



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 2021

TULLA RESOURCES PLC
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**TULLA RESOURCES PLC
DIRECTORS, SECRETARY AND ADVISERS**

Directors:	Kevin Maloney	Executive Chairman
	Mark Maloney	Executive Director
	Arthur Michael Anglin	Non-Executive Director
	Andrew Greville	Non-Executive Director
	Frederick Kempson	Non-Executive Director

Company Secretary: Ben Harber
Stephen Law (ceased 28 September 2021)
Stephen Maffey (appointed 28 September 2021)
Mark McIntosh

Company Registration Number: 05380466
ARBN: 122 088 073

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Solicitors (Australia): **Herbert Smith Freehills**
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Melbourne VIC 3000

Group Auditors: **UHY Hacker Young**
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4 Thomas More Square
London E1W 1YW

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TULLA RESOURCES PLC
DIRECTORS REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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 2021.

The Company is a public Company registered in England and Wales.

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	Executive Director
Arthur Michael Anglin	Non-Executive Director
Andrew Greville	Non-Executive Director
Frederick Kempson	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 profit after tax – AUD\$12.5 million (2020: AUD\$6.2 million loss)
- Net cash flows – AUD\$22.3 million deficit (2020: AUD\$0.2 million surplus)

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”) Pangolin Resources Pty Ltd and the Company.

Following the completion of the Sole Funding Period on or about 12 April 2021 whereby Pantoro was contractually obligated to expend AUD\$50 million on the Norseman Gold Project, an unincorporated 50/50 joint venture (JV) came into effect. Pursuant to the FJVA, Pantoro is the Manager of the JV as agent for the JV Parties. A JV Management Committee has been established and Kevin Maloney, Executive Chairman, is the Company’s representative on the committee. The role of the Management Committee is to supervise the Manager and to make strategic decisions in respect to the JV Activities based on the overriding objective of Best for Project Principal, being good faith based on equitable returns for the JV Parties. During the 6-month period Kevin Maloney attended 2 JV meetings.

Since the commencement of the JV the Company has been funding 50% of the JV expenditure.

The Group results for the period are set out on page 8 in the Financial Statements. The Directors do not propose to recommend any dividends for the reporting period ended 31 December 2021. The Group made a profit after tax of AUD\$12.5 million for the period ended 31 December 2021 (2020: loss after tax of AUD\$6.2 million).

Set out below is a summary of the key JV Activities that the Manager has reported occurred during the reporting period:

- Drilling has been focused on the following areas:
 - Historic Mainfield – Crown and Mararoa Reef structures, Butterfly, St Pats cross link reef, Crown South and two new cross links (Pascoes and Racetrack)
 - Green Lantern, a new discovery; and
 - Scotia Deeps

TULLA RESOURCES PLC
DIRECTORS REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Business review (cont.)

The drill results for these programs are available for review on the Company's website (www.tullaresources.com)

- On 14 September 2021 a Maiden Resource Estimate was announced in respect to Green Lantern of 6.87Mt @ 1.4g/AU for 310,000 ounces;
- On 20 September 2021 the Environment Protection Authority informed the JV Parties that it would not assess the Norseman Gold Project following a referral by a third party.
- On 27 September 2021 an Updated Mineral Resource and Reserve Statement was released of 4.2Mt @ 3.4 g/AU for 4.5Moz with an Ore Reserve of 713Koz (100%)
- In early October 2021 the approvals for the construction of the new processing plant were granted and shortly thereafter, GR Engineering Services commenced construction of the 1.0Mtpa carbon in leach processing plant. Construction is well underway and on schedule for production to recommence in August 2022

As at end December 2021 there were 6 drill rigs on site focussing on the Scotia Mining Centre (including Scotia Deeps and Green Lantern).

The Manager has advised that mining contracts for the open pit and underground mining will be awarded prior to the commencement of site works due to commence in April 2022 and production to recommence at the Norseman Gold Project from August 2022.

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). The Company owns 100% of the iron ore and Pantoro has no buy-in rights for the iron ore.

Pantoro has implemented Covid-19 Safe Working Practices at the Norseman Gold Project in compliance with the Health Orders of the State of Western Australia and COVID-19 has had little impact on operations during the reporting period.

