager along with Sixty Two Capital Pty Ltd. Settlement is expected to occur on 7 August 2023.	

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

Answer: Yes, sufficient capital has been secured to allow continued operations with an emphasis on exploration and resource drilling.

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

Compliance statement

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

Date:31 July 2023.....

Authorised by:By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

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