CORE LITHIUM

Annual Report 2020

Corporate information

Core Lithium Ltd ACN 146 287 809

Directors

Greg English
Non-executive Chairman

Stephen Biggins
Managing Director

Heath Hellewell
Non-executive Director

Malcolm McComas
Non-executive Director

Company Secretary

Jaroslaw (Jarek) Kopias

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Solicitors

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Home Stock Exchange

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Contents

This Annual Report covers Core Lithium Ltd ("Core" or the "Company") as a Group consisting of Core Lithium Ltd and its subsidiaries, collectively referred to as the "Group". The financial report is presented in the Australian currency.

Core is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Core Lithium Ltd

Level 1, 366 King William Street

ADELAIDE South Australia 5000

Chairman’s Letter

Dear Shareholder

This year we safely and significantly advanced our growth strategy by progressing the development of the Finniss Lithium Project. During FY20, we achieved the following significant milestones:

- Increased Finniss ore resources by +50%, ore reserves by +150% and extended the mine life to seven years.
- Test work confirmed that we could produce a 6.0% Li_2O concentrate at an overall lithium recovery of 71% (6.3mm crush size).
- All regulatory approvals in place for Grants and permitting of BP33 commenced.
- Signed offtake agreements with new partners.

A significant focus during the first half of this calendar year has been managing the risks introduced by COVID-19, while at the same time maintaining business continuity. The Company responded to the coronavirus pandemic (COVID-19) by focusing on managing the health and safety of our people and contractors, while at the same time maintaining focus on business continuity. We were able to maintain continuity of operations throughout other areas of our business by reducing people movements through the implementation of extended operational rosters and working from home arrangements.

While we did not experience any material disruption, COVID-19 restrictions hindered our short-term ability to explore the Finniss Lithium Project and our other Northern Territory tenements. However, recent government changes have meant that we are now able to explore our tenements, and we recommenced fieldwork and exploration activities in August.

During the past six months, we have secured a new non-binding long-term spodumene concentrate offtake agreements with Transamine Trading and Xinfeng. These offtake agreements supplement Core’s existing binding offtake agreement with Yahua. The three offtake agreements collectively represent approximately 85% of our first three years of annual spodumene production from the Finniss Lithium Project. We aim to convert the Xinfeng and Transamine agreements to legally binding offtake agreements with the possibility of project finance. Core is pleased to have a supportive relationship with offtake partners such as Yahua, Transamine and Xinfeng.

Our recent exploration activity has been focused on the Finniss Lithium Project, and this work has led to significant discoveries at BP33, Carlton, Sandras and Hang Gong. While we have been experiencing success, exploration at Finniss Lithium Project can be challenging given that the spodumene does not outcrop and geophysics is of limited effect. However, our exploration team have developed a deep understanding of the local geology. Our staff are the reason why we have had such a high level of exploration success at the Finnis Lithium Project.

Core’s exploration success has led to the Company delivering successive resource upgrades, establishing a spodumene resource and reserve inventory. Over the past two years, we have completed several technical studies to support the development of the Finniss Lithium Project and to integrate new and expanded mining operations at BP33 and Carlton. The inclusion of underground mining at BP33 and Carlton improves the overall economics of the Finniss Lithium project and allows Core to extend the mine life to seven years. We are currently in the process of completing a Definitive Feasibility Study for the more extensive operation and which we expect to enhance the prospects of the Finniss Lithium Project greatly.

Regional exploration was limited to our newly acquired Adelaide River gold project where we have undertaken some reconnaissance rock chip and associated low impact exploration activities. While we remain focused on developing the Finniss Lithium Project, we believe that our Adelaide River gold project, Napperby uranium and Blueys silver project hold considerable value and will look for opportunities to realise value from these projects.

Chairman's Letter

The COVID-19 pandemic has led to adverse economic conditions and a general worldwide economic downturn. This has caused softer market conditions in China and weaker customer demand for lithium raw materials, impacting not only spodumene prices but prices across the entire lithium raw materials and chemicals product suite. Many market analysts expect spodumene prices to recover soon as the demand increases for lithium-ion batteries and green energy products.

Current modelling shows that the Finniss Lithium Project offers attractive returns for shareholders with the scope and economic potential of this operation will take more precise shape as we complete the Definitive Feasibility Study. We are committed to realising the full potential of the Finniss Lithium Project. We have explored only a select part of our tenements and our geological and technical team – led by Stephen Biggins – remains more motivated than ever to find additional deposits.

The Board was strengthened during the year with the appointment of Malcolm McComas as an Independent Non-executive Director. Malcolm's appointment strengthens our capabilities and skills at both management and board level as the Group moves toward the development and operations of Australia's first lithium project outside of WA.

We take this opportunity to thank all our employees for their dedication and energy in making 2020 a success. We also express our gratitude to our offtake partners with who we have developed a healthy relationship. Finally, we thank our shareholders for your continued support, trust, and confidence.

Greg English
Chairman

Core Lithium Ltd

Drilling at the Finniss Lithium Project.

Managing Director's Report

The Finniss Lithium Project with project approvals now in place is at the front of the line of new global lithium production and has arguably the best logistics chain to markets of any Australian lithium project.

Core's Finniss Lithium Project opens the door for the Northern Territory to be a high-quality supplier of lithium to the growing global electric vehicle (EV) market as it recovers post COVID-19 and plays a critical role in supporting the world's response to reducing emissions and managing climate change risk.

Our Project has two key natural advantages compared to other new spodumene producers in Australia. Firstly, Core can produce a high-quality lithium concentrate using simple Dense Media Separation (DMS). DMS which simply uses gravity and water, avoids in the order of two-thirds of the capex and finance cost required by capital intensive flotation and the higher processing cost and processing risk of flotation.

Secondly, the Project lies within 25km of port, power station, gas, rail and one hour by sealed road to workforce accommodated in Darwin and importantly to Darwin Port – Australia's nearest port to Asia.

Given its low start-up capital requirements, existing infrastructure and proximity to offshore transport services, the Finniss Lithium Project is well placed to meet the world's growing demand for lithium batteries for electric vehicles and other renewable energy technologies.

Core has achieved significant milestones at the Finniss Project in 2020:

- Receiving approval of its Mine Management Plan from the Northern Territory Government, marking achievement of another key milestone as the Company plans to build Australia's first lithium mine and production facility outside of Western Australia.
- Core announced during the reporting period a 50% increase in Resources and a 7-year Life of Mine (LOM) backed by a 150% increase in Reserves.
- Core has also signed its first European Offtake MOU with Geneva-based Transamine for 50,000tpa, an MOU for 20-30,000tpa with Xinfeng in addition to binding offtake for 75,000tpa with one of China's largest lithium producers, Sichuan Yahua.
- Core has recently received from the Northern Territory Government a non-binding indicative term sheet with the Local Jobs Fund (LJF) for a $5 million concessional Finance Facility to fund development of the Finniss Lithium Project (Finance Facility).

The Coronavirus pandemic, however, has temporarily held up growth in electric vehicle sales causing a short-term oversupply of lithium that has pushed down lithium prices further this year and forced existing producers to cut production and halt expansion projects.

Core continues to engage with debt and equity capital markets in finalising the balance of the Finniss Lithium Project's capital funding requirements.

Demand for lithium batteries for electric vehicles and renewable energy storage is expected to surge in the near future, spurred by government mandates, rising concern about reducing emissions and climate change and a recovering from COVID-19 with a zero-carbon economy.

Project Overview

LITHIUM PROJECTS

Finniss Lithium Project

NORTHERN TERRITORY

100% CXO owned

Core's Finniss Lithium Project is one of Australia's most capital efficient lithium projects located on the doorstep to Asian markets.

Core is developing one of Australia's highest-grade lithium deposit close to Darwin Port in Northern Australia.

Located only 25km in straight-line from Darwin Port, the Finniss Lithium Project is supported by one of the best logistics chains to Asia of any Australian lithium project.

Results from feasibility studies to date have highlighted the positive economics of mining the Grants, BP33 and Carlton deposits. Furthermore, they have highlighted the strongly positive outcomes for the potential development of the Project, suggesting a strong case for a standalone 1Mpta Dense Media Separation (DMS) concentrate production and export operation.

The Project has substantial infrastructure advantages, being close to a population centre capable of providing the workforce for the Project and within easy trucking distance by sealed road to the East Arm Port – Australia's nearest port to Asia.

One of the Projects key advantages is that Core can produce a high-quality lithium concentrate by simple DMS processing.

DMS which simply uses gravity and water, avoids in the order of two-thirds of the capex and finance cost required by capital intensive flotation and the higher operating cost and processing risk of flotation.

Approval of the project's Mine Management Plan and offer of concessional-debt Project Finance from the Northern Territory Government, are key milestones as the Company plans to build Australia's first lithium mine and production facility outside of Western Australia.

Project Overview

LITHIUM PROJECTS

MINERAL RESOURCES AND ORE RESERVES

The Finniss Lithium Mineral Resource estimated at 14.7Mt at 1.3% Li_2O is one of the highest grade spodumene projects in Australia. The Project is located within Core's large ground holding over one of Australia's significant spodumene pegmatite fields near Darwin in the Northern Territory. Core has an excellent geoscientific dataset and a well-resourced exploration team focused on project expansion. The current Mineral Resources and Ore Reserves are shown below.

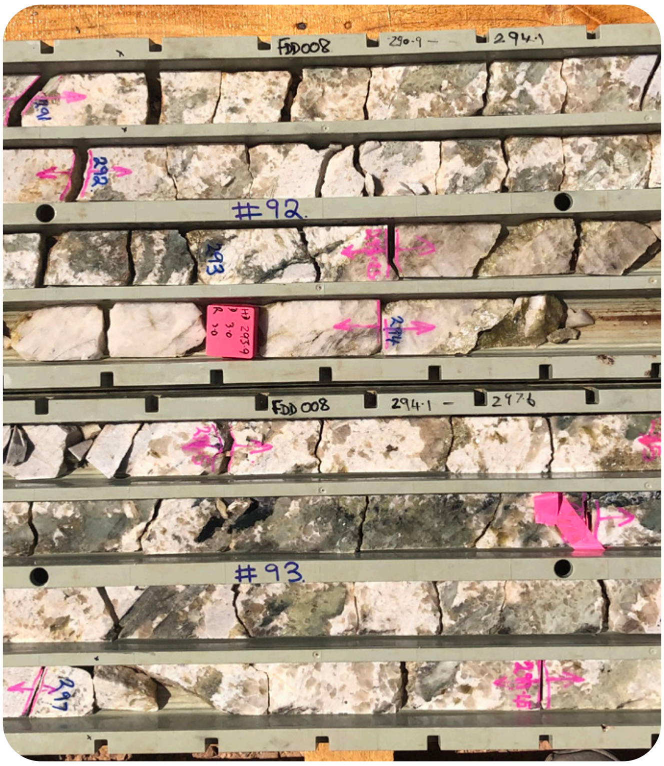
Table 1 *Mineral Resource summary for the Finniss Lithium Project (0.60% to 0.75% Li_2O cut-off).*

RESOURCE CATEGORY	TONNES	Li_2O (%)	Li_2O (t)
Finniss Measured	3,220,000	1.5	47,100
Finniss Indicated	4,400,000	1.4	59,900
Finniss Inferred	7,100,000	1.2	86,300
Total	14,720,000	1.3	193,300

Table 2 *Ore Reserve summary for the Finniss Lithium Project.*

RESERVE CATEGORY	TONNES	Li_2O (%)	Li_2O (t)
Finniss Proved	2,900,000	1.4	40,400
Finniss Probable	2,800,000	1.3	35,400
Total	5,700,000	1.3	75,800

Fresh pegmatite at Grants is composed of coarse spodumene, quartz, albite, microcline and mica. Spodumene, a lithium bearing pyroxene ($LiAl(SiO_3)_2$), is the predominant lithium bearing phase and displays a diagnostic red-pink UV florescence. The pegmatite is not strongly zoned, apart from a thin (1-2m) quartz- mica-albite wall facies. Overall, the lithium content throughout the pegmatite is remarkably consistent.



Spodumene pegmatite drill core from Finniss Lithium Project.

Project Overview

LITHIUM PROJECTS

PROJECT APPROVALS

Core Lithium made significant progress with approvals received from the Northern Territory Government required for the Finniss Lithium Project to commence construction and operation. Key approvals received included the Grants Environmental Impact Statement (EIS), Mine Management Plan (MMP) and Mineral Leases (ML).

MINING

During the year, Core announced significant increase in the Ore Reserves and Life of Mine (LOM) for the Company's wholly owned Finniss Lithium Project in the Northern Territory.

Total Ore Reserves now stand at 5.7 million tonnes (Mt), which supports a 7-year LOM assuming open pit mining methods at the Grants deposit and underground mining methods at the BP33 and Carlton deposits.

An Underground Pre-Feasibility Study (PFS) was also extended beyond Measured and Indicated Resources, with a Scoping Study (SS) conducted in parallel to assess true project potential and to help direct immediate resource conversion and resource extension drilling efforts.

The PFS and SS strengthen the potential for the Finniss Project to achieve a 9-year Project and potentially beyond.

Importantly, on the back of this increase in Reserves, the LOM of the Finniss Project has doubled and can be achieved without substantial increases to the start-up capital for the Finniss Project.

The increased Resources, Reserves and extended mine plan along with other key inputs will be used to update the Feasibility Study for the Finniss Project as the Company moves toward Final Investment Decision (FID).

Project Overview

LITHIUM PROJECTS

PROCESSING

As part of the April 2019 DFS process Primero was selected to prepare an Engineering Procurement & Construction (EPC) estimate for the gravity concentrate plant. Following delivery of the EPC estimate Core engaged the Primero Group to complete to 30% a Front-End Engineering & Design (FEED) study for the Grants Project. Following delivery of the FEED study Core granted the Primero Group Preferred Contractor status for the EPC and operation and maintenance (O & M) of the gravity concentrate plant. In addition, Primero Group were also granted preferred contractor status for a 1.5 Mtpa fixed crushing & screening plant.

PRODUCT HAULAGE

Core granted Qube Bulk and Haulage preferred contractor status for the Grants Lithium Project.

Qube Bulk and Haulage is a division of Qube Ports and Bulk, a national company. Qube will be responsible for the haulage of the concentrate product, via quad road trains, from the Grants Lithium Project to the Darwin Port for export.