Corporate

As at 31 December 2021, Tulla Resources had 269,172,423 ordinary shares of £0.0022962 each, of which 268,503,775 are registered as Chess Depository Interests (CDIs) on the electronic CHESSE sub-register. The CDIs trade on the ASX. All shareholders are able to request their shares be converted to CDIs to be traded on the ASX.

On 28 September 2021 Stephen Law resigned as a Company Secretary and Stephen Maffey was appointed a Company Secretary of Tulla Resources and its subsidiary companies, CNGC and Pangolin Resources.

During the reporting period, Andy Robb, an experienced mine engineer with over 40 years' experience was appointed as Norseman Asset Leader. Andy Robb is responsible for the relationship with Mining Associates Pty Ltd, who provide technical advice and support to Senior Management and the Board.

During the reporting period, on 30 December 2021 the Company held its Annual General Meeting (AGM). The AGM had originally being set for 22 December 2021, however due to the meeting site being deemed a Covid hotspot on the day of the AGM it was adjourned to 30 December 2021. At the AGM all Resolutions were passed and Frederick Kempson, Mark Maloney, Andrew Greville and Arthur (Michael) Anglin were reappointed as directors of Tulla Resources. The results of the AGM are available on the Company website at www.tullaresources.com.

Legal and Governance

Under the FJCA all JV Property is owned by the JV Parties severally as tenants in common in proportion of their JV interest (ie 50/50).

TULLA RESOURCES PLC
DIRECTORS REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Legal and Governance (cont.)

The Manager is the agent for the JV Parties and is responsible for managing, supervising and conducting JV Activities. As Manager, Pantoro is responsible for complying with all Laws and authorisations applicable to the JV Activities, including those relating to health, safety and environment protection and to ensure that all authorisations required to conduct JV Activities are applied for, obtained and maintained. The Manager is also responsible for keeping and renewing all Tenements in good standing and to keep the Tenements free from any liability to forfeiture or non-renewal under applicable legislation. The Manager is also responsible for preparing, filing and lodging all statutory reports as and when required under the Mining Act and any other applicable laws in respect to the Tenements and to act as the JV Parties' representative in relation to all Native Title rights and Aboriginal Heritage Act issues.

The Company has been informed that Pantoro, as Manager, continues to comply with its governance and reporting requirements pursuant to its contractual obligations under the FJVA.

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.

Further details on the status of legal proceedings impacting the Company are included in Note 20 Contingent liabilities and commitments on page 20.

On 14 December 2021 Tulla Resources announced that with its JV Partner, Pantoro, it had entered into a binding terms sheet with a subsidiary of Mineral Resources Limited for an unincorporated joint venture for lithium at Norseman (Lithium JV). The lithium is a JV Asset owned 50% by Tulla Resources. The Company will have a free carry to production, at which time it will have a 17.5% interest in the Lithium JV with a right to buy-back to 24.95%. Mineral Resources expect to commence Lithium exploration in the near future.

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.

TULLA RESOURCES PLC
DIRECTORS REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Section 172 Statement (cont.)

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 2021 summarised below:

- The Group entered into a non-binding heads of agreement with Koch Metals Limited on 21 January 2021 for an off-take and funding arrangement in respect to its 100% iron ore asset at Norseman. As part of the funding, Koch Metals will provide \$42 million to develop the iron ore as part of its initial off-take commitment of up to 400 million JORC compliant tonnes. The heads of agreement are subject to a number of conditions precedent including the admission of Koch Metals Limited to the London Stock Exchange;
- The Group sold a total of 5,781,571 shares in Pantoro Limited (ASX:PNR). The Company currently owns 94,218,429 ordinary shares representing approximately 6.0% of the issued share capital of Pantoro Limited;

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:

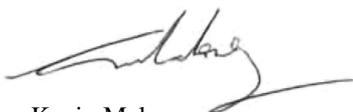
- There is a risk that employees and/or contractors on site at Norseman contract Covid-19 or are deemed close contacts requiring quarantining. This could impact on the commencement of mining operations due in May 2022 and on the construction of the new processing plant. Such delays may impact projected cash flows.
- 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;

TULLA RESOURCES PLC
DIRECTORS REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties facing the Company (cont.)

