



CASPIN RESOURCES LIMITED

ABN 33 641 813 587

AND ITS CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT

For the half year ended 31 December 2021



Caspin Resources Limited
ABN 33 641 813 587

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DIRECTORS' REPORT

Your Directors present their half-yearly report on the consolidated entity consisting of Caspin Resources Limited ("Caspin" or "the Company") and the entities it controlled at the end of, or during, the period 1 July 2021 to 31 December 2021 ("the Group").

Directors

The persons who were Directors of Caspin Resources Limited during the interim reporting period and up to the date of this report are:

Mr Cliff Lawrenson	Non-Executive Chairman (appointed on 1 October 2020)
Mr Justin Tremain	Non-Executive Director (appointed on 2 October 2020)
Ms Simone Suen	Non-Executive Director (appointed on 2 October 2020)
Dr Jon Hronsky	Non-Executive Director (appointed on 17 June 2020)
Mr Greg Miles	Chief Executive Officer (appointed on 1 October 2020)

Review of Operations

Caspin's principal activities during the period were focused on progressing the Yarawindah Brook Project and the Mount Squires Project. The Group successfully completed a \$9.75 million placement in July, and the Group remains in a strong financial position allowing it to continue its exploration programs at Yarawindah Brook and Mount Squires.

Yarawindah Brook Project

The Yarawindah Brook Project is located approximately 20km south of New Norcia and 100km northeast of Perth, Western Australia. Caspin owns 80% of the project including five granted exploration licenses and two exploration license applications. The project has been the main focus of the Company's exploration activities during the reporting period.

Phase 1 of an RC program was completed in August through September 2021, the assay results of which have now been received in full. The program consisted of 11 holes for approximately 3,000m of drilling as a first pass test of the Yarabrook Hill intrusion, with the aim being to provide early insight into the architecture of the intrusion and assist any subsequent programs in vectoring towards its most prospective parts.

Due to difficult ground conditions, the 11 holes were prioritised on ease of access within the prospect area and did not necessarily test the highest-ranking targets (e.g., the main part of the Eastern geochemical soil anomaly). The program was suspended in September to allow for surface ground conditions to improve resulting in Phase 2 of the RC program being completed from October to December.

Results from the Phase 1 drilling have returned broad zones of mineralisation including a standout intersection from YARC0001 of **263m @ 0.24g/t Pd+Pt+Au (3E), 0.11% Ni & 0.13% Cu** (see ASX announcement of 24 January 2022). Further broad zones were returned in YARC0009, including **116m @ 0.11g/t 3E, 0.15% Ni & 0.11% Cu**, hosted within peridotite and pyroxenite rocks. Note that these intersections contain some internal dilution from rocks such as late-stage, barren dolerites. YARC0009 was drilled 135m up dip of YAD0017 which previously intersected multiple zones of PGE-Ni-Cu sulphide mineralisation (see ASX announcement of 5 July 2021).

Phase 2 consisted of a further 16 RC holes (~2,500m) and two diamond drill holes (YARCD0012, YAD0019; ~1,500m). The RC program mostly tested targets at the Eastern geochemical soil anomaly (5 holes, YARC0017 – YARC0021) and XC-22 airborne electromagnetic anomaly (6 holes; YARC0024 – YARC0027). Three holes (YARC0013-YARC0015) tested a magnetic feature to the south of Yarabrook Hill but only intersected barren lower sequences of the intrusion. Unfortunately, due to excessive ground water, many of the RC holes in Phase 2 have failed to reach target depth and will be extended with diamond tails on the recommencement of drilling.

A deep stratigraphic diamond hole through the entire Yarabrook intrusion was completed to a depth of 1,199m (YAD0019). The hole was designed to confirm geological interpretations, assist with geophysical inversions of magnetic and gravity datasets, and potentially identify prospective sequences in the deeper parts of the Yarabrook intrusion. The drill hole was partially funded by the WA government Exploration Incentive Scheme (EIS).

The drill hole was designed to intersect the full stratigraphy of the Yarabrook Hill intrusion and evaluate how closely that matched the current geological interpretation held by Caspin (see ASX release 23 September 2021). An important aspect of this model is that the currently drilled part of the Yarabrook Hill intrusion is interpreted to be a downward

facing, ultramafic basal section, which has been thrust over the bulk of the intrusion with a gabbroic composition. Initial observations suggest broad consistency with this model with an upper sequence of peridotites intersected which graded into a zone of dominantly pyroxenites intercalated with peridotites and then a major shear zone, below which was a dominantly gabbroic sequence, with the hole ending in interpreted metamorphosed country rocks (Figure 2). Interpretation of lithologies is continuing and assays are still pending.