Qube provides integrated logistics chain services across a number of market segments including bulk, automotive and general cargo. Services include road, rail and port services and infrastructure investment.

Qube have sophisticated safety systems and offer outstanding community and Indigenous engagement capabilities. Qube currently provide stevedoring and mooring services to the Darwin Port.

THE DARWIN PORT

The Darwin Port Authority (Darwin Port) continue to support Core's plans to export concentrate from the East Arm port in Darwin At present Core Lithium Ltd and The Darwin Port Authority are in the process of finalising Core's Application for Access and Core's Operating Agreement for the East Arm Port.

Darwin Port.

Project Overview

LITHIUM PROJECTS

Finniss Lithium Project Regional Exploration

Drilling programs in the 2020 financial year resulted in substantial project expansion and an increased Resources and Reserves and highlight the potential to further grow mine life.

The Finniss Lithium Project comprises over 500km^2 of granted tenements near Darwin over the Bynoe Pegmatite Field. Results have confirmed that ore grade lithium mineralisation is widespread within the Finniss Project and Core's exploration and drilling programs have been successful in substantially growing the Mineral Resource base to underpin a potential long-life lithium mining and production operation.

Exploration and drill results demonstrate the significant potential to further expand and define substantial additional lithium resources at the Finniss Lithium Project in the Northern Territory.

Project Overview

LITHIUM PROJECTS

Market Views Driving Ongoing Offtake Partner Engagement

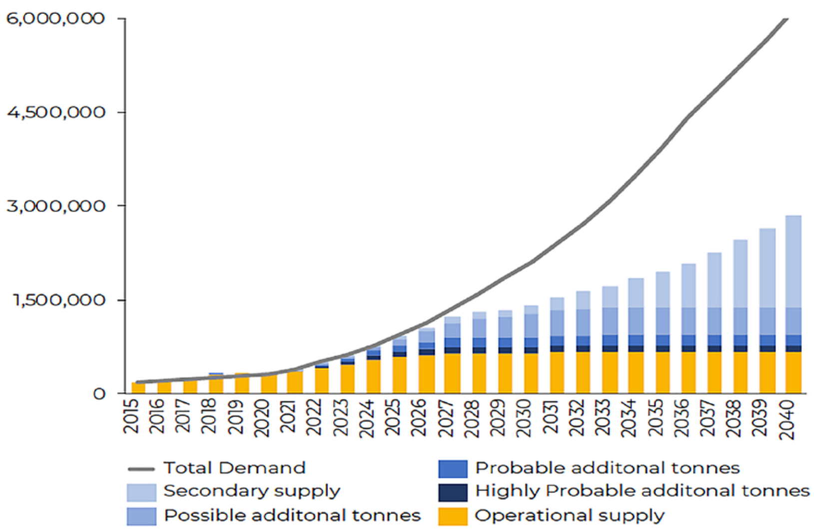
Ongoing engagement by Core executives with globally significant lithium processors, cathode material producers, Lithium-Ion Battery (LIB) manufacturers and Original Equivalent Manufacturers (OEM's) and commodity traders has provided the Company with an excellent perspective of the true market conditions and future prospects.

Contrary to current market sentiment the major supply chain participants are still very much focused on securing strategic supplies of pre-cursor lithium materials in anticipation of the significant medium- and long-term demand forecasts. This is evidenced by lithium spodumene concentrate producers signing new and extending existing offtake arrangements in the 2020 financial year.

For Core, the recent signing of the maiden European non-binding offtake term sheet with Swiss based commodity trader, Transamine Trading and Chinese based Xinfeng reinforce the underlying demand fundamentals.

Among international battery material analysts and research houses there is absolute consensus that the demand for cathode materials will increase significantly, leading also to an expected increase in lithium raw material demand. The chart below, courtesy of Benchmark Minerals, illustrates the supply and demand dynamics expected through to 2040.

Benchmark minerals supply & demand analysis to 2040



Source: Benchmark Mineral intelligence Q2 2020 Forecast.

Project Overview

LITHIUM PROJECTS

Furthermore, the pricing chart below, courtesy of Roskill, illustrates the lithium spodumene price historical average since 2000 and forecast to 2030.

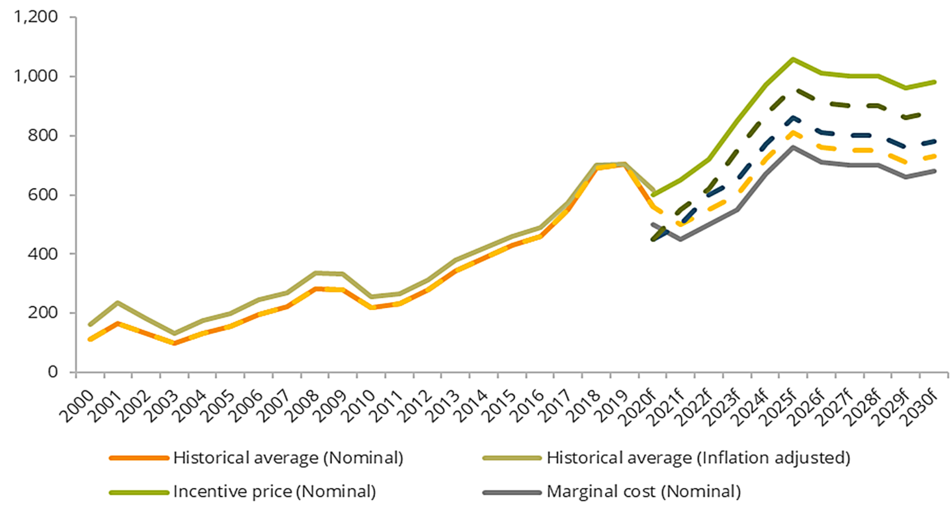
Roskill's thorough approach to pricing differentiates between the various product sales and offtake bases, and their impact on pricing. The key takeaway from Roskill's analysis is that a sustainable pricing regime can be achieved through a diversified customer approach, an endorsement of Core's own approach in engaging chemical processors, trading companies and potentially reserving material for ad-hoc spot sales.

Based on the views of the downstream processors and market forecasts, Core Lithium remains committed to the development of the Finniss Lithium Project through the ongoing offtake engagement strategy in addition to the existing offtake agreements outlined below.

COVID-19 has impacted the lithium supply chain however positive impacts have also transpired, reaffirming the long-term prospects for lithium demand. This includes the European Union's (EU) focus on decarbonisation and electrification of their transport networks as an opportunity to kick-start their respective economies post COVID-19. A case in point is Volkswagen, whereby their vehicle production slow-down has been used as an opportunity to re-tool production facilities and switch production exclusively to electric vehicles at their Zwickau Plant in Germany.

Core Lithium's membership with the European Battery Alliance (EBA250) continues to reap benefits to Core including access to financiers, downstream processors, and offtake customers, representing an essential component in Core Lithium's global diversification strategy.

Roskill average annual price forecast for chemical-grade spodumene concentrate, 2000-2030 (US$/t 6.0% Li_2O CIF China



Source: Roskill Lithium Outlook to 2030 report.

Project Overview

LITHIUM PROJECTS

Lithium Offtake Agreements

The Company has continued to receive considerable attention from global lithium players interested in securing lithium concentrate offtake. This includes companies based in China, Europe, South Korea and Japan with significant investment in the ongoing development of the LIB supply chain.

Offtake Agreements will account for a large proportion of production over the life of mine, underpinning its production profile and providing great confidence to Core to fast-track development of the mine.

The Company is developing a strategy to significantly fund a significant component of the capital cost through the application of prepayments and equity with potential offtake partners.

World map of Darwin port (●) relative to existing and potential offtake partners denoted by ●.

Project Overview

LITHIUM PROJECTS

Yahua Offtake Binding Agreement

Core signed a Binding Offtake Agreement and Prepayment Agreement in December 2017 with Yahua, a wholly owned subsidiary of Shenzhen stock exchange listed Sichuan Yahua Industrial Group Co., Ltd (Yahua). Yahua is one of China's largest lithium producers.

The Offtake Agreement is for the supply of 75,000tpa of Li_2O concentrate from the Grants and BP33 lithium deposits until the delivery of 300,000 dry metric tonnes of Li_2O concentrate. Core has agreed to supply the concentrate equivalent circa 6% Li_2O spodumene concentrate to Yahua for their growing lithium hydroxide production as Yahua's own downstream demand increases within China and overseas customers.

The Offtake Agreement provides for attractive pricing linked to the market for lithium concentrate price and subject to a price floor and ceiling.

Transamine Trading Offtake and Finance Term Sheet

Core signed a Non-Binding Offtake and Finance Term sheet in May 2020 with Transamine, a Swiss-based trading company specialising across a range of strategic material functions including sourcing, marketing, logistical support, and financial tools.

The non-binding offtake term sheet is for the supply of 50,000 tonnes per annum of spodumene concentrate from the Finniss Lithium Project.

The term sheet paves the way for a binding offtake agreement subject to FID on the Finniss Project by Core.

The initial supply period is for five years, with the option to extend in anticipation of the longer life of mine in the forthcoming revised Feasibility Study on the Finniss Project.

Tangshan Xinfeng (Hong Kong) Limited (Xinfeng) Offtake Term Sheet

Core signed an additional Non-Binding Offtake term sheet with Xinfeng in August 2020. Xinfeng also made an equity investment of $1 million in Core via a share placement as a demonstration of Xinfeng's long term commitment to the development of Core's Finniss Project.

Xinfeng and Core will now progress to negotiating binding offtake arrangements for the annual supply of 20,000-30,000 DMT of spodumene concentrate at circa 6% Li_2O for an initial period of 3 years.

Remaining offtake

In addition to the above Core is in negotiations with several key supply chain participants for the remaining offtake quantities incorporating prepayment agreements to contribute to the low start-up capital requirements of the Finniss Lithium Project. Despite rapidly approaching full allocation of the Finniss Project output Core remains committed to establishing collaborative sustainable commercial arrangements with high calibre offtake partners beyond the current mine life as Core continues to expand the resource and mine life.

Project Overview

LITHIUM PROJECTS

Anningie and Barrow Creek Lithium Projects

NORTHERN TERRITORY

100% CXO owned

As with Greenbushes in WA and Finniss in the Bynoe Pegmatite Field in the NT, the Barrow Creek Pegmatite Field has also had a long history of tin and tantalum mining prior to lithium mineralisation being recognised.

Core's Anningie and Barrow Creek Lithium Projects encompass five exploration licences covering approximately 2,000 square kilometres in and around the Anningie and Barrow Creek Tin Tantalum Pegmatite fields in the north Arunta Region of the NT, which are considered highly prospective for lithium.

Core believes there is an excellent fit between the lithium potential of Barrow Creek Pegmatite Field, direct rail link to Darwin Port and Core's objectives to make Darwin and Core's Finniss Lithium Project near Darwin a central processing and global transport hub for NT lithium and spodumene production as forecast lithium demand keeps growing.

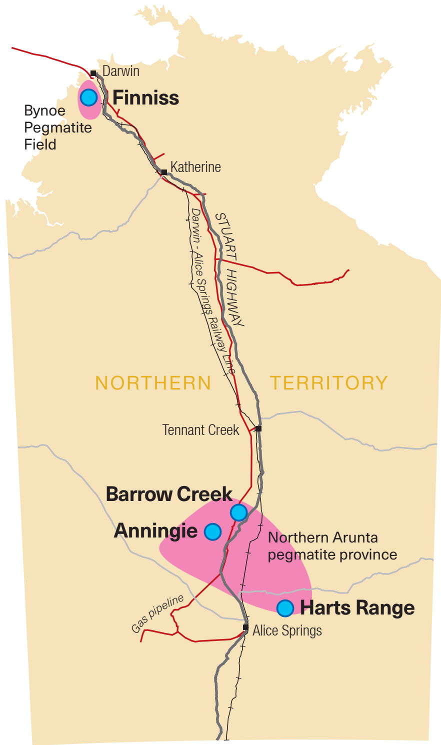
Sampling of the numerous pegmatites mapping in the Bismark area within the newly acquired Walanbanba Project tenement (EL 26848) has returned results with an outstanding maximum lithium grade of 4.63% Li_2O.

There were 15 rock samples in the area which returned assays of greater than 1% Li_2O. There are 10 results that are over 3% Li_2O spread over several pegmatite bodies within an area of 350m x 400m.

Regional-spaced soil surveys indicate a substantially larger footprint of lithium anomalism than depicted by historic pegmatite workings.

Core's baseline exploration highlighted a new large prospect area called Tesla, where elevated lithium in soils form a 5km long arcuate trend highlighting previously unmapped pegmatites.

On a local scale, rockchips and detailed mapping have confirmed the lithium potential of a number of historic prospects, including Ringing Rocks, Jump Up, Ballace's Claim 1 & 2, Tabby Cat, Hugo Jack's, Boyce's Corner, Johannson's, Jody's, Slippery and Krakatoa.



Core's lithium projects and tin-tantalum pegmatite provinces of the Northern Territory.

Project Overview

ZINC & COPPER PROJECTS

Yerelina Zinc Project

SOUTH AUSTRALIA

CXO 100%

Zinc assays from broad mineralised breccia zones drilled by Core during previous reporting periods indicate that the Company has possibly discovered a new sedimentary-hosted zinc system on the Yerelina Zinc Project, which covers a total area of 500km^2 in northern South Australia.

At the Great Gladstone prospect, a 17m intersection from 145m depth of mineralised breccia and veining averages a zinc plus lead grade of 1.4% and 19g/t silver and includes higher grade zones of 4m at 3% zinc, 1% lead and 59g/t silver from 150-154m.

The mineralised zones intersected are located down dip of outcropping mineralised gossans. Surface channel sampling of these gossans at Great Gladstone and Big Hill returned significant zinc, lead and silver assays. The gossans are interpreted as the mineralised surface expression of a fault zones mapped at surface and by magnetics over 1km-3km.

Of the 38 samples taken along a 1km section of fault zone at Great Gladstone, 34 returned combined lead and zinc assays in excess of 1% and over 1g/t silver with the best assay at 14.7% zinc. Lead values peaked at 12.7% and silver at 567g/t.

Core's analysis of modern satellite imagery and the Company's detailed heli-borne magnetic and radiometric survey data have identified that historic workings at Great Gladstone, Big Hill and other prospects are hosted by a large-scale 3km x 8km system of repeated north/south regional structures.