- 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;
- 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

15 March 2022

TULLA RESOURCES PLC
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	<i>Notes</i>	<i>Unaudited half-year ended 31 December 2021 AUD\$</i>	<i>Unaudited half-year ended 31 December 2020 AUD\$</i>
Continuing operations			
Group revenue		31,694	-
Cost of sales – direct costs		105,460	-
Gross profit		137,154	-
Other operating income	4	38,052	160,088
Administrative expenses before depreciation, exploration expenditure write off, rehabilitation costs write back and impairments		(863,333)	(709,048)
Exploration expenditure write off	9	(3,317)	-
Rehabilitation costs	3	(61,905)	(2,174,745)
Listing costs		-	(612,931)
Depreciation and impairment of property, plant & equipment	8	(3,935)	(3,182)
Amortisation	10	(225,244)	-
Total administrative expenses		(1,157,734)	(3,499,906)
Group operating loss		(982,528)	(3,339,818)
Unwind discount on deferred consideration	5	-	451,414
Unwind discount on provisions	5	(85,164)	
Interest receivable	5	38,030	36
Interest payable	5	-	(3,349,033)
Fair value adjustment on equity investment	11	13,500,000	-
Profit / (loss) before taxation		12,470,338	(6,237,401)
Taxation	6	-	-
Profit / (loss) for the period		12,470,338	(6,237,401)
Other comprehensive income		-	-
Total comprehensive profit / (loss) attributable to equity holders of the Company		12,470,338	(6,237,401)

TULLA RESOURCES PLC
GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	<i>Share Capital AUD\$</i>	<i>Share Premium AUD\$</i>	<i>Retained Losses AUD\$</i>	<i>Total Equity AUD\$</i>
Unaudited half-year ended 31 December 2021				
Balance at 1 July 2021	11,336,779	293,515,693	(248,011,881)	56,840,591
Profit for the period	-	-	12,470,338	12,470,338
Total comprehensive Loss for the period	-	-	12,470,338	12,470,338
Balance at 31 December 2021	11,336,779	293,515,693	(235,541,543)	69,310,929
	<i>Share Capital AUD\$</i>	<i>Share Premium AUD\$</i>	<i>Retained Losses AUD\$</i>	<i>Total Equity AUD\$</i>
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)

TULLA RESOURCES PLC
GROUP BALANCE SHEET
AS AT 31 DECEMBER 2021

	<i>Notes</i>	<i>Unaudited</i> <i>31 December 2021</i> <i>AUD\$</i>	<i>Audited</i> <i>30 June 2021</i> <i>AUD\$</i>
ASSETS			
Non-Current Assets			
Property, plant and equipment	8	16,354,504	715,773
Exploration and evaluation assets	9	8,788,292	2,854,011
Mine properties and development costs	10	2,546,828	650,582
		<u>27,689,624</u>	<u>4,220,366</u>
Current Assets			
Financial assets at fair value through profit and loss	11	33,500,000	20,000,000
Trade and other receivables	12	882,837	592,520
Inventories	13	681,725	235,688
Cash and cash equivalents		27,691,620	50,031,092
		<u>62,756,182</u>	<u>70,859,300</u>
Total Assets		<u>90,445,806</u>	<u>75,079,666</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	14	6,432,572	3,883,616
Provisions for liabilities	15	128,267	93,308
		<u>6,560,839</u>	<u>3,976,924</u>
Non-Current Liabilities			
Provisions for liabilities	15	14,574,038	14,262,151
		<u>14,574,038</u>	<u>14,262,151</u>
Total Liabilities		<u>21,134,877</u>	<u>18,239,075</u>
Net Assets		<u>69,310,929</u>	<u>56,840,591</u>
EQUITY			
Capital and Reserves			
Share capital	16	11,336,779	11,336,779
Share premium	16	293,515,693	293,515,693
Retained losses		(235,541,543)	(248,011,881)
Shareholders' Equity		<u>69,310,929</u>	<u>56,840,591</u>

The financial statements were approved by the Board of Directors on 15 March 2022 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 2021

	<i>Notes</i>	<i>Unaudited half-year ended 31 December 2021 AUD\$</i>	<i>Unaudited half-year ended 31 December 2020 AUD\$</i>
Net cash inflow from operating activities	18	1,135,559	1,886,291
Investing activities			
Funds used in exploration expenditure		(5,937,598)	-
Funds used in mine properties and development		(1,894,767)	-
Purchases of plant & equipment		(15,642,666)	-
Net cash used in investing activities		(23,475,031)	-
Financing activities			
Cash proceeds from related party financing		-	395,000
Loan repayments to related party		-	(2,072,040)
Net cash used in from financing activities		-	(1,677,040)
(Decrease) / increase in cash and cash equivalents		(22,339,472)	209,251
Cash and cash equivalents at beginning of the period		50,031,092	63,312
Cash and cash equivalents at end of the period		27,691,620	272,563

TULLA RESOURCES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

1.1 Accounting policies

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 15 March 2022.