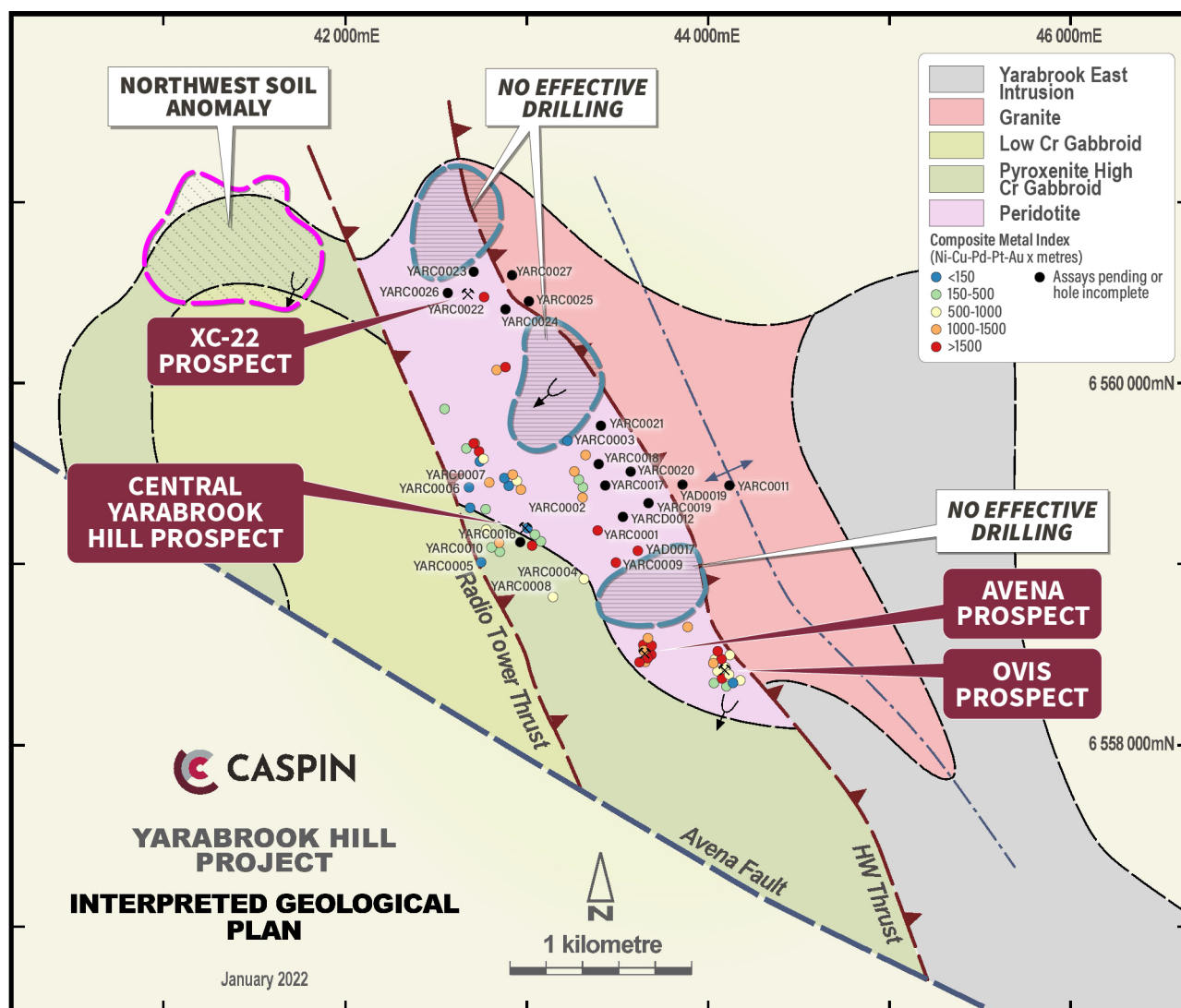


Figure 1. Interpreted geology of Yarabrook Hill with effective drilling and total metal accumulations combining Caspin drilling (labelled) with historical drilling. Effective drilling is defined as drilling through the prospective stratigraphic sequence with a full suite of Ni-Cu-PGE assays.

The Company has now defined three significant target concepts at the Central Yarabrook Hill prospect. Each of these is discussed below.

1. Higher-Grade Segments within the extensive Main Mineralised Zone

A localised segment within the thick (typically 100-200m), extensive and continuous sulphide-mineralised zone with higher sulphide content and/or mineralisation tenor. Based on analogies with similar systems elsewhere (most notably the high-grade FlatReef deposit within the PlatReef zone of the Bushveld complex in South Africa), we expect that such significant changes may occur with variations in the geometry of this mineralised zone. In particular, we expect that segments that were originally in a flatter orientation to be more strongly mineralised. There is a large potential search-space at Yarabrook Hill for the discovery of such a position, as the main mineralised zone has been traced over 3,000m of strike and has now been intersected over 1,500m of down-dip extent. To date there are only a small number of holes that have both intersected the entire width of the mineralised zone and have assays for both PGE and base-metals and therefore there is currently insufficient data to vector towards this target position. There are large areas with no effective drilling at all.

However, it is encouraging that the mineralisation section appears to be thickening down-dip, based on observations from YAD0019 which reported a sulphide zone in mixed peridotite and pyroxenite over a thickness of at least 200m (see ASX release of 26 November 2021).

2. Narrower, higher-grade zones within the broader Main Mineralised Zone

Within the broad zone of mineralisation at Yarabrook Hill, a number of narrower, higher-grade zones have been intersected. For example, new results from YARC0009 included intersections such as **2m @ 0.58g/t 3E, 0.37% Ni & 0.57% Cu** and **3m @ 0.85g/t 3E, 0.16% Ni & 0.09% Cu**. Previous examples of narrower, higher-grade intersections include 4.4m @ 0.88 g/t 3E, 0.43% Ni & 1.00% Cu, in YAD0017. If continuity of these zones can be demonstrated with closer spaced drilling in future drill programs, they may possibly represent an economic exploration target.

3. Primary Basal Contact Massive-Sulphide mineralisation below the HW contact Shear Zone

In all holes drilled to date, the hanging-wall of the mineralised zone has been a structural contact with peridotite and a primary igneous basal contact position has not been observed. This is important because such basal contact positions within mineralised intrusions are commonly where massive sulphide mineralisation occurs. Therefore, any positions where a primary contact may be preserved below the Hanging Wall Shear zone are a very important conceptual target for the Company. Deep penetrating ground-EM surveying is likely to be the best method to help target such a position. Previous EM surveys did not cover the down dip extent of the intrusion to the NE. This target concept may also be relevant to the XC-22 Prospect.