The geology and system at Yerelina has potential to host large stratiform deposits in association within the known calcareous and reef limestone host facies within the Tapley Hill Formation proximal to drilled and also other known mineralised discordant structures.

Jervois Domain

NORTHERN TERRITORY

CXO 100%

Core's previous drilling confirmed the 20km Big-J target zone has the geology, geophysics and indications of near surface copper mineralisation consistent with KGL Resources neighbouring Jervois project on a larger exploration scale.

Core's first pass shallow drilling program found visible copper mineralisation near surface and over intersections several metres wide in a number of drill holes and elevated copper levels on all five traverses drilled across a 15km section of the Big-J target zone.

Given the encouragement of these excellent results, a range of drilling and exploration opportunities open up to Core to further prove up the copper potential and scale of Big-J.

Obvious large untested 2,000m to 6,000m gaps within the 20km length of the Big-J are targets for infill reconnaissance drilling. In addition, Core anticipates follow-up deeper drilling to test the depth extensions of identified near surface copper mineralisation.

KGL's nearby work has also shown the success of applying geophysics to find deeper deposits at Jervois, and potential to complement its near surface exploration with additional geophysics to aid drill targeting and interpretation.

Project Overview

SILVER PROJECTS

Blueys and Inkheart Lead/Silver Project

EL28136, NORTHERN TERRITORY

CXO 100%

Core received impressive silver and lead results in previous reverse circulation (RC) drilling at its Blueys and Inkheart Prospects in the Northern Territory.

Drill hole BLRC011 intersected 1m @ 1070g/t Ag and 8.21% Pb from 24m down hole in a broader halo of 7m @ 166g/t Ag and 1.27% Pb. Drill hole BLRC010 drilled from the same pad as BLRC011 intersected 2m @ 843g/t Ag and 5.9% Pb in a broader halo of 17m @ 116g/t Ag and 0.83% Pb.

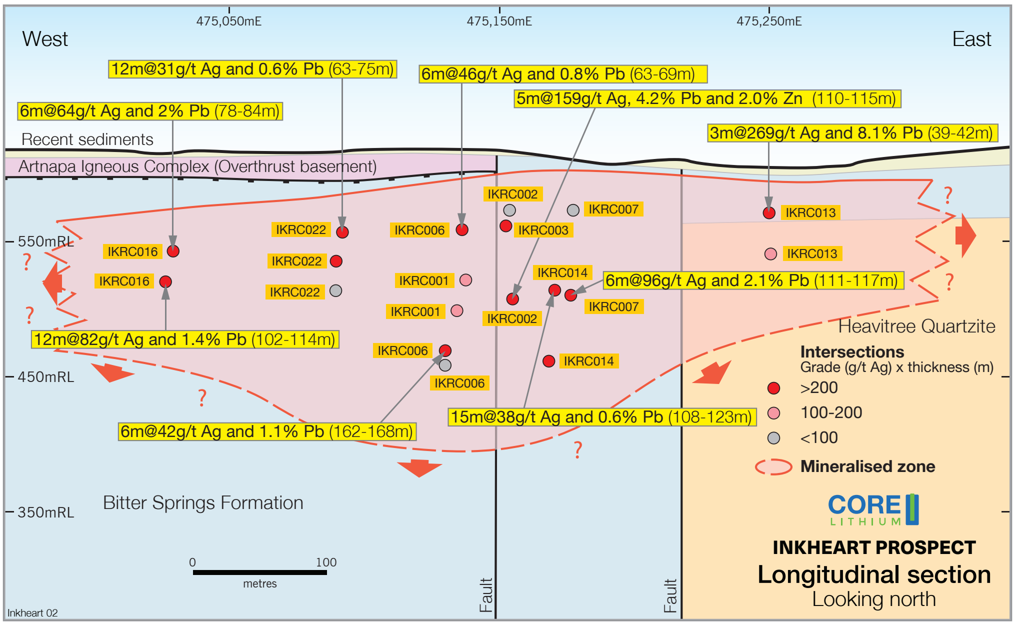
Core's RC drilling in 2014 intersected additional broad zones of silver and lead mineralisation including high grades up to 268g/t silver (Ag) and 8% lead at the nearby Inkheart Prospect in the NT.

The mineralised zone at Inkheart was intercepted consistently for at least 500m along strike and contained wide and high-grade intersections mostly within the host carbonates of the Bitter Springs Formation.

The mineralised zones at Inkheart are open to the north east, at depth and potentially to the south west.

The grade and continuity of mineralisation intersected by Core's drilling at depth, along with growing confidence in a predictable exploration model for high grade silver lead mineralisation at Inkheart strengthen the potential for further success in this exploration province in the NT.

Core believes there is potential for further mineralisation over a much larger area within the target Bitter Springs Formation geology. This reinforces the tenement wide and regional potential of the Bitter Springs Formation for the discovery of economic precious and base-metal deposits.



Inkheart prospect longitudinal section.

Project Overview

URANIUM PROJECTS

Napperby Advanced Uranium Project

NORTHERN TERRITORY

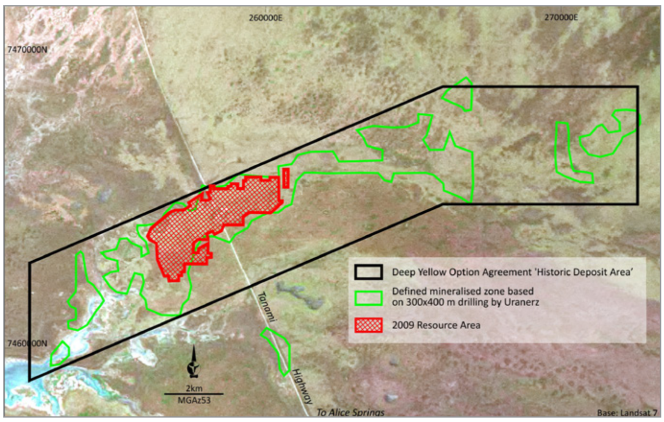
CXO 100%

Core holds 100% of the granted the tenement over the advanced Napperby Uranium Project in the NT.

The Napperby Uranium Resource has been re-estimated by Core to 2012 JORC Code-Inferred Mineral Resource of 9.54Mt at 382ppm U_3O_8 for 8.03 Mlb of contained U_3O_8 (at a 200 ppm U_3O_8 cut-off; ASX announcement 12/10/2018).

Napperby also includes significant Vanadium mineralisation that represents a 9.54Mt Inferred Mineral Resource at 236ppm V_2O5.

Only half of the area of the much larger mineralised uranium zone defined earlier at Napperby by Uranerz was drilled to define this resource. Consequently, there remains obvious potential to substantially expand and increase the size of the Napperby Uranium Project.



Napperby Area A (red) compared to known mineralised region (green) (From TOE: ASX 3/3/2009).

Fitton Project

SOUTH AUSTRALIA

CXO 100%

Core has previously made an outstanding discovery of shallow, high grade uranium on the 100% owned Fitton Project adjacent to Four Mile Uranium Mine.

Core's exploration work and drilling at Fitton confirmed that:

- uranium mineralisation outcrops
- uranium mineralisation contains both thick and high-grade intersections
- uranium mineralisation extends to at least 150m downhole depth
- the mineralised structure is over 1km long
- exploration potential for repeated mineralised structures.

Core's 100% owned Fitton Project is located in a proven world-class uranium mining region, 500 kilometres north of Adelaide in South Australia and is located within 25km of three uranium mines:

- Beverley Mine
- Beverley North Mine, and
- Four Mile Mine.

Project Overview

GOLD PROJECTS

Adelaide River Gold Project

NORTHERN TERRITORY

CXO 100%

The Adelaide River Gold Project is located 25km south east of Core's flagship Finniss Lithium Project near Darwin and leverages Core's local exploration capabilities.

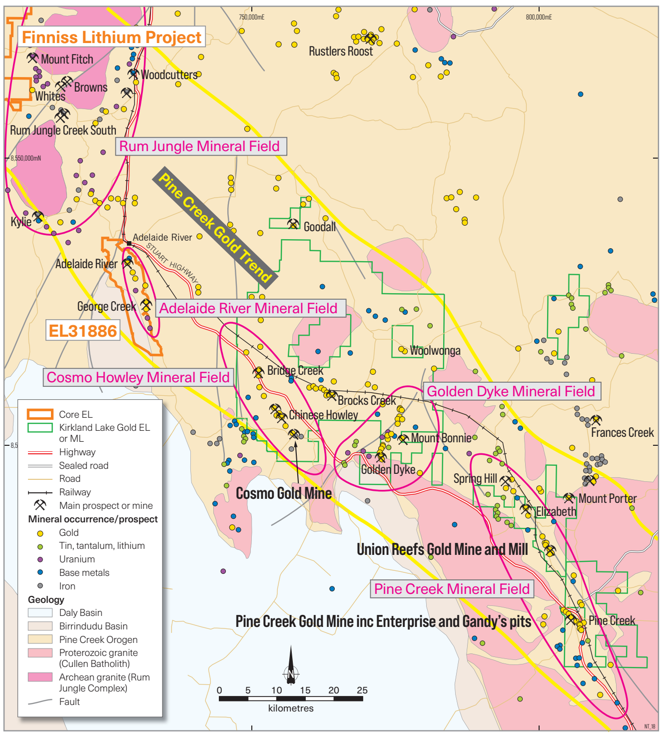
Rock-chip gold grades of up to 170g/t Au (including 128g/t Au) at the Possum Prospect have only been scantly followed up by previous explorers. During short periods of gold-focused exploration in the late 1980s and early 2010s. The exploration programs encountered numerous gold vein systems similar to those at the nearby Cosmo gold mine, operated by Kirkland Lake Resources (NYSE: KL, TSX:KL, ASX: KLA) (Kirkland Lake).

Kirkland Lake, which recently completed a A$5 billion takeover of Detour Gold (TSX:DGC), also announced drill results from the nearby Lantern Deposit at Cosmo grading of 578g/t Au over 1.8m and 67.6g/t Au over 3.1m (Kirkland Lake 18/12/2019). Kirkland Lake has estimated a total gold NT Mineral Resource of 2,680,000oz @ 2.5g/t , including 1,410,000oz @ 2.5g/t Measured and Indicated and Inferred Resource of 1,270,000oz @ 2.6g/t gold (Kirkland Lake 19/2/2020).

This highly prospective gold region in the NT has potential for long-term, profitable mining operations in a historic mining district with over 4.5 million ounces of gold produced over the past four decades.

Core's new tenement area hosts extensive laminated quartz veins that locally contain fine visible gold and sulphide-hosted gold, not unlike many of the other gold deposits of the Pine Creek and Cosmo Howley Mineral Fields.

The Adelaide River prospects have received limited exploration to date. Previous geochemical and geophysical surveys of the broader tenement area were limited to small programs over localised areas and individual prospects. Core sees a significant opportunity to take a more consolidated and systematic approach to exploration over this highly prospective area.



Tenement Schedule

as at 30 June 2020

TENEMENT NUMBER	TENEMENT NAME	STATUS	EQUITY
SOUTH AUSTRALIA			
EL 5731	Fitton	Granted	100%
EL 6038	Mt Freeling	Granted	100%
EL 6111	Yerelina	Granted	100%
El 6445	Wyatt Bore	Granted	100%
NORTHERN TERRITORY			
EL 26848	Walanbanba	Granted	100%
EL 28029	White Range East	Granted	100%
EL 28136	Blueys	Granted	100%
EL 29347	Yambla	Granted	100%
EL 29389	Mt George	Granted	100%
EL 29580	Jervois East	Granted	100%
EL 29581	Jervois West	Granted	100%
EL 29689	Riddoch	Granted	100%
EL 29698	Finniss	Granted	100%
EL 29699	Bynoe	Granted	100%
EL 30012	Bynoe	Granted	100%
EL 30015	Bynoe	Granted	100%
EL 30669	Ross River	Granted	100%
EL 30793	McLeish	Granted	100%
EL 31058	Barrow Creek	Granted	100%
EL 31126	Bynoe	Granted	100%
EL 31127	Bynoe	Granted	100%
EL 31139	Anningie West	Granted	100%
EL 31140	Anningie South	Granted	100%
EL 31145	Barrow Creek North	Granted	100%
EL 31146	Barrow Creek South	Granted	100%
EL 31271	Bynoe	Granted	100%
EL 31279	Sand Palms	Granted	100%
EL 31449	Napperby	Granted	100%
EMP 28651	Bynoe Extractive Licence	Granted	100%
MLN16	Bynoe Mineral Lease	Granted	100%
ML 31726	Grants Mineral Lease	Granted	100%
ML 32074	Observation Hill Ancillary Lease	Granted	100%

Mineral Resource and Ore Reserves Statement

2020	LITHIUM MINERAL RESOURCE (FINNISS LITHIUM PROJECT, NORTHERN TERRITORY)				
Deposit	Category	Tonnes (Mt)	Li_2O (%)	Li_2O (t)	$LiCO_3$ (t)
Grants	Measured	1.09	1.48	16,100	39,815
	Indicated	0.82	1.54	12,600	31,160
	Inferred	0.98	1.43	14,000	34,622
	Total	**2.89**	**1.48**	**42,700**	**105,597**
BP33	Measured	1.50	1.52	23,000	56,879
	Indicated	1.19	1.5	17,000	42,041
	Inferred	0.55	1.54	8,000	19,784
	Total	**3.24**	**1.51**	**48,000**	**118,704**
Sandras	Inferred	1.30	1.0	13,000	32,149
	Total	**1.30**	**1.0**	**13,000**	**32,149**
Carlton	Measured	0.63	1.31	8,000	19,784
	Indicated	1.20	1.21	15,000	37,095
	Inferred	1.19	1.33	16,000	39,568
	Total	**3.02**	**1.28**	**39,000**	**96,447**
Hang Gong	Indicated	1.19	1.3	15,300	37,837
	Inferred	0.83	1.19	9,900	24,483
	Total	**2.02**	**1.2**	**25,200**	**62,320**
Booths & Lees	Inferred (Lees)	0.43	1.3	5,400	13,354
	Inferred (Lees South)	0.35	1.2	4,300	10,634
	Inferred (Booths/ Lees link)	1.47	1.06	15,700	38,826
	Total	**2.25**	**1.3**	**25,400**	**62,814**
TOTAL	Measured	3.22	1.47	47,100	116,478
	Indicated	4.4	1.37	59,900	148,133
	Inferred	7.1	1.22	86,300	213,420
FINNISS PROJECT	**TOTAL**	**14.72**	**1.32**	**193,300**	**478,031**

Grants, BP33, Carlton and Lees use a 0.75% Li_2O cut-off, whereas Hang Gong and Booths/Lees use a 0.7% Li_2O cut-off, and Sandras uses at 0.6% Li_2O cut-off.