1.2 Basis of preparation

The unaudited interim financial information set out above, incorporates the financial information of the Company and its subsidiary undertakings (the "Group"). The consolidated financial information for the half-year ended 31 December 2021 have been prepared in accordance with IAS 34: 'Interim Financial Reporting', as adopted by the UK, and under the historical cost convention. They have been prepared in accordance with the accounting policies the Group applied in the Company's latest annual audited financial statements and are expected to be applied in the annual financial statements for the year ending 30 June 2022. These accounting policies are based on the UK-adopted International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretation Committee ("IFRIC") interpretations.

The financial information relating to the half-year ended 31 December 2021 is unaudited and does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. It has, however, been reviewed by the Company's auditors and their report is set out at the end of this document. The Group's financial risk management objectives and policies are consistent with those disclosed in the 2021 annual report and accounts. The half-yearly report was approved by the board of directors on 15 March 2022. The half-yearly report is available on the Tulla Resources Plc website at www.tullaresources.com.au.

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\$1.0 million and a net profit of AUD\$12.5 million for the period, which follows an operating loss of AUD\$3.3 million and net loss of AUD\$6.2 million for the previous equivalent half-year period.

The Group had cash of AUD\$27.7 million and net assets of AUD\$69.3 million at 31 December 2021.

In ongoing funding of its 50% interest in the Norseman Gold Project prior to a positive cash flow from the recommencement of production scheduled for the financial year commencing 1 July 2022 the Group has a number of options available to it:

- Sale of all or part of the Company's shares in Pantoro with a market value of AUD\$33.5 million as at 31 December 2021;
- Exploring potential transactions for the development and operations of the Company's Industrial Mineral rights in accordance with the FJVA and other minerals that form part of the Joint Venture, to generate cash flow;
- Raising of capital (debt or equity) to meet its future Joint Venture funding obligations;
- Sale of part or all of its interest in the Joint Venture to its joint venture partner or a third party;
- The FJVA provides the Group the option to progressively dilute its interest in the Joint Venture if unable to meet future funding calls to the Joint Venture.

TULLA RESOURCES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

1.3 Going concern (cont.)

The Group is currently exploring all options available to it in order to ensure the Group is a going concern and to maximise the value to the Group's shareholders and is in advanced negotiations with a major financier for project financing.

The Group may need to source additional funds to fund any future cash calls to retain its current interest in its investments at their current level.

The Directors are confident that the Company will be successful in raising additional funds through one of the means identified above, should the need arise. However, factors beyond the Company's control, including pandemic diseases such as Covid-19 (coronavirus), which affects the debt and equity markets, may in turn have a negative impact on any fund raising.

Based on these facts, the Directors consider the going concern basis of preparation to be appropriate for this financial report. Should the Company be unsuccessful in raising additional funds through one of the means identified above, it may be forced to dispose of part or all of its interest in the Norseman Gold Project, or dilute its interest in the Norseman Gold Project in accordance with the dilution provisions in the FJVA. In the event that the Company is unable to source additional funds to meet its costs outside of the Norseman Gold Project, most of which are discretionary, save for the costs of compliance, there is a material uncertainty which may cast doubt whether the Group will be able to continue as a going concern and therefore, whether it will realise the full potential value of its assets and extinguish its liabilities in the normal course of business.

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 2021.

The accounting policies are consistent with those disclosed in the 2021 annual financial statements except for the impact of new or amended standards and interpretations effective 1 July 2021. 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.

TULLA RESOURCES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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 2020 or 31 December 2021.