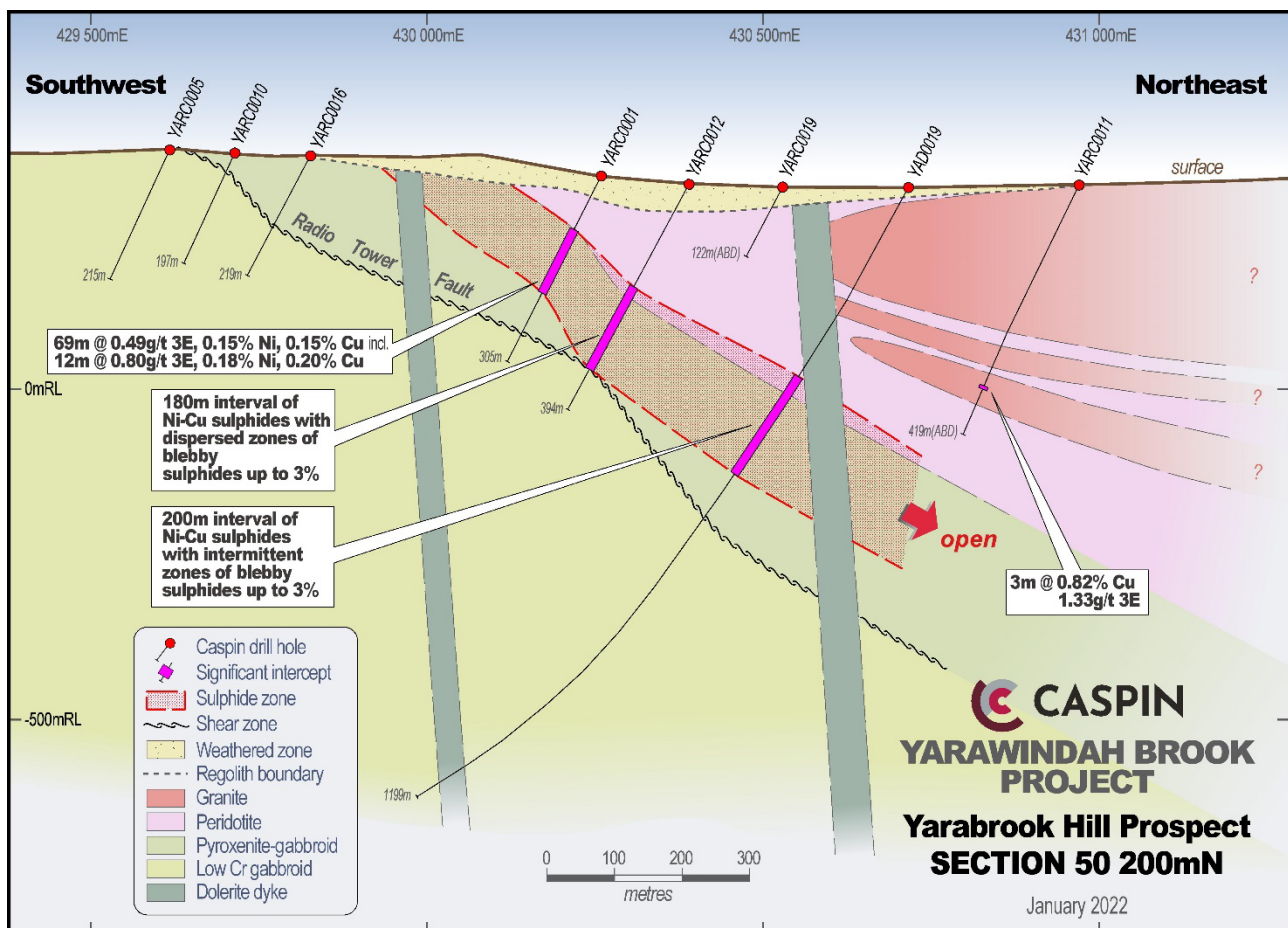


Figure 2. Section through Yarabrook Hill showing results and potential mineralised zones yet to be tested.

The RC drilling at the XC-22 Prospect, an Airborne Electromagnetic (AEM) anomaly located at the northern end of Yarabrook Hill, has intersected significant nickel, copper and PGE mineralisation. Results from YARC0022 were released post the half-year reporting period (see ASX announcement of 9 February 2022) and included 2m @ 1.42% Ni, 0.47% Cu and 0.33g/t 3E from 46m downhole, hosted within a mafic pyroxenite-gabbro rock (figure 3). This is a significant result at this shallow depth and appears to be coincident with the XC22 AEM anomaly.

The 68m mineralised interval also included a zone of significant low-sulphide, but PGE-rich mineralisation, grading 13m @ 0.97g/t 3E, 0.26% Ni & 0.21% Cu from 101m. This zone has a clear stratigraphic control, occurring at the lower contact of the mineralisation-hosting pyroxenite-gabbroid unit with underlying peridotite. Of particular interest is that this intersection included a high-grade interval of 2m @ 2.45g/t Pt, 0.40g/t Pd, 0.23% Ni & 0.09% Cu from 112m.

This lower PGE-rich horizon correlates well with the mineralisation (3m @ 1.04g/t Pt, 0.50g/t Pd) in historical drill hole YBR063 and likely supergene mineralisation intersected near surface in YBR060 – YBR062. This stratigraphic correlation is supported by both these intersections having distinctively high Pt/Pd ratios. These results suggest that the PGE-rich horizon has at least 200m of continuity down-dip, which is a very significant breakthrough for the project. This mineralisation is open in all directions (Figure 4).