Mineral Resource and Ore Reserves Statement

2020	LITHIUM ORE RESERVE (FINNISS LITHIUM PROJECT, NORTHERN TERRITORY)			
Deposit	Category	Tonnes (Mt)	Li_2O (%)	Contained metal (kt)
Grants	Proved	1.0	1.4	14.9
	Probable	0.8	1.5	11.6
	Total	**1.8**	**1.5**	**26.5**
BP33	Proved	1.3	1.4	18.4
	Probable	1.0	1.4	13.2
	Total	**2.3**	**1.4**	**31.5**
Carlton	Proved	0.6	1.2	7.1
	Probable	1.0	1.0	10.6
	Total	**1.6**	**1.1**	**17.8**
TOTAL	Proved	2.9	1.4	40.4
	Probable	2.8	1.3	35.4
FINNISS PROJECT	**TOTAL**	**5.7**	**1.3**	**75.8**

Grants, BP33, Carlton and Lees use a 0.75% Li_2O cut-off, whereas Hang Gong and Booths/Lees use a 0.7% Li_2O cut-off, and Sandras uses at 0.6% Li_2O cut-off.

2020	INFERRED URANIUM MINERAL RESOURCE (NAPPERBY URANIUM PROJECT, NORTHERN TERRITORY)				
Ore tonnage (Mt)	Grade (U_3O_8 ppm)	Metal (U_3O_8 t)	Metal (U_3O_8 Mlb)	Vanadium (V2O ppm)	
9.54	382	3,643	8.03	236	9. 54

Inferred Mineral Resource Estimate for Napperby Uranium Deposit at 200ppm U_3O_8 cut-off.

Mineral Resource and Ore Reserves Statement

2019	LITHIUM MINERAL RESOURCE (FINNISS LITHIUM PROJECT, NORTHERN TERRITORY)				
Deposit	Category	Tonnes (Mt)	Li_2O (%)	Li_2O (t)	$LiCO_3$ (t)
Grants	Measured	1.09	1.48	16,100	39,815
	Indicated	0.82	1.54	12,600	31,160
	Inferred	0.98	1.43	14,000	34,622
	Total	**2.89**	**1.48**	**42,700**	**105,597**
BP33	Indicated	0.63	1.39	9,000	22,257
	Inferred	1.52	1.56	24,000	59,352
	Total	**2.15**	**1.51**	**33,000**	**81,609**
Sandras	Inferred	1.30	1.0	13,000	32,149
	Total	**1.30**	**1.0**	**13,000**	**32,149**
Carlton	Indicated	0.46	1.3	6,000	14,838
	Inferred	0.63	1.3	8,000	19,784
	Total	**1.09**	**1.3**	**14,000**	**34,622**
Hang Gong	Inferred	1.42	1.2	17,000	42,041
	Total	**1.42**	**1.2**	**17,000**	**42,041**
Lees	Inferred	0.78	1.3	9,700	23,988
	Total	**0.78**	**1.3**	**9,700**	**23,988**
TOTAL	Measured	1.09	1.48	16,100	39,815
	Indicated	1.91	1.4	27,600	68,255
	Inferred	6.63	1.3	85,700	211,936
FINNISS PROJECT	**TOTAL**	**9.63**	**1.3**	**129,400**	**320,006**

Grants, BP33, Carlton, Lees and Hang Gong use 0.7% Li_2O cut-off, whereas Sandras uses a 0.6% Li_2O cut-off.

Mineral Resource and Ore Reserves Statement

2019	LITHIUM ORE RESERVE (FINNISS LITHIUM PROJECT, NORTHERN TERRITORY)			
Deposit	Category	Tonnes (Mt)	Li_2O (%)	Contained metal (kt)
Grants	Proved	1.0	1.4	14.9
	Probable	0.8	1.5	11.6
	Total	**1.9**	**1.5**	**26.5**
BP33	Probable	0.4	1.3	5.7
	Total	**2.2**	**1.4**	**32.2**
TOTAL	Proved	1.0	1.4	14.9
	Probable	1.2	1.4	17.3
FINNISS PROJECT	**TOTAL**	**2.2**	**1.4**	**32.2**

Grants, BP33, Carlton and Lees use a 0.75% Li_2O cut-off, whereas Hang Gong and Booths/Lees use a 0.7% Li_2O cut-off, and Sandras uses at 0.6% Li_2O cut-off.

2019	INFERRED URANIUM MINERAL RESOURCE (NAPPERBY URANIUM PROJECT, NORTHERN TERRITORY)			
Ore tonnage (Mt)	Grade (U_3O_8 ppm)	Metal (U_3O_8 t)	Metal (U_3O_8 Mlb)	Vanadium (V_2O_5 ppm)
9.54	382	3,643	8.03	236

Inferred Mineral Resource Estimate for Napperby Uranium Deposit at 200ppm U_3O_8 cut-off.

Competent Person Statements

This Report has been approved by and is based on and fairly represents, information and supporting documentation prepared by Dr Graeme McDonald as it relates to the 2020 Mineral Resource Summary for Lithium. The information in this release that relates to the Estimation and Reporting of Mineral Resources is based on, and fairly represents, information and supporting documents compiled by Dr Graeme McDonald (BSc(Hons) Geol, PhD). Dr McDonald acts as an independent consultant to Core Lithium Ltd on the Finniss Project Mineral Resource estimations. Dr McDonald is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience with the style of mineralisation, deposit type under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code). Dr McDonald consents to the inclusion in this Report of the contained technical information relating to the Mineral Resource Estimation in the form and context in which it appears

This Report has been approved by and is based on and fairly represents, information and supporting documents compiled by Dr David Rawlings (BSc(Hons)Geol, PhD) an employee of Core Lithium Ltd who is a member of the Australasian Institute of Mining and Metallurgy and is bound by and follows the Institute's codes and recommended practices. He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Dr Rawlings consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears. This Report includes results that have previously been released under JORC 2012 by Core.

SRK Consulting was commissioned by Core to conduct an independent review of the MRE's at BP33 and Carlton. SRK has concluded that the Mineral Resource Estimates are suitable representations of these deposits, and there are no material issues that impact the total tonnes and grades estimated.

Core confirms that it is not aware of any new information or data that materially affects the information included in this Report and that all material assumptions and technical parameters underpinning the Mineral Resource and Ore Reserve Estimates in the ASX announcements "Grants Lithium Resource Increased by 42% ahead of DFS" dated 22 October 2018, "Maiden Sandras Mineral Resource Grows Finniss to 6.3Mt" dated 29 November 2018, "Finniss Feasibility Study and maiden Ore Reserve" dated 17 April 2019, "Initial Resource Estimate for Lees Deposit Drives Finniss Mineral Resource to 9.6Mt" dated 6 May 2019, "Finniss Lithium Resource increased by over 50%" dated 15 June 2020 and "Increased Ore Reserve Significantly Extends Finniss" dated 30 June 2020 continue to apply and have not materially changed. The Mineral Resources underpinning the production target have been prepared by a Competent Person in accordance with the requirements of the JORC code. Core confirms that all material assumptions underpinning production target and forecast financial information derived from the DFS announced on 17 April 2019 and PFS announced on 30 June 2020 continue to apply and have not materially changed.

The Mineral Resources and Ore Reserves underpinning the Production Target have been prepared by competent persons in accordance with the requirements of the JORC code.

The information in this Report that relates to the Estimation and Reporting of Open Pit Ore Reserves is based on, and fairly represents, information and supporting documents compiled by Mr Blair Duncan.

The information in this Report that relates to the Estimation and Reporting of Underground Ore Reserves is based on, and fairly represents, information and supporting documents compiled by Mr Bernard Peters employed as Technical Director – Mining by OreWin Pty Ltd. and is a Fellow of the Australasian Institute of Mining and Metallurgy. Bernard Peters is a Competent Person as defined by the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", having five years' experience that is relevant to the style of mineralisation and type of deposit and activity described in the PFS, Bernard Peters consents to the inclusion in the Public Report of the matters based on their information in the form and context in which it appears.

Core confirms that it is not aware of any new information or data that materially affects the Exploration Results included in this Report as cross referenced in the body of this Report.

Core's lithium Mineral Resource inventory at 30 June 2020 has increased significantly from that reported at 30 June 2019. During the year, through successful drilling at BP33, Carlton and Hang Gong Mineral deposits, resulting in more than half of the Mineral Resource Estimate to be in the higher confidence Measured and Indicated categories. The changes increased Core's total Mineral Resource inventory by over 50%. Additionally, Core announced a future 159% increase to its Finniss Lithium Project Ore Reserve during the year in conjunction with the announcement of the Underground Mining Pre-Feasibility Study for the BP33 and Carlton prospects at the Finniss Lithium Project.

The Company ensures that all Mineral Resource and Ore Reserve estimates are subject to appropriate levels of governance and internal controls. Exploration results are collected and managed by an independent competent qualified geologist. Core relies on drilling results from accredited laboratories in providing assay results used to estimate Mineral Resources and Ore Reserves. All data collection activities are conducted to industry standards based on a framework of quality assurance and quality control protocols covering all aspects of sample collection, topographical and geophysical surveys, drilling, sample preparation, physical and chemical analysis and data and sample management.

The Mineral Resource estimation results in this report as they relate to the Napperby Uranium Deposit are based on, and fairly represent, information and supporting documentation compiled by Dr David Rawlings and reviewed by Messrs David Slater and Daniel Guibal. Dr David Rawlings is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and a full-time employee of Core Exploration Ltd. The Mineral Resource estimation was completed by Mr Daniel Guibal, who is a Fellow of the AusIMM and an Associate Corporate Consultant of SRK Consulting (Australasia) Pty Ltd. The estimation was peer reviewed by Mr David Slater, who is a member of the AusIMM and a full-time employee of SRK Consulting (Australasia) Pty Ltd.

Dr David Rawlings and Mr Daniel Guibal have sufficient experience which is relevant to the style of the mineralisation and type of deposit under consideration, and to the activity being undertaken, to qualify as Competent Persons (Geology and Resource evaluation respectively) as defined in the 2012 Edition of the JORC Code.Reserve estimates are prepared by qualified independent Competent Persons. If there is a material change in the estimate of a Mineral Resource or Ore Reserve, the estimate and supporting documentation in question is reviewed by a suitable qualified independent Competent Persons. The Company reports its Mineral Resources and Ore Reserves on an annual basis in accordance with JORC Code 2012.

Core confirms that it is not aware of any new information or data that materially affects the information included in this Report and that all material assumptions and technical parameters underpinning the Mineral Resource Estimates in the ASX announcement “Napperby Uranium Resource Update and Increase” dated 12 October 2018.

The information in this report that relates to Exploration Results is based on and fairly represents information and supporting documentation prepared by Stephen Biggins (BSc(Hons)Geol, MBA) as Managing Director of Core Lithium Ltd who is a member of the Australasian Institute of Mining and Metallurgy and is bound by and follows the Institute’s codes and recommended practices. He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr. Biggins consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

This Report also includes exploration information that was prepared and first disclosed by Core under the JORC Code 2004.

The information has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The information in all previous announcements is based on and fairly represents information and supporting documentation prepared by Mr Stephen Biggins as the Competent Person and who provided his consent for all previous announcements.

The Company is not aware of any new information or data that materially affects the information included in this Report.

Core confirms that it is not aware of any new information or data that materially affects the Exploration Results included in this Report released under JORC 2012 as listed.

26 Nov 2015	Zinc grades confirm significant system at Yerelina.
23 Nov 2015	Jervois reconnaissance drill results exceed expectations.
21 Oct 2015	Second zone of breccia and veining intersected at Yerelina.
12 Oct 2015	Drilling intercepts mineralised breccia zone at Yerelina.
7 Jul 2015	Large zinc and lead anomaly targeted at Yerelina.
16 Jun 2015	Further zinc mineralisation found at Yerelina.
4 Jun 2015	Jervois Domain modelling identifies strong geophysical targets.
16 Jun 2015	Further zinc mineralisation found at Yerelina.
2 Jun 2015	10m wide gossan found at Yerelina Zinc Project.
13 May 2015	Multiple drill targets identified at Jervois Domain, NT.
5 May 2015	New zinc target identified at Black Gate Prospect.
3 Nov 2014	New intersections extend mineralisation at Inkheart, NT.
21 Oct 2014	Additional silver lead mineralisation discovered at Inkheart.
17 Jun 2014	High grade silver lead from Albarta drilling program NT.
10 Sep 2013	Highest ever silver grades at Blueys Prospect.

Directors' Report

Core's Directors have pleasure in submitting their report on the Company and its subsidiaries, for the year ended 30 June 2020.

DIRECTORS

The names and details of Directors in office at any time during the reporting period are:

Greg English

B.E. (Hons) Mining, LLB

Non-executive Chairman (appointed 10 September 2010)

EXPERIENCE AND EXPERTISE

Greg English is the co-founder and Chairman of Core.

He has been Chairman of the board since 2010 and has overseen Core's transition from a base metals and uranium focused minerals exploration company to Australia's next lithium producer. He has more than 25 years of mining engineering and legal experience where he has held several senior roles for Australian and multinational companies.

He has received recognition for his work as a lawyer having recently been recognised in The Best Lawyers® in Australia, 2020 Edition in Commercial Law.

He is an experienced company director and serves on the boards of ASX listed companies. He holds a bachelor's degree in mining engineering, law degree (LLB) and first class mine managers ticket (NT, WA, and SA).

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Executive Director of Archer Materials Ltd, appointed 16 February 2007, and Executive Chairman, appointed 1 June 2015

Non-executive Director of Leigh Creek Energy Limited from 22 September 2015.

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

None

INTEREST IN SHARES

6,265,000 Ordinary Shares held directly and by an entity in which Mr English has a beneficial interest.