3. Group operating profit

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

	<i>Half-year ended</i> <i>31 December 2021</i> <i>AUD\$</i>	<i>Half-year ended</i> <i>31 December 2020</i> <i>AUD\$</i>
Auditor's remuneration		
- Audit services	100,417	72,159
Depreciation, amortisation and impairment of property, plant & equipment	229,179	3,182
Employee costs, excluding share-based payments	291,500	27,000
Exploration costs written off	3,317	-
Foreign currency gains	(1,645)	-
Listing costs	-	612,931
Rehabilitation expense	61,905	2,174,745
	=====	=====

4. Other operating income

Group	<i>Half-year ended</i> <i>31 December 2021</i> <i>AUD\$</i>	<i>Half-year ended</i> <i>31 December 2020</i> <i>AUD\$</i>
Equipment lease income	-	115,759
Insurance proceeds	-	5,702
Rental income	-	10,400
Sundry income	38,052	28,227
	-----	-----
	38,052	160,088
	=====	=====

5. Interest income and interest payable

Group	<i>Half-year ended</i> <i>31 December 2021</i> <i>AUD\$</i>	<i>Half-year ended</i> <i>31 December 2020</i> <i>AUD\$</i>
Interest income	38,030	-
Unwind discount on deferred consideration	-	451,414
Unwind discount on provisions	85,164	-
Interest on debt, convertible loan notes, related party financings and other	-	(3,349,033)
	=====	=====

TULLA RESOURCES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

6. 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\$172.7 million (2020: AUD\$175.5 million). A resulting deferred tax asset has not been recognised in respect of such losses due to the uncertainty of future profit streams.

7. Employee costs

	<i>Half-year ended 31 December 2021</i>	<i>Half-year ended 31 December 2020</i>
	<i>Group AUD\$</i>	<i>Group AUD\$</i>
Wages, salaries and Directors fees	274,000	27,000
Social security and superannuation costs	17,500	-
	<u>291,500</u>	<u>27,000</u>
	=====	=====

During the half-year there were a total of five (5) Directors throughout the period (2020: three (3) Directors throughout the period). There was one (1) non-Director staff member employed during the half-year ended 31 December 2021 (2020: no other staff).

It is noted that the Independent Directors (past and present) have not been employees of the Group, but rather they invoice the Group for their services. Further details of the directors' remuneration are shown in the Directors' Report.

The Manager of the Norseman Gold Project is responsible for employing all staff in relation to the Norseman Gold Project. These costs have been capitalised in accordance with the applicable IFRS Accounting Standards.

8. Property, plant & equipment

Group	<i>Fixed Plant and equipment AUD\$</i>	<i>Joint Venture Plant & Equipment</i>	<i>Capital works in progress AUD\$</i>	<i>Total AUD\$</i>
Cost				
At 1 July 2021	31,818	-	690,319	722,137
Additions	-	20,861	15,621,805	15,642,666
	<u>31,818</u>	<u>20,861</u>	<u>16,312,124</u>	<u>16,364,803</u>
At 31 December 2021	31,818	20,861	16,312,124	16,364,803
Depreciation				
At 1 July 2021	(6,364)	-	-	(6,364)
Depreciation charge	(3,182)	(753)	-	(3,935)
	<u>(9,546)</u>	<u>(753)</u>	<u>-</u>	<u>(10,299)</u>
At 31 December 2021	(9,546)	(753)	-	(10,299)
Net book values				
31 December 2021	<u>22,272</u>	<u>20,108</u>	<u>16,312,124</u>	<u>16,354,504</u>
	=====	=====	=====	=====

TULLA RESOURCES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

9. **Exploration & evaluation assets**

	<i>31 December 2021</i>	<i>30 June 2021</i>
	<i>AUD\$</i>	<i>AUD\$</i>
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases:		
Opening balance for period	2,854,011	-
Exploration expenditure incurred during the year	5,937,598	2,854,137
Exploration expenditure written off	(3,317)	(126)
	<hr/>	<hr/>
Closing balance for period	8,788,292	2,854,011
	<hr/> <hr/>	<hr/> <hr/>

In accordance with the FJVA, the Group commenced incurring its 50% share of the costs of the Norseman Gold Project upon completion of the Sole Funding Period in April 2021. This included contributing to the exploration activities of the Norseman Gold Project.

The ultimate recoupment of costs carried forward in respect of areas of interest in the exploration and evaluation phases is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas. The Group has an interest in certain exploration licences and the amounts shown above include amounts expended, since the end of the sole funding period, in the exploration of those tenements.