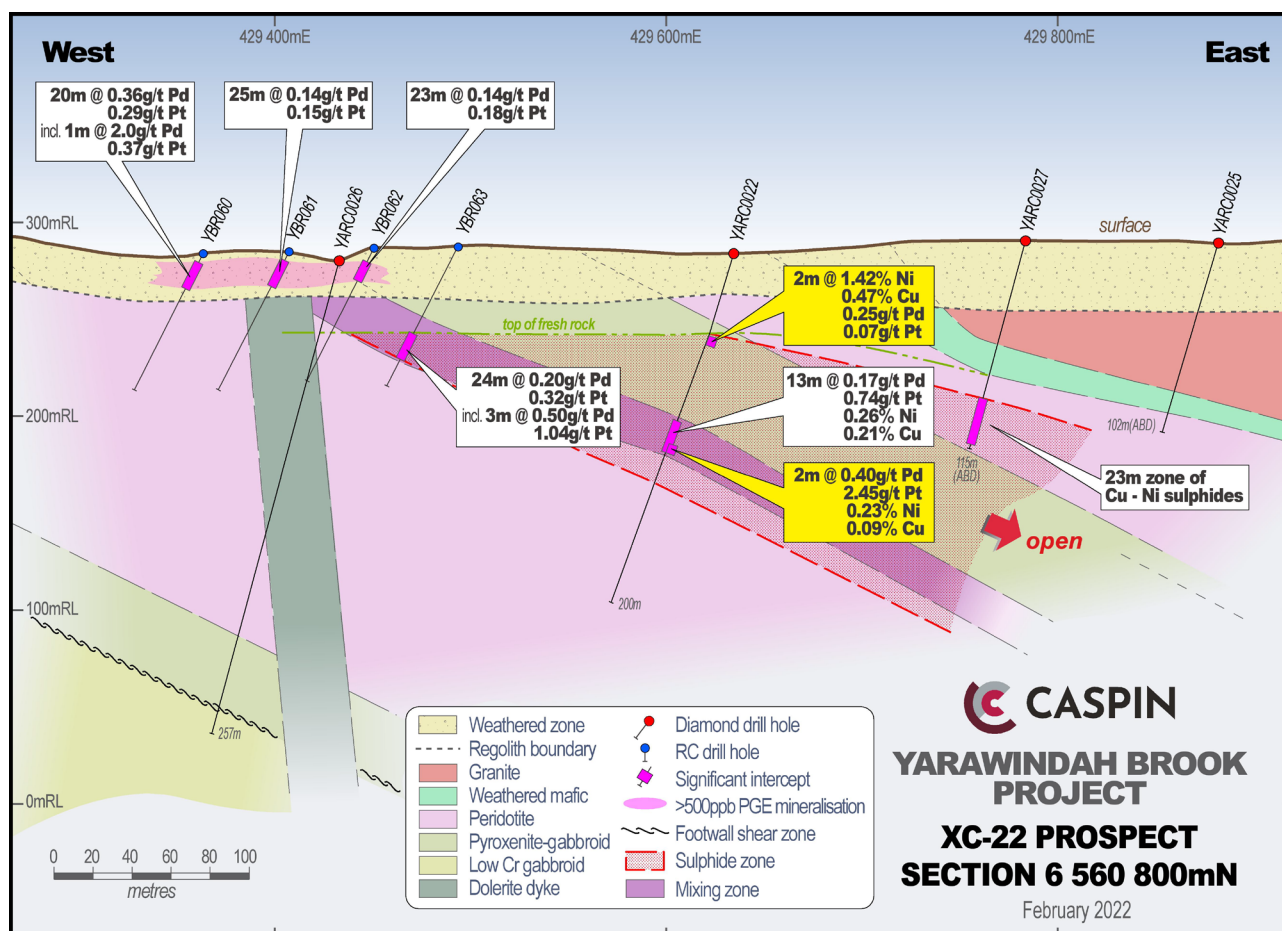


Figure 3. Section through XC-22 showing YARC0022 and mineralisation in historical drilling. Assays from YARC0027 are yet to be received.

A second hole, YARC0023, drilled approximately 175m along strike and down dip from YARC0022 has also intersected gabbro and pyroxenite sequences with trace to minor disseminated sulphides – except for a 2m zone consisting of approximately 5% sulphides with visible chalcopyrite and lesser pentlandite. This interval may correlate with the mineralised interval observed in YARC0022 at 46m. Results remain pending.

A further four holes have been drilled at XC-22, with some further intersections of disseminated sulphide mineralisation. However, due to difficult drilling conditions, three additional holes (YARC0024, YARC0025 and YARC0027) were unable to reach their target depth and therefore the down-dip position from YARC0022 is yet to be tested. The geology of YARC0027 is particularly encouraging, intersecting a 38m zone of disseminated sulphides in a peridotite unit before the hole was abandoned. This peridotite unit is generally associated with stronger mineralisation at Yarabrook Hill.

The combined results from Phase 1, and visual observations from Phase 2 RC and diamond holes have given the Company a greater understanding of intrusion architecture and controls on mineralisation, therefore helping the targeting of potentially economically-mineralised positions.