INTEREST IN OPTIONS / PERFORMANCE RIGHTS

5,000,000 unquoted Options

Directors' Report

Stephen Biggins

MBA, BSc (Hons) Geol, MAusIMM

Managing Director (appointed 10 September 2010)

EXPERIENCE AND EXPERTISE

Stephen Biggins has 30 years' experience as geologist and geophysicist and 15 years as an executive in mineral exploration in the mining industry in Australia and internationally.

He has applied his Honours Degree in Geology and MBA as the Managing Director of ASX-listed Southern Gold (ASX: SAU) in 2005-10, and then Core Lithium (ASX:CXO) since 2011 to the management of exploration, resource definition, feasibility and development in a range of commodities. Stephen was also a founding Director of Investigator Resources Ltd (ASX: IVR).

He has built prospective portfolios of gold, uranium and base metal exploration projects in Australia, Asia and Africa.

He has founded three ASX companies leading to the operation of the Cannon Gold Mine for Southern Gold Ltd, definition of the Paris Silver Deposit for Investigator Resources Ltd and feasibilty of Finniss Lithium Project for Core Lithium Ltd.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

None

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

None

INTEREST IN SHARES

8,196,347 Ordinary Shares held by entities in which Mr Biggins has a beneficial interest.

INTEREST IN OPTIONS / PERFORMANCE RIGHTS

5,000,000 unquoted Options and 11,916,666 unquoted Performance Rights subject to various performance-based hurdles.

Heath Hellewell

BSc (Hons) AIG

Non-executive Independent Director (appointed 15 September 2014)

EXPERIENCE AND EXPERTISE

Heath Hellewell is an exploration geologist with over 25 years of experience in gold, base metals and diamond exploration predominantly in Australia and West Africa. Heath has previously held senior exploration positions with a number of successful mining and exploration groups including DeBeers Australia and Resolute Mining.

He joined Independence Group in 2000 prior to the Company's IPO and was part of the team that identified and acquired the Tropicana project area, eventually leading to the discovery of the Tropicana and Havana gold deposits. Heath was the co-founding Executive Director of Doray Minerals, following the discovery of the Andy Well gold deposits, Doray Minerals was named "Gold Explorer of the Year" in 2011 by The Gold Mining Journal and in 2014 Heath was the co-winner of the prestigious "Prospector of the Year" award, presented by the Association of Mining and Exploration Companies.

More recently he was responsible for acquiring the Karlawinda Gold Project through his private investment group and the formation of ASX-listed Capricorn Metals Limited.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Non-Executive Director of Duketon Mining Ltd (ASX: DKM) appointed 18 November 2014.

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Executive Chairman of Capricorn Metals Limited (ASX: CMM) appointed 3 February 2016 and resigned 8 November 2018.

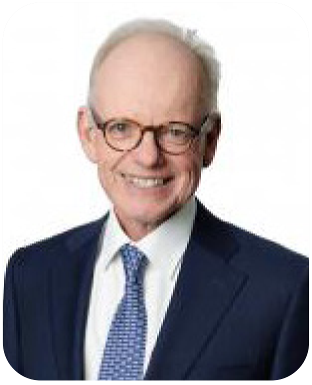
INTEREST IN SHARES

None

INTEREST IN OPTIONS / PERFORMANCE RIGHTS

5,000,000 unquoted Options

Directors' Report



Malcolm McComas

B.Ec, LLB (Monash)

Non-executive Independent Director (appointed 17 October 2019)

EXPERIENCE AND EXPERTISE

Malcolm McComas is an experienced company director and was previously an investment banker with leadership roles at several global organisations. Specifically, he was head of investment banking at County NatWest (now Citi Group) for 10 years and a director of Grant Samuel for a similar period.

He has worked with many growth companies in the resources sector over his career and was most recently a director of BC Iron, the WA based iron ore producer and Consolidated Minerals, a global manganese company.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Non-executive Director of Pharmaxis Limited (ASX: PXS) appointed July 2003 and Non-executive Chairman since 1 May 2012.

Non-executive Chairman of Fitzroy River Corporation Limited (ASX: FZR) since 26 November 2012.

Non-executive Director of Actinogen Medical Limited (ASX: ACW) since 4 April 2019.

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Non-executive Director of Royalco Resources Limited (ASX: RCO) since 1 January 2016 – amalgamated with Fitzoy river on 17 February 2020.

INTEREST IN SHARES

1,448,400 Ordinary Shares held by an entity in which Mr McComas has a beneficial interest.

INTEREST IN OPTIONS / PERFORMANCE RIGHTS

5,000,000 unquoted Options.

COMPANY SECRETARY

Jaroslaw (Jarek) Kopias

BCom, CPA, AGIA, ACG (CS, CGP)

Company Secretary (appointed 21 June 2011)

Jarek Kopias is a Certified Practicing Accountant and Chartered Secretary.

He has over 20 years' industry experience in a wide range of financial and secretarial roles within the resources industry. As an accountant, he worked in numerous financial roles for companies, specialising in the resource sector – including five years at WMC Resources Limited's (now BHP) Olympic Dam operations, five years at Newmont Mining Corporation – Australia's corporate office and five years at oil and gas producer and explorer, Stuart Petroleum Limited (prior to its merger with Senex Energy Limited).

He is currently the CFO and Company Secretary of Resolution Minerals Ltd (ASX: RML) and Company Secretary of Iron Road Ltd (ASX: IRD) and Lincoln Minerals Limited (ASX: LML). He has held similar roles with other ASX entities in the past and has other business interests with numerous unlisted entities.

Directors' Report

DIRECTORS' MEETINGS

The number of Directors' meetings held during the reporting period and the number of meetings attended by each Director is as follows:

	BOARD MEETINGS		AUDIT AND RISK COMMITTEE MEETINGS	
Directors	Meetings attended	Meetings entitled to attend	Meetings attended	Meetings entitled to attend
GD English	12	12	2	2
SR Biggins	12	12	2	2
HA Hellewell	12	12	2	2
MJ McComas	9	9	1	1

At this time there are no separate Board committees, other than the Audit and Risk Committee, as all matters usually delegated to such committees are handled by the Board as a whole.

PRINCIPAL ACTIVITIES

Core's principal activity is the development of the Finniss Lithium Project and the advancement of strategic prospects in the Northern Territory and South Australia.

OPERATING AND FINANCIAL REVIEW

The net loss of the Group, from the year ended 30 June 2020, was $4,386,412 (2019 $2,404,217) after providing for income tax – an increase in the loss of $1,982,195.

The key contributor to the increase in the loss for the year was an impairment expense of $1,169,762 was recognised where exploration licences have been relinquished in comparison to the prior year where a smaller number of tenements were relinquished to the value of $171,826.

Additionally, there was an increase in corporate activity including additional labour and consultant costs to support development, product marketing and financing of the Finniss Lithium Project.

During the year Core achieved several key project milestones to further enhance the value and de-risk the Finniss Lithium Project (Project), located near Darwin in the Northern Territory, as follows:

- Receipt of $6.875 million funding from Lithium Royalty Corporation (LRC) in exchange for a project royalty. These funds were utilised to support further advancement of the Project.
- Approval of the Grants and Processing Facility Mine Management Plan from the Northern Territory Government including extension of the EIS to support a 7-year Life of Mine (LOM) from the Grants deposit.
- Increase in the Finniss Lithium Project Mineral Resource estimate by over 50%.
- Over 150% increase in the Ore Reserves from the Pre-Feasibility Study conducted for the Carlton and BP33 deposits utilising an underground mining approach.
- Increase in Project mine life to 7 years.
- Securing maiden European offtake partner, Swiss-based Transamine through a non-binding offtake term sheet for the supply of 50,000 tonnes per annum spodumene concentrate from the Finniss Lithium Project.

Directors' Report

- Raising $7.5m, net of capital raising costs, through a share placement as well as a share purchase plan to existing shareholders, and
- Identified several attractive gold targets and prospects within the Bynoe Gold and Adelaide River Gold Projects and strategic review of non-core projects.

These activities have resulted in an investment of greater than $6 million into the Finniss Lithium Project during the year.

The risks associated with the projects listed in the Project Overview of this Annual Report are those common to exploration and development activities generally. Exploration targets are conceptual in nature such that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource. The Group faces risks in developing its existing projects including, but not limited to economic viability of Mineral Resources, obtaining necessary approvals, obtaining required funding, commodity price and exchange rate.

The main environmental and sustainability risks that Core currently faces are through ground disturbance when undertaking sampling or drilling activities. The Group's approach to exploration through environmental, heritage and other clearances allows these risks to be minimised.

An evaluation of the Group's projects is required prior to committing further expenditure which may lead to follow-up activities. All exploration activities may be funded by the Group's own cash reserves, equity, debt or other finance streams including through project sale or joint venture arrangements.

Further technical detail on each of the prospects is further detailed throughout this Annual Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group that occurred during the reporting period that have not otherwise been disclosed in this report or the financial statements.

DIVIDENDS

There were no dividends paid or declared during the reporting period or to the date of this report.

EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

Since the end of the financial year, the Group has made the final payment of $1.5 million cash to Liontown Resources Limited (ASX: LTR; "Liontown") as contingent consideration pursuant to the purchase of the Bynoe Lithium Project in the Northern Territory in September 2017. The contingent consideration milestone was met by Core with the increase in Mineral Resources announced on 15 June 2020. The $1.5 million is reflected as a current liability in the annual financial report.

In July 2020 Core issued 1,448,400 shares to Non-executive Director Malcolm McComas under the placement announced on 27 May 2020 and approved by shareholders on 10 July 2020 and 1,450,000 unquoted performance rights were exercised.

In August 2020 Core announced the receipt a non-binding indicative term sheet from the Northern Territory Government Local Jobs Fund (LJF) to invest $5 million in the Finniss Lithium Project through a low-cost business investment concessional loan.

In addition to the above, in August 2020 Core signed a non-binding term sheet for between 20,000tpa to 30,000tpa of lithium concentrate with a strategic offtake partner including the receipt of $1 million of funds from this strategic partner for share placement.

No other matters or circumstances have arisen since the end of the financial year 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 subsequent financial years.

LIKELY DEVELOPMENTS

The likely developments for the Group include the advancement of the Finniss Lithium Project as well as ongoing exploration of assets held by the Group. Core continues to identify and evaluate existing and potential projects and opportunities that strategically algin with the existing projects and unlock value for shareholders.

Core's efforts are focused on advancing the Finniss Lithium Project, with the aim of moving from developer to producer.

Directors' Report

UNISSUED SHARES UNDER OPTION

Unissued ordinary Shares of Core under option at the date of this report are:

DATE OPTIONS GRANTED	EXPIRY DATE	EXERCISE PRICE OF OPTIONS	NUMBER OF OPTIONS
5 September 2018	5 September 2022	$0.080	10,000,000
31 January 2019	31 January 2021	$0.080	4,000,000
24 June 2019	30 June 2022	$0.060	4,000,000
26 September 2019[1]	30 September 2022	$0.053	3,273,810
26 September 2019[2]	31 December 2023	$0.060	1,000,000
29 November 2019[3]	30 June 2023	$0.060	20,000,000
Total options on issue			**42,273,810**

1 *3,273,810 options were issued to consultants as remuneration for services provided during the period.*

2 *1,000,000 options were issued to a member of key management personnel as remuneration.*

3 *20,000,000 options were issued to Directors as remuneration.*

Unissued ordinary shares of the company subject to vesting and exercise of unquoted performance rights at the date of this report are:

DATE RIGHTS GRANTED	KPI VESTING	EXPIRY DATE	NUMBER OF RIGHTS
26 September 2019	30 June 2020	30 June 2023	100,000
26 September 2019	31 December 2020	31 December 2023	700,000
29 November 2019	30 June 2020	30 June 2023	2,166,666
29 November 2019	30 June 2021	30 June 2024	3,250,000
29 November 2019	30 June 2022	30 June 2025	3,250,000
29 November 2019	30 June 2023	30 June 2026	3,250,000
20 December 2019	30 September 2020	30 September 2023	500,000
20 December 2019	31 December 2020	31 December 2023	2,000,000
20 December 2019	30 June 2021	30 June 2024	1,000,000
20 December 2019	30 June 2022	30 June 2025	1,750,000
20 December 2019	0.5 years after FID	3.5 years after FID	250,000
20 December 2019	1.25 years after FID	4.25 years after FID	1,500,000
20 December 2019	1.5 years after FID	4.5 years after FID	1,750,000
20 December 2019	2.5 years after FID	5.5 years after FID	500,000
Total performance rights on issue			**21,966,666**

During the year 28,100,000 performance rights were issued to key management personnel, employees, and consultants as remuneration under the Company's Performance Share Plan. A total of 400,000 performance rights were granted and exercised during the year. A total of 1,150,000 performance rights were granted and lapsed during the financial year. Subsequent to the end of the financial year, 3,133,334 performance rights granted during the year lapsed and 1,450,000 performance rights granted during the year were exercised.

These options and rights do not entitle the holders to participate in any share issue of the Company or any other body corporate.

Directors' Report

REMUNERATION REPORT (AUDITED)

The Directors of Core Lithium Ltd present the Remuneration Report in accordance with the *Corporations Act 2001* (Cth) and the *Corporations Regulations 2001* (Cth).

The Remuneration Report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration

B. Details of remuneration

C. Service agreements

D. Share-based remuneration

E. Other information

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The Company's remuneration policy has been designed to align objectives of key management personnel with objectives of shareholders and the business, by providing a fixed remuneration component and offering specific short-term and long-term incentives through the issue of cash performance bonuses, options and / or performance rights. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel and Directors to run and manage the Company.

The key management personnel of the Company are the Board of Directors and Executive Officers.

The Board's policy for determining the nature and amount of remuneration for its members and key management personnel of the Company is as follows:

1 The remuneration policy, setting the terms and conditions for the Managing Director and key management personnel, was developed by the Board. All key management personnel are remunerated on a consultancy or base salary basis based on services provided by each person. The Board annually reviews the packages of key management personnel by reference to the Group's performance, the Executive's performance and comparable information from industry sectors and other ASX listed peer companies.

2 The Board may exercise discretion in relation to approving incentives, performance bonuses, options, and performance rights. The policy is designed to attract the highest calibre key management personnel and reward them for performance that seeks to align with shareholder interests.

3 Key management personnel are also entitled to participate in the Company's Share Option Plan and Performance Share Plan as approved by shareholders at the 2019 AGM held on 28 November 2019.