Recovery of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

10. **Mine properties and development phase**

	<i>31 December 2021</i>	<i>30 June 2021</i>
	<i>AUD\$</i>	<i>AUD\$</i>
Costs carried forward in respect of areas of interest in:		
Mine properties and development phases:		
Opening balance for period	650,582	-
Development expenditure incurred during the year	1,894,767	650,582
Capitalised increase in provision for rehabilitation (note 15)	226,723	-
Amortisation of development expenditure during the year	(225,244)	-
	<hr/>	<hr/>
Closing balance for period	2,546,828	650,582
	<hr/> <hr/>	<hr/> <hr/>

Expenditure on developing mine properties in production represents costs incurred in relation to development of operating mines at the Group's Norseman Gold Project. The Directors review this carrying value periodically to ensure the carrying value will be recovered by ongoing mining activities. The Directors assess the carrying values of the capitalised mine development costs against the operations and impair the value of those assets down to the estimated recoverable amount.

TULLA RESOURCES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

11. Financial assets at fair value through profit and loss

	<i>31 December 2021</i> AUD\$	<i>30 June 2021</i> AUD\$
Financial assets at fair value through profit and loss		
Opening balance for period	20,000,000	-
Financial assets purchased during the period	-	21,020,000
Revaluation to fair value through profit and loss	13,500,000	(1,020,000)
	<hr/>	<hr/>
Closing balance for period	33,500,000	20,000,000
	<hr/> <hr/>	<hr/> <hr/>

12. Trade and other receivables

	<i>31 December 2021</i> AUD\$	<i>30 June 2021</i> AUD\$
Current:		
Other receivables	512,266	548,180
Prepayments	370,571	44,340
	<hr/>	<hr/>
As at 31 December	882,837	592,520
	<hr/> <hr/>	<hr/> <hr/>

13. Inventories

	<i>31 December 2021</i> AUD\$	<i>30 June 2021</i> AUD\$
Work in progress – crushed ore (at cost)	593,389	188,646
Raw materials and stores (at cost)	88,336	47,042
	<hr/>	<hr/>
As at 31 December	681,725	235,688
	<hr/> <hr/>	<hr/> <hr/>

14. Trade and other payables

	<i>31 December 2021</i> AUD\$	<i>30 June 2021</i> AUD\$
Trade payables	5,796,986	2,458,893
Other payables	635,586	1,424,723
	<hr/>	<hr/>
As at 31 December	6,432,572	3,883,616
	<hr/> <hr/>	<hr/> <hr/>

TULLA RESOURCES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

15. Provisions for liabilities

Current:	<i>Employees Benefits AUD\$</i>	<i>Rehabilitation and decommissioning AUD\$</i>	<i>Total AUD\$</i>
At 1 July 2021	93,308	-	93,308
Debit to income statement	34,959	-	34,959
	<hr/>	<hr/>	<hr/>
As at 31 December 2021	128,267	-	128,267
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Non-current:			
At 1 July 2021	-	14,262,151	14,262,151
Debit to Mine properties in development phase (note 10)	-	311,887	311,887
	<hr/>	<hr/>	<hr/>
As at 31 December 2021	-	14,574,038	14,574,038
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Environmental obligations associated with the retirement or disposal of mining properties and/or exploration activities are recognised when the disturbance occurs and are based on the extent of the damage incurred. The provision is measured at the present value of the future expenditure. The rehabilitation liability is remeasured at each reporting period in line with the change in the time value of money (recognised as an expense in the Group Statement of Comprehensive Income and an increase in the provision).

During the year ended 30 June 2021, the Manager engaged the services of an external consultant to update the Mine Closure Plan for submission to DMIRS in accordance with its licence requirements. The detailed review was the first review undertaken since 2017 and considered the impact, on the closure requirements for the site, of the new mine plan outlined in the DFS. This included a reclassification of the significant tailings dams on the Norseman Gold Project into low grade stockpiles to be processed through the new processing plant to be built. This reclassification resulted in a material reduction in the estimated rehabilitation liability reported to DMIRS in the Mine Closure Plan, with the consequential impact on the financial statements being a material reduction in the liability and a credit to the income statement