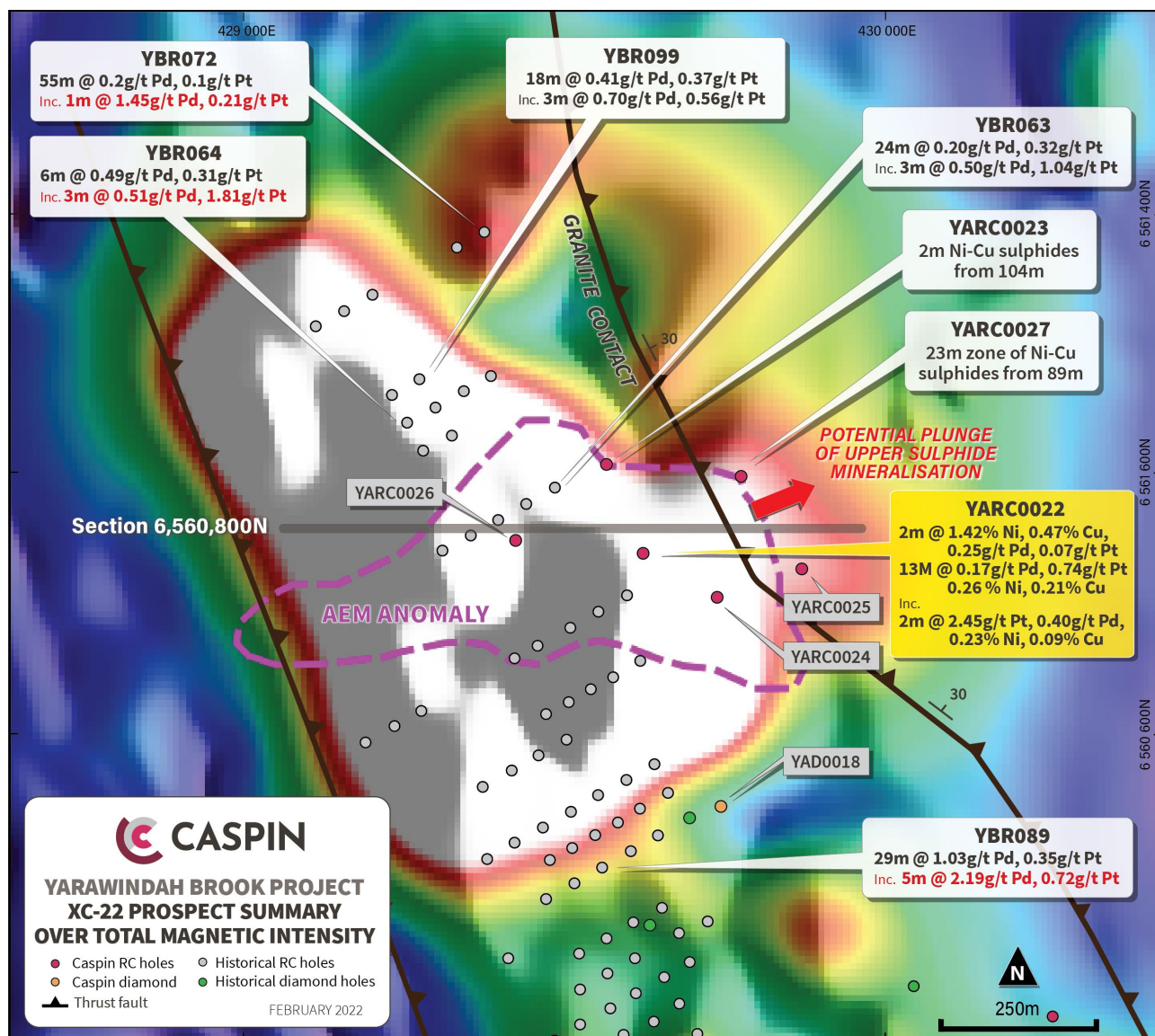


Figure 4. Exploration summary at the XC-22 Prospect and major features. Warm colours represent high magnetic response, typical of ultramafic rocks. YARC0024, YARC0025 and YARC0027 were unable to reach their target depth and will either be extended by diamond tails or re-drilled. YBR series holes not assayed for Ni or Cu.

DIRECTORS' REPORT

TABLE 1: Significant Drill Intercepts – Yarabrook Hill Prospect

HOLE ID	East	North	RL	Dip	Azi	EOH (m)	INTERSECTION						
							From (m)	Width (m)	Pd g/t	Pt g/t	Au g/t	Ni %	Cu %
YARC0001	430254	6559580	300	-60	240	305	44	11	0.38	0.11	0.17	0.20	0.27
						Incl.	44	1	0.22	0.04	1.46	0.13	0.12
						And	46	2	1.27	0.25	0.61	0.33	1.04
							79	16	0.22	0.09	0.02	0.16	0.17
							109	69	0.30	0.15	0.04	0.15	0.15
						Incl.	138	5	0.49	0.21	0.05	0.17	0.18
						And	150	12	0.56	0.26	0.08	0.18	0.20
YARC0002	430170	6559761	300	-60	240	275	73	22	0.23	0.14	0.04	0.09	0.16
						Incl.	76	6	0.44	0.29	0.04	0.12	0.31
						And	81	1	0.60	0.94	0.03	0.31	0.36
							64	6	0.23	0.09	0.04	0.02	0.16
							124	1	0.10	0.05	0.01	0.30	0.42
YARC0003	430093	6560064	300	-60	240	275	No Significant Intercept (Dolerite dyke)						
YARC0004	430181	6559309	300	-60	240	227	10	11	0.14	0.10	<0.01	<0.01	0.04
							26	5	0.13	0.09	0.01	0.03	0.23
							42	6	0.04	0.02	0.02	0.15	0.37
							85	2	0.01	0.01	0.01	0.15	0.32
							212	6	0.01	0.01	0.01	0.12	0.26
YARC0005	429618	6559398	350	-60	240	215	7	7	0.22	0.12	<0.01	0.05	0.19
YARC0006	429549	6559814	350	-60	240	215	0	10	0.14	0.07	0.09	0.09	0.08
YARC0007	429660	6559843	336	-60	240	293	1	5	0.11	0.08	0.01	0.24	0.15
							7	17	0.12	0.06	0.02	0.08	0.10
							36	2	0.13	0.06	0.02	0.10	0.11
							107	2	0.02	0.02	<0.01	0.13	0.47
							113	5	0.02	0.02	<0.01	0.13	0.31
YARC0008	430012	6559208	342	-60	240	269	No Significant Intercept						
YARC0009	430355	6559402	314	-60	240	355	9	29	0.28	0.13	0.02	0.22	0.18
							41	13	0.12	0.04	<0.01	0.15	0.07
							60	49	0.27	0.12	0.02	0.14	0.12
						Incl.	96	2	0.43	0.09	0.06	0.37	0.58
						And	105	3	0.58	0.25	0.02	0.16	0.09
							114	10	0.22	0.09	0.01	0.09	0.08
YARC0010	429720	6559457	358	-60	240	197							
YARC0011	430972	6559834	302	-60	240	419	340	3	0.60	0.62	0.10	0.06	0.82
						Incl.	340	1	0.88	0.81	0.18	0.07	1.03
							394	3	0.17	0.07	<0.01	0.13	0.08
YARC0022	429624	6560872	280	-60	240	200	46	68	0.08	0.22	0.02	0.22	0.17
						Incl.	46	2	0.25	0.07	0.01	1.42	0.47
						And	101	13	0.17	0.74	0.05	0.26	0.21
						Incl	112	2	0.40	2.45	0.02	0.23	0.09

DIRECTORS' REPORT

Mount Squires Project

The Mount Squires Project lies within the West Musgrave region of Western Australia and is 100% owned by Caspin. Mount Squires is a large scale, greenfield-style gold and base metal project. Gold mineralisation was first identified at the Handpump Prospect by Western Mining Corporation (WMC) during geochemical surveying in the late 1990's. Several gold anomalies were identified, but the primary target was nickel and copper sulphide mineralisation, which returned poor results. The Company is working towards further field programs including extending the soil geochemistry coverage and reconnaissance drilling during the field season of 2022.

COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results is based on information compiled or reviewed by Mr Greg Miles, who is an employee of the company. Mr Miles is a Member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Miles consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the Exploration Results information included in this report from previous Company announcements, including Exploration Results extracted from the Company's Prospectus announced to the ASX on 23 November 2020 and the Company's subsequent ASX announcements of 30 March 2021, 28 April 2021, 16 June 2021, 5 July 2021, 19 August 2021, 26 November 2021, 24 January 2022 and 9 February 2022.

The Group's operating loss for the period ended 31 December 2021 was \$613,660 (2020: \$1,251,761).

DIRECTORS' REPORT

Significant Change in State of Affairs

There were no significant changes in the state of affairs of the Group during the period.