4 The Board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment, and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties, and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting (currently $300,000). Fees for non- executive Directors are not linked to the performance of the Group, except in relation to share based remuneration. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in the Company's Share Option Plan and Performance Share Plan, which may exist from time to time.

During the reporting year, performance reviews of senior executives were not conducted.

There were no remuneration consultants used by the Group during the year, however a review of peer companies was conducted by an external consultant to provide guidance for key management personnel remuneration for the reporting year.

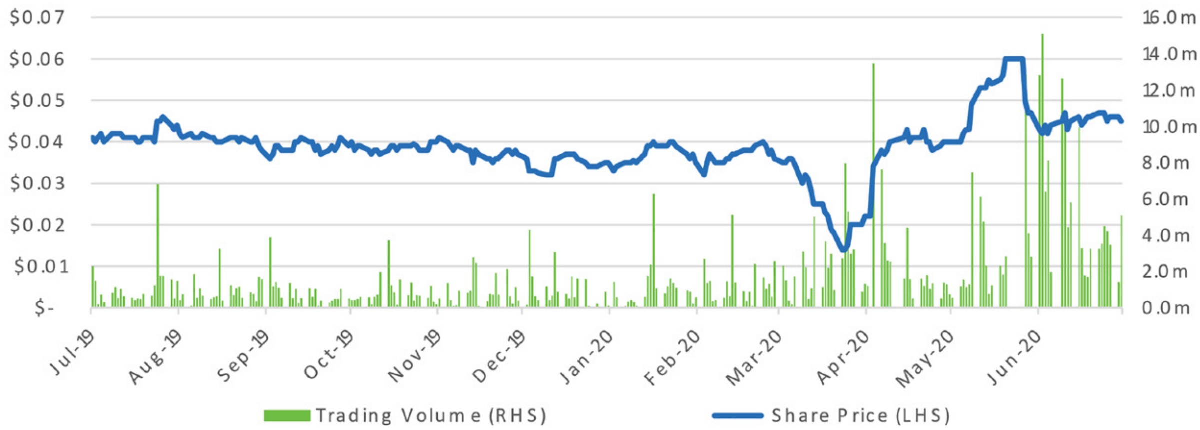
Directors' Report

REMUNERATION REPORT (AUDITED)

CONSEQUENCES OF PERFORMANCE ON SHAREHOLDER WEALTH

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four (4) financial years:

ITEM	2020	2019	2018	2017	2016
Net loss for the year	4,386,412	2,404,217	2,094,330	1,933,689	1,794,756
Loss per share – cents	0.55	0.36	0.43	0.56	0.92
Shareholders' equity	33,567,860	29,863,066	26,197,379	15,125,452	8,239,961
Number of issued shares – end of year	969,692,791	778,191,657	633,591,657	376,546,066	270,928,583
Share price – end of the year – cents	4.5	4.0	4.7	7.4	2.2



PERFORMANCE BASED REMUNERATION

The remuneration policy has been tailored to align the interests of shareholders, directors, and other key management personnel. Currently, this is facilitated through short-term and long-term performance-based incentives through the payment of cash performance bonuses and through the issue of options and/or performance rights to KMP that encourages the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. Over the last five years the board has increased the proportion of performance-based incentives to KMP as disclosed in the share-based remuneration section in the remuneration report of the directors' report.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2019 ANNUAL GENERAL MEETING

Core received more than 85% of "yes" votes on its remuneration report for the 2019 financial year. The Company did not receive any specific feedback at the AGM on its remuneration report.

Directors' Report

REMUNERATION REPORT (AUDITED)

B. DETAILS OF REMUNERATION

Details of the nature and amount of each element of the remuneration of the Company's key management personnel (KMP) are shown below:

DIRECTOR AND OTHER KEY MANAGEMENT PERSONNEL REMUNERATION

2020	SHORT TERM BENEFITS			POST-EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS		
	Salary and fees (incl bonus) $	Contract payments $	Bonus[3] $	Superannuation $	Options and performance rights[1] $	Total $	At risk %
Non-executive Directors							
G English	54,795	-	-	5,205	68,198	128,198	53
H Hellewell	-	39,960	-	-	68,198	108,158	63
M McComas[5]	-	28,280	-	-	68,198	96,478	71
Executive Directors							
S Biggins	264,117	-	78,000	20,583	135,502	498,202	43
Other key management personnel							
B Duncan	260,000	-	22,500	24,700	38,363	345,563	18
D Rawlings[4]	196,200	-	-	18,639	9,676	224,515	4
S Iacopetta	264,333	-	20,000	21,667	29,813	335,813	15
R Sills	230,000	-	-	21,850	19,661	271,511	7
J Kopias[2]	-	114,733	-	-	-	114,733	-
Total	**1,269,445**	**182,973**	**120,500**	**112,644**	**437,609**	**2,123,171**	**26**

1 *Expense recognised for performance rights and options issued in 2020.*

2 *Contract payments are made to Kopias Consulting – an entity associated with J Kopias.*

3 *Short term cash incentive bonuses for achievement of performance targets for the reporting period and paid in July 2020.*

4 *D Rawlings commenced employment, maintaining the position of Exploration Manager on 1 July 2019.*

5 *M McComas was appointed as a Non-Executive Director on 17 October 2020.*

Directors' Report

REMUNERATION REPORT (AUDITED)

2019	SHORT TERM BENEFITS			POST-EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS		
	Salary and fees (incl bonus) $	Contract payments $	Bonus[3]	Superannuation $	Options and performance rights[1] $	Total $	At risk %
Non-executive Directors							
G English	54,795	-	-	5,205	3,261	63,261	5
H Hellewell	-	40,000	-	-	3,261	43,261	8
Executive Directors							
S Biggins[2]	260,000	-	40,000	24,700	-	324,700	-
Other key management personnel							
B Duncan	258,250	-	-	24,534	6,159	288,943	2
D Rawlings	-	248,425	-	-	1,520	249,945	1
S Iacopetta[3]	85,635	-	-	8,564	-	94,199	-
R Sills[4]	44,432	-	-	4,221	-	48,653	-
J Kopias[5]	-	139,078	-	-	3,261	142,339	2
Total	**703,112**	**427,503**	**40,000**	**67,224**	**17,462**	**1,255,301**	**1**

1 *Expense recognised for performance rights and options issued in 2019.*

2 *S Biggins bonus of $40,000 was approved by the board in June and paid in July 2019.*

3 *S Iacopetta commenced as Chief Financial Officer on 4 March 2019.*

4 *R Sills commenced as Commercial Marketing Manager on 21 April 2019.*

5 *Contract payments are made to Kopias Consulting – an entity associated with J Kopias.*

During the year, 21,000,000 (2019: nil) options and 26,400,000 (2019: 200,000) performance rights were issued as remuneration to KMP during the year. The share-based payments expense is recognised at fair value over the vesting period for options and performance rights granted.

The share-based payments for each KMP reflect the attributable portion of performance rights and options in the relevant financial year.

Directors' Report

REMUNERATION REPORT (AUDITED)

C. SERVICE AGREEMENTS

Remuneration and other terms of employment for the Executive Directors and other KMP are formalised in service or contract agreements. The major provisions of the agreements relating to remuneration are set out below:

NAME	BASE REMUNERATION	UNIT OF MEASURE	TERM OF AGREEMENT	NOTICE PERIOD[1]	TERMINATION BENEFITS
S Biggins[2] *Managing Director*	$260,000	Salaried employee	Indefinite	Three months	Six months
D Rawlings *Exploration Manager*	$900/day	Salaried employee[3]	31 December 2020	Two months	Two months
B Duncan *Chief Operating Officer*	$260,000	Salaried employee	Indefinite	Twelve weeks	Twelve weeks
S Iacopetta *Chief Financial Officer*	$260,000	Salaried employee	Indefinite	Three months	Three months
R Sills *Commercial Marketing Manager*	$230,000	Salaried employee	Indefinite	Twelve weeks	Twelve weeks
J Kopias *Company Secretary*	Variable	Hourly rate contract	As required	One month	None

1 *To be given by the employee.*

2 *S Biggins is employed on a 4 days per week basis.*

3 *D Rawlings executed an employment contract using a day rate beginning 1 July 2019.*

D. SHARE-BASED REMUNERATION

All options refer to a right to subscribe for one fully paid ordinary share in the Company, under the terms of the option. Details of options convertible to ordinary shares in the Company that were granted as remuneration to each KMP during the year are set out below:

2020 OPTIONS	NUMBER GRANTED	GRANT DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE[2]		VESTING CRITERA	LAST VESTING DATE	EXPIRY DATE UPON VESTING
GRANTED				$/option	Full value ($)			
D Rawlings	1,000,000	26/09/2019	$0.06	$0.0036	3,610	First 20kt saleable product[1]	31/12/2020	31/12/2023
G English	5,000,000	29/11/2019	$0.06	$0.0136	68,198	Issued as vested		30/06/2023
H Hellewell	5,000,000	29/11/2019	$0.06	$0.0136	68,198	Issued as vested		30/06/2023
M McComas	5,000,000	29/11/2019	$0.06	$0.0136	68,198	Issued as vested		30/06/2023
S Biggins	5,000,000	29/11/2019	$0.06	$0.0136	68,198	Issued as vested		30/06/2023
TOTAL	**21,000,000**							

1 *D Rawlings vesting date is defined as achievement of the first 20,000 tonnes of saleable lithium concentrate from Grants being receipted and paid by customers by 31 Dec 2020.*

2 *The fair value of options at grant date is determined using a Black Scholes option pricing model as disclosed in the notes to the financial statements.*

Directors' Report

REMUNERATION REPORT (AUDITED)

All performance rights refer to a performance right to convert one right to one ordinary share in the Company, under the terms of the performance rights. Details of performance rights convertible to ordinary shares in the Company that were granted as remuneration to each KMP during the year are set out below:

2020 PERFORMANCE RIGHTS	NUMBER GRANTED	GRANT DATE	FAIR VALUE AT GRANT DATE[3]		VESTING CRITERA	LAST VESTING DATE	EXPIRY DATE UPON VESTING
GRANTED			$/right	Full value ($)			
D Rawlings[1]	500,000	26/09/2019	0.0082	4,114	Defining greater than 15Mt JORC Resource greater than 1% Li_2O	31/12/2019	31/12/2022
D Rawlings	100,000	26/09/2019	0.0140	1,395	Business development – new asset: Introduction and execution of a transaction of an asset to CXO. This can take the form of a JV, Outright sale, Option or EL application of material value	31/12/2020	31/12/2022
D Rawlings	600,000	26/09/2019	0.0055	3,325	Defining greater than 20Mt JORC Resource greater than 1% Li_2O	31/12/2020	31/12/2022
Total D Rawlings	**1,200,000**			**8,834**			
S Biggins[1]	541,667	29/11/2019	0.0112	6,185	80% of production from the Finniss Lithium Project under binding offtake agreements	30/06/2020	30/06/2023
S Biggins	541,666	29/11/2019	0.0148	8,032	Company announcing a JORC compliant study with a mine life for the Finniss Lithium Project of at least 5 years	30/06/2020	30/06/2023
S Biggins[1]	541,667	29/11/2019	0.0021	1,153	The Board of the Company approving a Financial Investment Decision (FID) for the Finniss Lithium Project	30/06/2020	30/06/2023
S Biggins	1,625,000	29/11/2019	0.0123	19,979	Total Shareholder Return (TSR) relative to the peer group of companies over the 2020 financial year	30/06/2020	30/06/2023
S Biggins	541,666	29/11/2019	0.0124	6,703	Company announcing a JORC compliant study with a mine life for the Finniss Lithium Project of at least 7 years	30/06/2021	30/06/2024
S Biggins	541,667	29/11/2019	0.0127	6,860	The commencement of lithium plant construction activities	30/06/2021	30/06/2024
S Biggins	1,625,000	29/11/2019	0.0127	20,605	TSR relative to the peer group of companies over the 2021 financial year	30/06/2021	30/06/2024

Directors' Report

REMUNERATION REPORT (AUDITED)

2020 PERFORMANCE RIGHTS	NUMBER GRANTED	GRANT DATE	FAIR VALUE AT GRANT DATE[3]		VESTING CRITERA	LAST VESTING DATE	EXPIRY DATE UPON VESTING
GRANTED			$/right	Full value ($)			
S Biggins	541,667	29/11/2019	0.0127	6,867	Maintain minimum $15 million cash from construction to vesting date	30/06/2021	30/06/2024
S Biggins	541,666	29/11/2019	0.0152	8,235	Company announcing a JORC compliant study with a mine life for the Finniss Lithium Project of at least 10 years	30/06/2022	30/06/2025
S Biggins	1,625,000	29/11/2019	0.0130	21,121	TSR relative to the peer group of companies over the 2022 financial year	30/06/2022	30/06/2025
S Biggins	541,667	29/11/2019	0.0130	7,028	Maintain minimum $15 million cash from construction to vesting date	30/06/2022	30/06/2022
S Biggins	3,250,000	29/11/2019	0.0133	43,213	TSR relative to the peer group of companies over the 2023 financial year	30/06/2023	30/06/2023
S Biggins	541,667	29/11/2019	0.0130	7,047	Commercial production	30/06/2022	30/06/2025
Total S Biggins	**13,000,000**			**163,028**			
B Duncan	250,000	20/12/2019	0.0206	5,138	Lodgment of a Notice of Intent (NOI) in relation to the BP33 lithium resource	28/02/2020	28/02/2023
B Duncan	500,000	20/12/2019	0.0200	9,986	Receipt of MMP authorisation for Grants allowing MMA Section 35 Operational Activity	31/03/2020	31/03/2023
B Duncan	500,000	20/12/2019	0.0148	7,320	Company announcing a JORC compliant study with a mine life for the Finniss Lithium Project of at least 5 years	30/06/2020	30/06/2023
B Duncan	500,000	20/12/2019	0.0089	4,469	The Board of the Company approving FID for the Finniss Lithium Project	31/12/2020	31/12/2023
B Duncan	250,000	20/12/2019	0.0115	2,868	Receipt of MMP authorisation for BP33 allowing MMA Section 35 Operational Activity	31/12/2020	31/12/2023
B Duncan	250,000	20/12/2019	0.0095	2,385	Company announcing a JORC compliant study with a mine life for the Finniss Lithium Project of at least 7.5 years	31/12/2020	31/12/2023

Directors' Report

REMUNERATION REPORT (AUDITED)