16. Share capital

	<i>31 December 2021</i>	<i>30 June 2021</i>
	£	£
Allotted, called up and fully paid		
69,806,253,699 new ordinary shares of £0.00003827 each	6,180,737	6,180,737
	<hr/>	<hr/>
	<i>AUD\$</i>	<i>AUD\$</i>
Allotted, called up and fully paid		
69,806,253,699 new ordinary shares of £0.00003827 each	11,336,779	11,336,779
	<hr/>	<hr/>

Movement in issued and fully paid capital and share premium reserve	<i>Issued and fully paid capital</i>	<i>Share premium reserve</i>	<i>Issued and fully paid capital</i>	<i>Share premium reserve</i>
<i>Number</i>	£	£	AUD\$	AUD\$
Total as at 30 June 2021	269,172,423	6,180,737	161,009,554	11,336,779
	<hr/>	<hr/>	<hr/>	<hr/>
Total as at 31 December 2021	269,172,423	6,180,737	161,009,554	11,336,779
	<hr/>	<hr/>	<hr/>	<hr/>

TULLA RESOURCES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

17. 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 2021 and 31 December 2020, was as follows:

	<i>Note</i>	<i>Fees/Salaries</i>	<i>Share based</i>	<i>2021</i>	<i>2020</i>
		<i>AUD\$</i>	<i>payments</i>	<i>Total</i>	<i>Total</i>
		<i>AUD\$</i>	<i>AUD\$</i>	<i>AUD\$</i>	<i>AUD\$</i>
Kevin Maloney		82,500	-	82,500	-
Mark Maloney		66,000	-	66,000	-
Arthur Michael Anglin		33,000	-	33,000	-
Andrew Greville		33,000	-	33,000	-
Fred Kempson		33,000	-	33,000	18,000
David Steinepreis (resigned 18 February 2021)		-	-	-	9,000
Totals		247,500	-	247,500	27,000

Other transactions with related parties:

- 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.
- Resource Accommodation Management Pty Ltd (RAM), a company associated with Kevin Maloney has constructed a new Co-Living Accommodation Village in Norseman. The Manager (as agent for the JV Parties) is contracting rooms for its employees and contractors on site. As a JV expense, the Company is paying 50% of the accommodation costs.

18. Net cash flows from operating activities

Group	<i>Half-year ended</i>	<i>Half-year ended</i>
	<i>31 December 2021</i>	<i>31 December 2020</i>
	<i>AUD\$</i>	<i>AUD\$</i>
Group operating loss	(982,528)	(3,339,818)
<i>Adjustments for items not requiring an outlay of funds:</i>		
Depreciation, amortisation and impairment	232,496	3,182
Provision for rehabilitation costs	-	2,174,745
Unwind discount on deferred consideration	-	451,414
Net cash outflow before changes in working capital	(750,032)	(710,477)
Increase in inventories	(446,037)	-
(Increase) / decrease in receivables and prepayments	(290,317)	4,174,369
Increase / (decrease) in payables	2,548,956	(1,577,637)
Decrease in provisions for liabilities	34,959	-
Net cash outflow from operations	1,097,529	1,886,255
Interest received	38,030	36
Net cash inflow from operating activities	1,135,559	1,886,291

TULLA RESOURCES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

19. Contingent assets

The FJVA entered into with Pantoro in May 2019 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.

20. 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.

Commitments

At 31 December 2021, the Group had the following commitments:

- tenement lease expenditure commitments of \$21,330,020 (30 June 2021: \$5,843,360) on which mining and exploration operations are located; and
- capital expenditure commitments of \$17,218,546 (30 June 2021: \$26,787,072) principally relating to the construction of the Norseman Gold Project.

Contingencies

Since the last annual reporting date, there has been no material change in any other commitments or contingencies of the Group.

21. Subsequent events

The Directors Report provides details on the events that have occurred subsequent to 31 December 2021.

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 2021 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 UK. 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 UK.

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.

Material uncertainties relating to going concern

We draw attention to the Going Concern section of Note 1.2 to the financial statements. If the group were unable to raise further funding via one of the means outlined, including from the sale of Pantoro Limited shares, or debt or equity funding, then this would place doubt on the ability to preserve the current ownership interest in its assets and fund the business for 12 months. These events constitute a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

INDEPENDENT REVIEW REPORT TO TULLA RESOURCES PLC

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 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the UK and the ASX Rules.



UHY Hacker Young LLP

Chartered Accountants

Registered Auditors

London

15 March 2022