Matters Subsequent to Reporting Date

DATE	DETAILS
24 Jan 2022	Caspin Advancing on Multiple Fronts at Yarabrook Hill
9 Feb 2022	Significant Nickel and PGEs at XC-22 Prospect

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

Auditor's Independence Declaration

The Auditor's Independence Declaration under section 307C of the Corporation Act 2001 is included within this financial report.

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



Greg Miles

Chief Executive Officer

Perth, Western Australia, 4 March 2022

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF CASPIN RESOURCES LIMITED

As lead auditor for the review of Caspin Resources Limited for the half-year ended 31 December 2021,

I declare that, to the best of my knowledge and belief, there have been:

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

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



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 4 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	31 December 2021 \$	31 December 2020 \$
Revenue from continuing operations			
Other income	3	20,319	31,809
Employee and director benefits expenses		(145,951)	(89,174)
Financial and company secretarial expenses		(55,125)	(35,335)
Audit Fees		(35,296)	(16,000)
Legal Fees		(44,284)	(84,075)
Insurance		(48,543)	(27,194)
ASX and share registry fees		(121,117)	(114,989)
Share based payment expense	10	(54,548)	(837,563)
Consultants and corporate advisory		(23,165)	(10,241)
Marketing, travel and investor relations		(39,451)	(22,809)
Rent expenses		(32,114)	(2,838)
Depreciation and amortisation expenses		(13,706)	-
Finance costs		(375)	-
Other expenses		(111,426)	(43,352)
Profit/(Loss) before income tax expense		(704,782)	(1,251,761)
Income tax benefit		91,122	-
Profit/(Loss) after income tax for the period		(613,660)	(1,251,761)
Other Comprehensive Income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange difference on translation of foreign operations		-	-
Other comprehensive loss for the period, net of tax		-	-
Total comprehensive profit/(loss) for the period		(613,660)	(1,251,761)
Total comprehensive profit/(loss) is attributable to:			
Owners of Caspin Resources Limited		(613,660)	(1,251,761)
		(613,660)	(1,251,761)
Profit/(Loss) per share from continuing operations attributable to the ordinary equity holders of Caspin Resources Limited:			
Basic and diluted profit/(loss) per share (cents)	15	(0.84)	(6.72)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		31 December 2021	30 June 2021
	Note	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	4	12,148,893	5,748,390
Trade and other receivables		137,730	140,039
Total current assets		12,286,623	5,888,532
Non-current assets			
Exploration and evaluation expenditure	5	6,582,270	3,998,958
Property, plant, and equipment		35,294	-
Right of use assets		226,718	-
Other receivables		127,000	-
Total non-current assets		6,971,282	3,998,958
TOTAL ASSETS		19,257,905	9,887,490
LIABILITIES			
Current liabilities			
Trade and other payables	7	668,007	56,865
Provisions		31,799	25,488
Lease liability		74,982	-
Total current liabilities		774,788	82,353
Non-current liabilities			
Deferred tax liability		-	91,122
Lease liability		164,365	-
Total non-current liabilities		164,365	91,122
TOTAL LIABILITIES		939,153	173,475
NET ASSETS		18,318,752	9,714,016
EQUITY			
Issued capital	8	19,723,251	10,559,403
Reserves	9	1,473,169	1,418,621
Accumulated losses		(3,002,130)	(2,388,470)
Capital and reserves attributable to owners of the company		18,194,290	9,589,554
Non-controlling interest		124,462	124,462
TOTAL EQUITY		18,318,752	9,714,016

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Issued Capital \$	Option and Performance Rights Reserve \$	Accumulated Losses \$	Non- Controlling Interest \$	Total \$
Balance at 1 July 2021	10,559,403	1,418,621	(2,388,470)	124,462	9,714,016
Total comprehensive income for the period					
Loss for the period ended 31 December 2021	-	-	(613,660)	-	(613,660)
Total comprehensive income/(loss) for the period	-	-	(613,660)	-	(613,660)
Transactions with owners, recorded directly in equity					
Issue of shares, net of costs	9,163,848	-	-	-	9,163,848
Share based payments	-	54,548	-	-	54,548
Balance at 31 December 2021	19,723,251	1,473,169	(3,002,130)	124,462	18,318,752

	Issued Capital \$	Option and Performance Rights Reserve \$	Accumulated Losses \$	Non- Controlling Interest \$	Total \$
Balance at 1 July 2020	1,000	-	-	-	1,000
Total comprehensive income for the period					
Loss for the period ended 31 December 2020	-	-	(1,251,761)	-	(1,251,761)
Total comprehensive income/(loss) for the period	-	-	(1,251,761)	-	(1,251,761)
Transactions with owners, recorded directly in equity					
Issue of shares, net of costs	10,367,728	-	-	-	10,366,728
Share based payments	-	1,012,857	-	-	1,012,857
Non-controlling interests on acquisition of subsidiary	-	-	-	124,461	124,461
Balance at 31 December 2020	10,367,728	1,012,857	(1,251,761)	124,461	10,253,285

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	31 December 2021 \$	31 December 2020 \$
Cash flows from operating activities		
Payments to suppliers and employees	(577,130)	(368,998)
Grant received	19,685	-
Interest received	634	540
Net cash outflow from operating activities	(556,811)	(368,458)
Cash flows from investing activities		
Exploration and evaluation expenditure	(2,010,777)	(253,962)
Payment for property, plant, and equipment	(36,745)	-
Lease deposit payment	(127,000)	-
Net cash outflow from investing activities	(2,174,522)	(253,962)
Cash flows from financing activities		
Proceeds from share issue	9,748,775	8,500,020
Share issue costs	(584,927)	(561,918)
Proceed from borrowings	-	31,269
Lease payment	(32,115)	-
Net cash inflow from financing activities	9,131,733	7,969,371
Net increase in cash and cash equivalents	6,400,400	7,346,951
Cash and cash equivalents at beginning of the financial period	5,748,493	1,000
Cash and cash equivalents at end of the period	4 12,148,893	7,347,951

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

1. Summary of significant accounting policies

Basis of preparation

These general purpose interim financial statements for the half year reporting period ended 31 December 2021 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by Caspin Resources Limited during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sales financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2021.