2020 PERFORMANCE RIGHTS	NUMBER GRANTED	GRANT DATE	FAIR VALUE AT GRANT DATE[3]		VESTING CRITERA	LAST VESTING DATE	EXPIRY DATE UPON VESTING
GRANTED			$/right	Full value ($)			
B Duncan	500,000	20/12/2019	0.0152	7,552	Company announcing a JORC compliant study with a mine life for the Finniss Lithium Project of at least 10 years	30/06/2022	30/06/2025
B Duncan	500,000	20/12/2019	0.0185	9,254	Commence construction (within 3 months of FID budget)	1.25 years after FID	4.25 years after FID
B Duncan	250,000	20/12/2019	0.0181	4,526	First shipment of Lithium Concentrate to depart the port	1.25 years after FID	4.25 years after FID
B Duncan	500,000	20/12/2019	0.0191	9,568	Commercial production	1.5 years after FID	4.5 years after FID
B Duncan	250,000	20/12/2019	0.0128	3,189	Delivery of commercial production within FID budget	1.5 years after FID	4.5 years after FID
B Duncan	500,000	20/12/2019	0.1960	9,788	Production of 125,000 tonnes within 12 months from first production	2.5 years after FID	5.5 years after FID
Total B Duncan	**4,750,000**			**76,043**			
S Iacopetta[2]	250,000	17/09/2019	0.0400	10,000	Completion of finance transaction greater than $5 million	31/07/2019	17/09/2022
S Iacopetta	200,000	20/12/2019	0.0171	3,425	Raise $5 million	31/05/2020	31/05/2023
S Iacopetta[1]	250,000	20/12/2019	0.0090	2,248	Arrange a strategic funding package, approved by the Board of the Company, including, but not limited to offtake prepayment, of at least US$10 million	30/06/2020	30/06/2023
S Iacopetta	500,000	20/12/2019	0.0044	2,190	Binding project funding (with conditions) greater than $50 million	30/09/2020	30/09/2023
S Iacopetta	500,000	20/12/2019	0.0089	4,469	The Board of the Company approving FID for the Finniss Lithium Project	31/12/2020	31/12/2023
S Iacopetta	250,000	20/12/2019	0.0124	3,112	Maintain the FID schedule and expenditure of the Board approved budget	30/06/2021	30/06/2024
S Iacopetta	250,000	20/12/2019	0.0186	4,661	Available working capital of at least $15 million for months 1 to 6 post FID	0.5 years after FID	3.5 years after FID
S Iacopetta	250,000	20/12/2019	0.0185	4,627	Commence construction (within 3 months of FID budget)	1.25 years after FID	4.25 years after FID

Directors' Report

REMUNERATION REPORT (AUDITED)

2020 PERFORMANCE RIGHTS	NUMBER GRANTED	GRANT DATE	FAIR VALUE AT GRANT DATE[3]		VESTING CRITERA	LAST VESTING DATE	EXPIRY DATE UPON VESTING
GRANTED			$/right	Full value ($)			
S Iacopetta	250,000	20/12/2019	0.0181	4,526	First shipment of lithium concentrate to depart the port	1.25 years after FID	4.25 years after FID
S Iacopetta	250,000	20/12/2019	0.0127	3,177	Maintain debt covenant ratios	1.25 years after FID	4.25 years after FID
S Iacopetta	250,000	20/12/2019	0.0191	4,784	Commercial production	1.5 years after FID	4.5 years after FID
S Iacopetta	250,000	20/12/2019	0.0127	3,187	Maintain the FID schedule and expenditure of the Board approved budget	1.5 years after FID	4.5 years after FID
S Iacopetta	500,000	20/12/2019	0.0191	9,573	Available working capital of at least $15 million for months 7 to 18 post FID	1.5 years after FID	4.5 years after FID
Total S Iacopetta	**3,950,000**			**59,979**			
R Sills[1]	500,000	20/12/2019	0.0112	5,610	Binding offtake for greater than 80% lithium concentrate production	30/06/2020	30/06/2023
R Sills[1]	250,000	20/12/2019	0.0112	2,811	Binding offtake for greater than $10 million sales pa by-product	30/06/2020	30/06/2023
R Sills[1]	250,000	20/12/2019	0.0090	2,248	Arrange a strategic funding package, approved by the Board of the Company, including, but not limited to offtake prepayment, of at least US$10 million	30/06/2020	30/06/2023
R Sills	500,000	20/12/2019	0.0089	4,469	The Board of the Company approving FID for the Finniss Lithium Project	31/12/2020	31/12/2023
R Sills	250,000	20/12/2019	0.0124	3,106	Maintain binding offtake agreements covering more than 80% of the concentrate production	30/06/2021	30/06/2024
R Sills	250,000	20/12/2019	0.0124	3,112	Maintain funding packages, for offtake and by product production and pre-payment, during the 2021 financial year	30/06/2021	30/06/2024
R Sills	250,000	20/12/2019	0.0118	2,939	Binding offtake for greater than $20 million sales pa by-products	30/06/2021	30/06/2024
R Sills	500,000	20/12/2019	0.0129	6,434	First sales payment received as per offtake agreement	30/06/2022	30/06/2025

Directors' Report

REMUNERATION REPORT (AUDITED)

2020 PERFORMANCE RIGHTS	NUMBER GRANTED	GRANT DATE	FAIR VALUE AT GRANT DATE[3]		VESTING CRITERA	LAST VESTING DATE	EXPIRY DATE UPON VESTING
GRANTED			$/right	Full value ($)			
R Sills	250,000	20/12/2019	0.0127	3,174	Maintain funding packages, for offtake and by product production and pre-payment, during the 2022 financial year	30/06/2022	30/06/2025
R Sills	250,000	20/12/2019	0.0128	3,201	LiOH binding offtake / funding agreements	30/06/2022	30/06/2025
R Sills	250,000	20/12/2019	0.0129	3,218	Increase and maintain sales demand to support production expansion	30/06/2022	30/06/2025
Total R Sills	**3,500,000**			**40,322**			
TOTAL	**26,400,000**			**348,206**			

1 *The vesting conditions for these performance rights were not met during the financial year and have subsequently lapsed.*

2 *These performance rights were issued as vested.*

3 *The fair value at grant date is determined based using a valuation methodology approximating the Monte Carlo pricing model as disclosed in the notes to the financial statements.*

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

The number of ordinary shares of Core Lithium Ltd held, directly, indirectly, or beneficially, by each Director and key management personnel, including their personally related entities as at reporting date:

2020 KEY MANAGEMENT PERSONNEL	HELD AT 30 JUNE 2019	MOVEMENT DURING YEAR	OPTIONS / RIGHTS EXERCISED	HELD AT 30 JUNE 2020
G English	6,265,000	-	-	6,265,000
S Biggins	8,196,347	-	-	8,196,347
B Duncan	-	-	375,000	375,000
D Rawlings	1,370,000	-	600,000	1,970,000
S Iacopetta	-	-	250,000	250,000
J Kopias	884,685	-	-	884,685
TOTAL	**16,716,032**	**-**	**1,225,000**	**17,941,032**

Directors' Report

REMUNERATION REPORT (AUDITED)

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

The number of options over ordinary shares in Core Lithium Ltd held, directly, indirectly, or beneficially, by each specified Director and KMP, including their personally related entities as at reporting date, is as follows:

2020 KEY MANAGEMENT PERSONNEL	HELD AT 30 JUNE 2019	GRANTED DURING YEAR	LAPSED DURING YEAR	EXERCISED DURING YEAR	HELD AT 30 JUNE 2000	VESTED AND EXERCISABLE AT 30 JUNE 20
G English[1]	-	5,000,000	-	-	5,000,000	5,000,000
H Hellewell[1]	-	5,000,000	-	-	5,000,000	5,000,000
M McComas[1]	-	5,000,000	-	-	5,000,000	5,000,000
S Biggins[1]	-	5,000,000	-	-	5,000,000	5,000,000
B Duncan	1,500,000	-	(1,500,000)	-	-	-
D Rawlings	-	1,000,000	-	-	1,000,000	-
Total	**1,500,000**	**21,000,000**	**(1,500,000)**	**-**	**21,000,000**	**20,000,000**

1 *Represents issue of share options as approved by shareholders at the 2019 AGM and issued under the Company's Share Option Plan.*

PERFORMANCE RIGHTS HOLDINGS OF KEY MANAGEMENT PERSONNEL

The number of performance rights over ordinary shares in Core Lithium Ltd held, directly, indirectly, or beneficially, by each specified Director and KMP, including their personally related entities as at reporting date, is as follows:

2020 KEY MANAGEMENT PERSONNEL	HELD AT 30 JUNE 2019	GRANTED DURING YEAR1	LAPSED DURING YEAR	EXERCISED DURING YEAR	HELD AT 30 JUNE 2020	VESTED AND EXERCISABLE AT 30 JUNE 2020
G English	400,000	-	(400,000)	-	-	-
H Hellewell	400,000	-	(400,000)	-	-	-
S Biggins	4,000,000	13,000,000	(3,000,000)	-	14,000,000	2,166,666
B Duncan	1,125,000	4,750,000	(750,000)	(375,000)	4,750,000	1,250,000
D Rawlings	600,000	1,200,000	(500,000)	(600,000)	700,000	-
S Iacopetta	-	3,950,000	-	(250,000)	3,700,000	200,000
R Sills	-	3,500,000	-	-	3,500,000	-
J Kopias	400,000	-	(400,000)	-	-	-
Total	**6,925,000**	**26,400,000**	**(5,450,000)**	**(1,225,000)**	**26,650,000**	**3,616,666**

1 *Represents issue of performance rights under the Company's Performance Share Plan.*

Directors' Report

REMUNERATION REPORT (AUDITED)

E. OTHER INFORMATION

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Transactions with Key Management Personnel and related parties as disclosed below are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

Amounts paid to Director related entities:

RELATED PARTY	RELATIONSHIP TO KEY MANAGEMENT PERSONNEL/ DIRECTOR	SERVICES PROVIDED	2020 $	2019 $
Piper Alderman[1]	A firm of which G English is a partner	Legal services	50,296	188,839
Neogold Enterprises Pty Ltd[2]	A company of which H Hellewell holds a beneficial interest	Director's fees	40,673	39,985
McComas Capital Pty Ltd[3,4]	A company of which M McComas holds a beneficial interest	Director's fees	28,477	-
Kopias Consulting[5]	A business of which Jarek Kopias is a Director	Consulting fees	115,733	140,541

1 *The total amount of fees due to the Piper Alderman as at 30 June 2020 was $nil (2019: $26,156).*

2 *The total amount of fees due to Neogold Enterprises Pty Ltd as at 30 June 2020 was $3,330 (2019: $3,350).*

3 *The total amount of fees due to McComas Capital Pty Ltd as at 30 June 2020 was $3,333 (2019: $nil).*

4 *M McComas was appointed as a Non- Executive Director on 17 October 2019.*

5 *The total amount of fees due to Kopias Consulting as at 30 June 2020 was $8,905 (2019: $11,115).*

END OF AUDITED REMUNERATION REPORT

ENVIRONMENTAL LEGISLATION

The Directors believe that the Group has, in all material respects, complied with all particular and significant environmental regulations relevant to its exploration activities.

The Group's exploration activities are subject to various environmental regulations under the Commonwealth and State Laws of Australia. The majority of its exploration activities involve low level disturbance associated with exploration drilling programs. The Group has also completed an approved Environmental Impact Statement for the Finniss Lithium Project. Approvals, licences, hearings and other regulatory requirements are performed, as required, by the Group's management for each permit or lease in which the Group has an interest.

ROUNDING OF AMOUNTS

The Group is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

INDEMNITIES GIVEN AND INSURANCE PREMIUMS PAID TO AUDITORS AND OFFICERS

During the reporting year, the Company paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all officers.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Directors' Report

Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the reporting period, except to the extent permitted by law, indemnified or agreed to indemnity any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

NON-AUDIT SERVICES

During the reporting period Grant Thornton performed certain other services in addition to its statutory duties.

The Board has considered the non-audit services provided during the reporting period by the auditor and is satisfied that the provision of those non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* (Cth) for the following reasons:

The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company and its related practices for audit and non-audit services provided during the reporting period are set out in note 17 to the Financial Statements.

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* (Cth) is included on page 49 of this Financial Report and forms part of this Directors' Report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 (Cth) for leave to bring proceedings on behalf of the Company, or intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

CORPORATE GOVERNANCE

The Board has adopted the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations – 3rd Edition" (ASX Recommendations). The Board continually monitors and reviews its existing and required policies, charters, and procedures with a view to ensuring its compliance with the ASX Recommendations to the extent deemed appropriate for the size of the Company and its development status.

A summary of the Company's ongoing corporate governance practices is set out annually in the Company's Corporate Governance Statement and can be found on the Company's website at www.corelithium.com.au/corporate-governance.

Signed in accordance with a resolution of the Directors.