New and amended standards adopted by the entity

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Statement of Compliance

The interim financial statements were authorised for issue on 4 March 2022.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Use of estimates and judgements

In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the financial information.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Recoverability of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined using the Black-Scholes option pricing model, and the fair value of performance rights is determined using the trinomial barrier model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

2. Segment Information

Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of its exploration and corporate activities. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

The Group operates within on segment which is mineral exploration within Australia. The Group is domiciled in Australia.

3. Other Income

	31 December 2021 \$	31 December 2020 \$
Grant received	19,685	-
Interest received	634	540
Loan forgiven on demerger from Cassini	-	31,269
Total Other Income	20,319	31,809

4. Cash and Cash Equivalents

	31 December 2021 \$	30 June 2021 \$
Cash at bank and in hand	12,148,893	5,748,493
Total Cash and Cash Equivalents	12,148,893	5,748,493

5. Exploration & Evaluation Expenditure

	31 December 2021 \$	30 June 2021 \$
Opening Balance	3,998,958	-
Exploration expenditure relating to acquisition ⁽ⁱ⁾	-	2,728,857
Expenditure capitalised during the period	2,583,312	1,270,101
Total Exploration & Evaluation Expenditure	6,582,270	3,998,958

⁽ⁱ⁾As a result of the demerger transaction 2 October 2020, the Group acquired exploration assets in the Yarawindah Project and Mount Squires Project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

6. Right of Use Assets and Lease Liabilities

	31 December 2021 \$	30 June 2021 \$
Right of use assets		
Right of use assets - building	238,973	-
Accumulated amortisation of right of use assets	(12,255)	
Total right of use assets	226,718	-
Lease Liabilities		
Current	74,982	-
Non-current	164,365	-
Total lease liabilities	239,347	-

7. Trade and Other Payables

	31 December 2021 \$	30 June 2021 \$
Trade Creditors	614,598	37,988
PAYG payable	27,827	14,020
Superannuation payable	9,084	4,406
Other payable	16,498	451
Total Trade and Other Payables	668,007	56,865

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

8. Contributed Equity

(a) Issued and fully paid

	31 December 2021		30 June 2021	
	\$	No.	\$	No.
Ordinary shares	19,723,251	74,740,710	10,559,403	64,991,922
	19,723,251	74,740,710	10,559,403	64,991,922

(b) Movement reconciliation

Ordinary Shares	No. of Shares	\$
Opening Balance at 1 July 2020	1,000	1,000
Oct 2020 - Capital distribution from Cassini Resources Limited as part of demerger transaction	20,066,922	500,000
Oct 2020 - Share issued to acquire demerger entities from Cassini Resources Limited	4,000	2,603,920
Nov 2020 - Initial Public Offering	40,000,000	8,000,020
Jan 2021 - Vesting of Tranche 1 and 2 of Directors and CEO Performance Rights	4,400,000	-
April 2021 - Vesting of Tranche 3 of Directors and CEO Performance Rights	520,000	-
Share issue costs	-	(545,537)
Closing Balance at 30 June 2021	64,991,922	10,559,403
Opening Balance at 1 July 2021	64,991,922	10,559,403
July 2021 - Tranche 1 Placement	9,206,514	9,206,501
September 2021 - Tranche 2 Placement	542,274	542,274
Share issue costs	-	(584,927)
Closing Balance at 31 December 2021	74,740,710	19,723,251

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

9. Share Based Payment Reserve

(a) Equity settled share-based payments

	31 December 2021		30 June 2021	
	\$	No.	\$	No
Option reserve	394,123	4,500,000	394,123	4,500,000
Performance rights reserve	1,079,046	1,169,925	1,024,498	992,750
	1,473,169	5,886,550	1,418,621	5,492,750

(b) Movement reconciliation

Performance Rights

	No. of Performance Rights	\$
Balance at the beginning of the period – 1 July 2020	-	-
Nov 20 - Issue of Tranche 1, Tranche 2, and Tranche 3 performance rights to CEO and directors	4,920,000	-
Dec 20 - Vesting of Tranche 1 and Tranche 2 of performance rights	(4,400,000)	618,734
Mar 21 - Issue of Tranche 1, Tranche 2, Tranche 3 and Tranche 4 of performance rights to employees	992,750	59,280
April 21 - Vesting of Tranche 3 of Directors and Chief Executive Officer	(520,000)	-
Vesting of employee performance rights	-	346,484
Balance at the end of the period – 30 June 2021	992,750	1,024,498
Balance at the beginning of the period – 1 July 2021	992,750	1,024,498
Grant of ESOP performance rights to Chief Executive Officer and employees ⁽ⁱ⁾	368,800	5,021
Performance rights lapsed during the period	(191,625)	(31,157)
Vesting of employee performance rights	-	80,684
Balance at the end of the period – 31 December 2021	1,169,925	1,079,046

(i) The ESOP performance rights were issued to Chief Executive Officer and employees in January 2022.

Options

	No. of Options	\$
Balance at the beginning of the period – 1 July 2020	-	-
Nov 20 - Issue of Lead Manager options	2,000,000	175,294
Nov 20 – Vesting expense of Incentive Options to CEO and Directors	2,500,000	218,829
Balance at the end of the period – 30 June 2021	4,500,000	394,123
Balance at the beginning of the period – 1 July 2021	4,500,000	394,123
Movement during the period	-	-
Balance at the end of the period – 31 December 2021	4,500,000	394,123

(i) Refer to note 10 for further details on incentive options and performance rights issued during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

10. Share Based Payments

Share based payments during the half year ended 31 December 2021 are summarised below.

(a) Recognised share-based payment expense

	31 December 2021	31 December 2020
	\$	\$
Expense arriving from equity settled share-based payment transactions	54,548	837,563

(b) Securities granted during the half year

No options granted during the half year to 31 December 2021 as share-based payments.

Performance rights granted during the half year to 31 December 2021 as share-based payments are as follows:

Tranche	Class of Securities	Grant Date	Number of Securities	Exercise Price	Expiry Date	Vesting Date	Disposal Restriction
1	CEO performance rights	21 Dec 2021	37,500	Nil – convert to ordinary shares on achievement of performance conditions	5 years from grant date	25 Nov 2022	N/A
2	CEO performance rights	21 Dec 2021	87,500	Nil – convert to ordinary shares on achievement of performance conditions	5 years from grant date	25 Nov 2023	N/A
3	CEO performance rights	21 Dec 2021	75,000	Nil – convert to ordinary shares on achievement of performance conditions	5 years from grant date	21 Dec 2026	N/A
4	CEO performance rights	21 Dec 2021	50,000	Nil – convert to ordinary shares on achievement of performance conditions	5 years from grant date	21 Dec 2026	N/A
1	Employees performance rights	22 Dec 2021	17,820	Nil – convert to ordinary shares on achievement of performance conditions	5 years from grant date	25 Nov 2022	N/A
2	Employees performance rights	22 Dec 2021	41,580	Nil – convert to ordinary shares on achievement of performance conditions	5 years from grant date	16 Aug 2023	N/A
3	Employees performance rights	22 Dec 2021	35,640	Nil – convert to ordinary shares on achievement of performance conditions	5 years from grant date	22 Dec 2023	N/A
4	Employees performance rights	22 Dec 2021	23,760	Nil – convert to ordinary shares on achievement of performance conditions	5 years from grant date	22 Dec 2026	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

10. Share Based Payments (cont'd)

The performance conditions for the CEO Performance Rights are set out below:

Tranche	Performance Milestones
1	Performance Rights will vest subject to continuous employment or engagement by Caspin or one of its subsidiaries up to 5.00pm (WST) on 25 November 2022.
2	Performance Rights will vest subject to continuous employment or engagement by Caspin or one of its subsidiaries up to 5.00pm (WST) on 25 November 2023 (24 months Continuous Service)
3	Performance Rights will vest upon the Twenty Day VWAP exceeding A\$1.40 per Share and 24 months Continuous Service; and
4	Performance Rights will vest upon the Twenty Day VWAP exceeding A\$1.60 per Share and 24 months Continuous Service.

The performance conditions for the Employees Performance Rights are set out below:

Tranche	Performance Milestones
1	Performance Rights will vest subject to continuous employment or engagement by Caspin or one of its subsidiaries up to 5.00pm (WST) on 25 November 2022.
2	Performance Rights will vest subject to 24 months continuous employment from the Commencement Date.
3	Performance Rights will vest upon the Twenty Day VWAP exceeding A\$1.125 per Share and 24 months Continuous Service; and
4	Performance Rights will vest upon the Twenty Day VWAP exceeding A\$1.50 per Share and 24 months Continuous Service.

Management have valued Tranche 1 and Tranche 2 CEO performance rights based on the share price at the grant date. A 100% probability of achieving the vesting condition has been applied to the expense in the current reporting period.

The CEO Performance Rights Tranche 3 and 4 were valued using an Up-and-In Trinomial Model with the following inputs:

Tranche	Dividend Yield	Valuation Date	Expected Volatility	Risk-Free Interest Rate	Expiry	Underlying Share Price	Value per Right (\$)	Total Fair Value (\$)
3	NIL	21 Dec 2021	75%	1.345%	5 years from grant date	\$1.18	\$1.104	\$82,800
4	NIL	21 Dec 2021	75%	1.345%	5 years from grant date	\$1.18	\$1.075	\$53,750

Management have valued Tranche 1 and Tranche 2 employees performance rights based on the share price at the grant date. A 100% probability of achieving the vesting condition has been applied to the expense in the current reporting period.

The Employees Performance Rights were valued using an Up-and-In Trinomial Model with the following inputs:

Tranche	Dividend Yield	Valuation Date	Expected Volatility	Risk-Free Interest Rate	Expiry	Underlying Share Price	Value per Right (\$)	Total Fair Value (\$)
3	NIL	22 Dec 2021	75%	1.345%	5 years from grant date	\$1.23	\$1.198	\$42,697
4	NIL	22 Dec 2021	75%	1.345%	5 years from grant date	\$1.23	\$1.139	\$27,063

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

11. Related Party Transactions

During the period, Caspin granted CEO performance rights to Greg Miles. Refer to Note 10 for further details.

In addition, Greg Miles' salary have increased to \$250,000 per annum effective from 1 October 2021.

There were no material changes to the Group's related party transactions to those disclosed in the 30 June 2021 Annual Report.

12. Dividends

No dividends have been paid or declared since the start of the financial period, and none are recommended.

13. Commitments

There are no other new commitments, other than the commitments that existed as at 30 June 2021 that the Group has entered into during the period under review.

14. Contingent Assets and Liabilities

There have been no material changes in contingent liabilities or contingent assets since the last annual reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

15. Earnings Per Share

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

	31 December 2021	31 December 2020
Basic and diluted profit/(loss) per share	\$	\$
Basic and diluted profit/(loss) per share from continuing operations (cents per share)	(0.83)	(6.72)
Profit/(Loss)		
Profit/(loss) used in the calculation of basic and diluted earnings per share is as follows:		
Loss for the period from continuing operations	(613,660)	(1,251,762)
Weighted average number of ordinary shares		
Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted EPS	73,544,904	18,615,890

16. Events Subsequent to Reporting Date

DATE	DETAILS
24 Jan 2022	Caspin Advancing on Multiple Fronts at Yarabrook Hill
9 Feb 2022	Significant Nickel and PGEs at XC-22 Prospect

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTOR'S DECLARATION

The directors of the Company declare that:

- (a) The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
 - (ii) giving a true and fair view of the financial position as at 31 December 2021 and the performance for the half year ended 31 December 2021.
- (b) At the date of this statement there are reasonable grounds to believe that Caspin Resources Limited will be able to pay its debts when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:

A handwritten signature in black ink, appearing to read 'G Miles', with a long horizontal flourish extending to the right.

Mr Greg Miles
Chief Executive Officer

Perth, 4 March 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Caspin Resources Limited

Report on the Half-Year Financial Report

Conclusion

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

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

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

Basis for conclusion

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

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

Responsibility of the directors for the financial report

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



Auditor's responsibility for the review of the financial report

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

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

BDO Audit (WA) Pty Ltd

A handwritten signature in dark ink, appearing to read 'J Prue', is written over a faint, light blue BDO logo.

Jarrad Prue

Director

Perth, 4 March 2022