Stephen Biggins
Managing Director

Adelaide

14 September 2020

Auditor's Independence Declaration

Level 3, 170 Frome Street
Adelaide SA 5000

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666

Auditor's Independence Declaration

To the Directors of Core Lithium Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Core Lithium Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

I S Kemp
Partner – Audit & Assurance

Adelaide, 14 September 2020

Financial Report

CONTENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	NOTES	2020 $	2019 $
Interest income		52,847	77,702
Grant income		161,303	-
Employee benefits expense	8(b)	(1,276,613)	(782,152)
Exploration expense		(27,197)	(20,208)
Impairment expense	4	(1,169,762)	(171,826)
Depreciation expense	5	(141,481)	(50,494)
Share based payments (expense) / reversal	11(a)	(478,047)	14,946
Other expenses	8(a)	(1,507,462)	(1,472,185)
Loss before tax		(4,386,412)	(2,404,217)
Income tax benefit / (expense)	9	-	-
Loss for the period from continuing operations attributable to owners of the parent		(4,386,412)	(2,404,217)
Other comprehensive income attributable to owners of the parent		-	-
Total comprehensive loss for the period attributable to owners of the parent		**(4,386,412)**	**(2,404,217)**
Earnings per share from continuing operations			
Basic and diluted Loss – cents per share	12	(0.55)	(0.36)

This statement should be read in conjunction with the notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	NOTES	2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	1	8,709,771	2,387,665
Trade and other receivables	2	37,683	56,163
Other assets	3	22,623	2,400
Total current assets		8,770,077	2,446,228
Non-current assets			
Exploration and evaluation expenditure	4	26,380,721	27,321,225
Plant and equipment	5	219,042	124,059
Other assets	3	421,036	551,834
Total non-current assets		27,020,799	27,997,118
TOTAL ASSETS		35,790,876	30,443,346
LIABILITIES			
Current liabilities			
Trade and other payables	6	2,080,228	542,478
Employee provisions	7	100,904	37,802
Total current liabilities		2,181,132	580,280
Non-current liabilities			
Trade and other payables	6	9,777	-
Employee provisions	7	32,107	-
Total non-current liabilities		41,884	-
TOTAL LIABILITIES		2,223,016	580,280
NET ASSETS		33,567,860	29,863,066
EQUITY			
Issued capital	10	49,856,210	42,184,370
Reserves	11	746,536	487,339
Accumulated losses		(17,034,886)	(12,808,643)
TOTAL EQUITY		33,567,860	29,863,066

This statement should be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

2020	SHARE CAPITAL $	OPTION / RIGHTS RESERVE $	ACCUMULATED LOSSES $	TOTAL EQUITY $
Balance at beginning of year	42,184,370	487,339	(12,808,643)	29,863,066
Share purchase plan and placement	7,879,652	-	-	7,879,652
Shares issued as consideration for the acquisition of exploration licence and mineral leases acquired	100,000	-	-	100,000
Shares issued as consideration to service consultants	20,000	-	-	20,000
Issue costs	(366,493)	-	-	(366,493)
Performance rights and options issued to officers, employees, and consultants at fair value	-	498,225	-	498,225
Fair value of lapsed performance rights and options[1,2]	-	(200,347)	160,169	(40,178)
Exercise of performance rights at fair value	38,681	(38,681)	-	-
Transactions with owners	7,671,840	259,197	160,169	8,091,206
Comprehensive income:				
Total profit or loss for the reporting year	-	-	(4,386,412)	(4,386,412)
Total other comprehensive income for the reporting year	-	-	-	-
Balance 30 June 2020	49,856,210	746,536	(17,034,886)	33,567,860

2019	SHARE CAPITAL $	OPTION / RIGHTS RESERVE $	ACCUMULATED LOSSES $	TOTAL EQUITY $
Balance at beginning of year	36,386,835	1,090,235	(11,279,691)	26,197,379
Share purchase plan and placement	6,349,180	-	-	6,349,180
Issue costs	(565,911)	301,581	-	(264,330)
Performance rights and options issued to officers, employees, and consultants at fair value	-	46,583	-	46,583
Fair value of lapsed performance rights and options[1,2]	-	(936,794)	875,265	(61,529)
Exercise of performance rights at fair value	14,266	(14,266)	-	-
Transactions with owners	5,797,535	(602,896)	875,265	6,069,904
Comprehensive income:				
Total profit or loss for the reporting year	-	-	(2,404,217)	(2,404,217)
Total other comprehensive income for the reporting year	-	-	-	-
Balance 30 June 2019	42,184,370	487,339	(12,808,643)	29,863,066

1 *A portion of rights issued in the period lapsed in the same financial year and as such have been recognised in the Statement of Profit and Loss.*

2 *A portion of performance rights issued previous periods lapsed and as such have been transferred to accumulated losses.*

This statement should be read in conjunction with the notes to the financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	NOTES	2020 $	2019 $
Operating activities			
Interest received		59,623	85,658
Payments to suppliers and employees		(2,696,648)	(2,182,802)
Net cash used in operating activities	8(c)	(2,637,025)	(2,097,144)
Investing activities			
Payments for plant and equipment		(20,671)	(45,949)
Proceeds on sale of plant and equipment		-	882
Net proceeds / (payments) for security bond		130,798	(57,633)
Proceeds from sale of project royalty		6,875,000	-
Payments for capitalised exploration expenditure		(5,603,775)	(9,515,470)
Net cash generated by/ (used in) investing activities		1,381,352	(9,618,170)
Financing activities			
Proceeds from issue of share capital		7,879,652	6,349,180
Capital raising costs		(361,032)	(249,830)
Proceeds from grant funding		161,303	-
Payments of lease liabilities		(97,695)	-
Interest paid on lease liabilities		(4,447)	-
Net cash from financing activities		7,577,780	6,099,350
Net change in cash and cash equivalents		6,322,106	(5,615,964)
Cash and cash equivalents, beginning of year		2,387,665	8,003,629
Cash and cash equivalents, end of year	1	8,709,771	2,387,665

This statement should be read in conjunction with the notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

Note disclosures are split into four sections shown below to enable a better understanding of how the Group performed.

The accounting policies and critical accounting estimates applied in the preparation of the financial statements have been included within the relevant section as appropriate.

KEY BALANCES

1 CASH AND CASH EQUIVALENTS

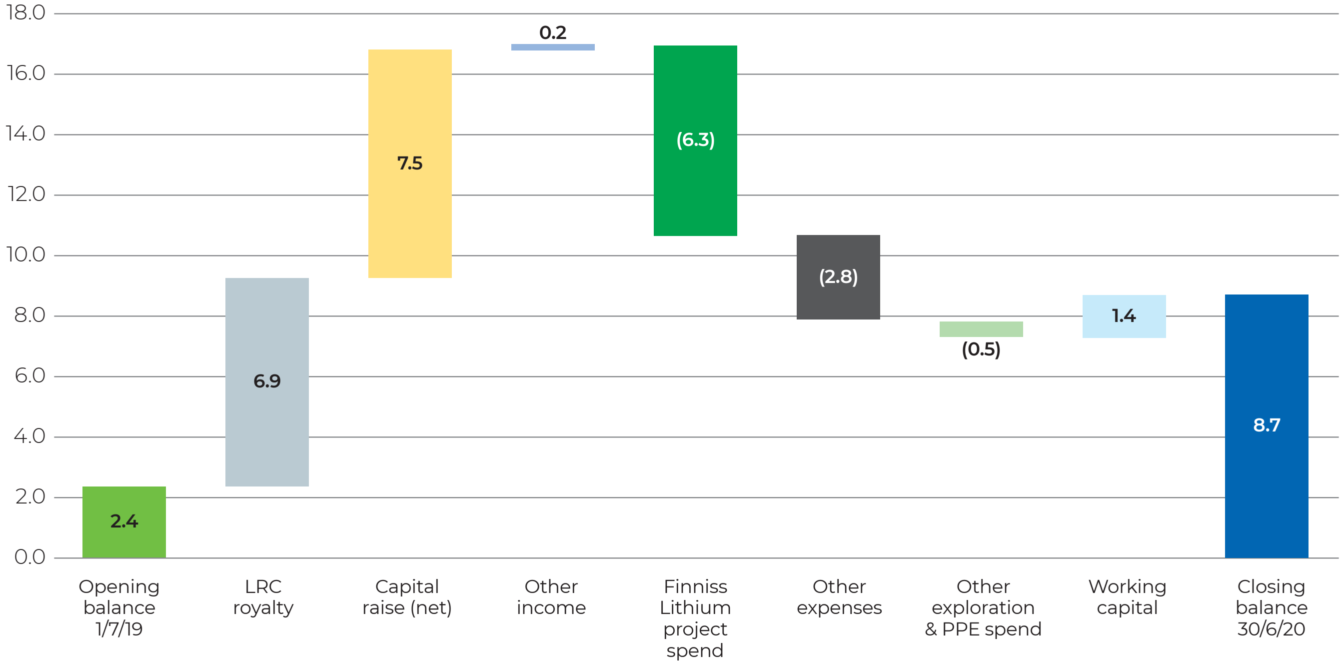
Cash and cash equivalents include the following:

	2020 $	2019 $
Cash at bank	8,679,521	2,357,415
Short-term deposits	30,250	30,250
Total cash and cash equivalents	8,709,771	2,387,665
a) The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:		
Cash and cash equivalents	8,709,771	2,387,665

Cash at bank earns a floating interest rate based on the at call daily rate. Funds held in a term deposit facility with original term of 3 months or more have been reclassified to short-term deposits in the consolidated statement of financial position per AASB 107.

An amount of $30,250 (2019: $30,250) of short-term deposits remains in place to secure a bank guarantee in respect of a bond for corporate office rental.

CASH FLOW MOVEMENTS
2020 FINANCIAL YEAR ($MILLION)



2 TRADE AND OTHER RECEIVABLES

Trade and other receivables include the following:

	2020 $	2019 $
Interest receivable	-	6,776
GST receivable	37,683	49,387
Total trade and other receivables	37,683	56,163

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivables. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. No receivables are considered past due and / or impaired at year end.

3 OTHER ASSETS

Other assets include the following:

	2020 $	2019 $
Current		
Prepayments	17,723	-
Other bonds/ deposits	4,900	2,400
	22,623	2,400
Non-current		
Drilling bonds receivable	421,036	551,834
Total other assets	443,659	554,234

Drilling bonds receivable represent funds held by the Northern Territory Department of Primary Industry and Resources as security for rehabilitation works for drilling in the Northern Territory pursuant to the *Mining Management Act 2001*.

4 EXPLORATION AND EVALUATION EXPENDITURE

The Group's exploration and evaluation expenditure policy is for expenditure incurred and is accumulated at cost in respect of each identifiable area of interest. These costs are only carried forward to the extent that right of tenure is current and those costs are expected to be recouped through the successful development of the area of interest (or alternatively by its sale) or where activities in the area of interest have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and operations in relation to the area interest are continuing.

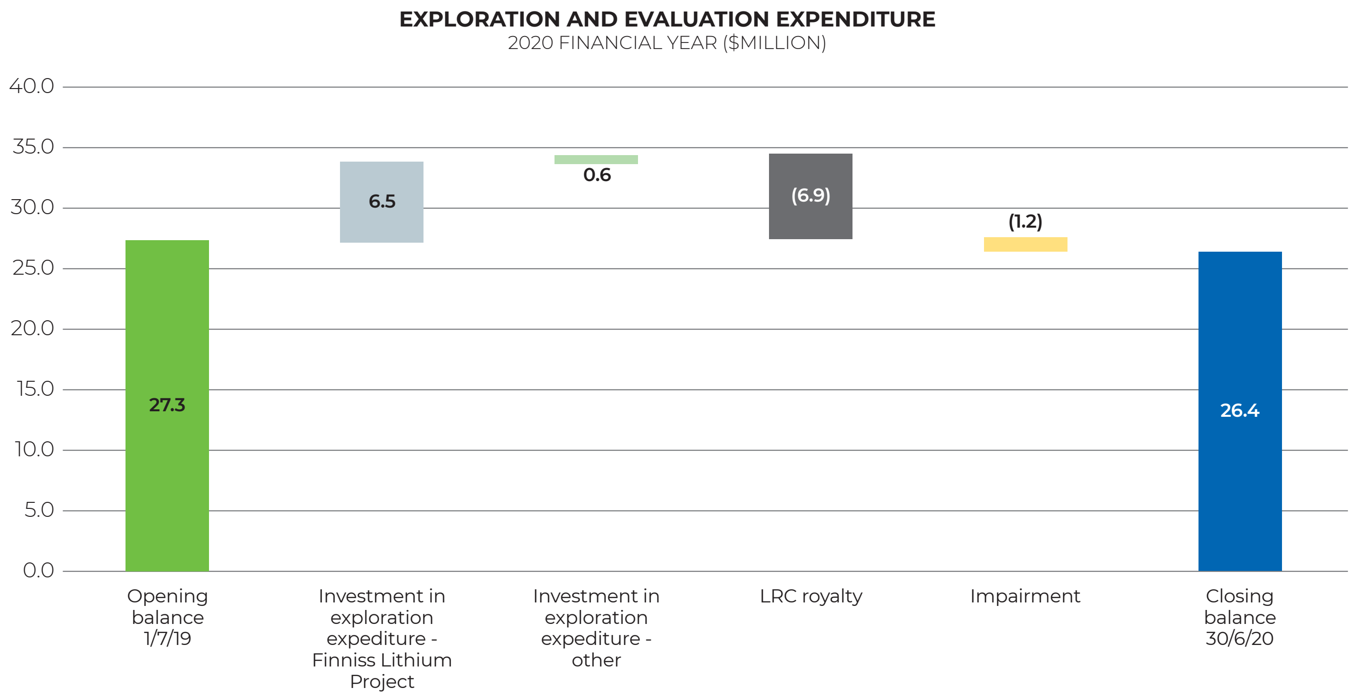
	NOTES	2020 $	2019 $
Opening balance		27,321,225	18,307,502
Expenditure on Finniss Lithium Project exploration during the year		4,983,449	8,700,580
Expenditure on other exploration during the year		520,809	484,969
Fair value of exploration licence and mineral leases acquired	(a)	100,000	-
Fair value of contingent consideration to Liontown Resources Ltd	(b)	1,500,000	-
Sale of future royalty on the Finniss Lithium Project	(c)	(6,875,000)	-
Impairment of capitalised exploration	(d)	(1,169,762)	(171,826)
Closing balance		26,380,721	27,321,225

a) During the period, the Group issued 1,269,905 shares for the right to acquire an ancillary mineral lease within EL 31133 which is adjacent to the existing mining leases held at the Finnis Lithium Project. In addition, the Group issued 1,317,792 shares upon completion of the agreement to acquire Exploration Licence EL26848 (Walanbanba) in the Northern Territory. The fair value of the shares issued totals $100,000 and is reflected above.

b) In June 2020, the Group announced a JORC-compliant Mineral Resource totalling 5Mt within the Bynoe Project area. This triggered Core's obligation to pay Liontown Resources Ltd (ASX: LTR, "Liontown") $1,500,000 in cash or CXO shares (at Core's election and subject to shareholder approval) in accordance with the sale agreement entered into in September 2017. These funds were paid out in cash to Liontown in full subsequent to 30 June 2020.

c) During the period, the Group received a payment in advance of $6.875 million from Lithium Royalty Corp (LRC) for the right to receive 2.115% of gross revenue from the sale of products from the Finniss Lithium Project. This has been treated as a credit to exploration as funds received represent the fair value for the disposal of a portion of interest in future production at the area of interest. Under this royalty agreement there is an additional $1.25million of funding that is conditional on the Group announcing a 15 million tonne JORC Mineral Resource for the Finniss Lithium Project and achieving continuous operation of the processing plant for more than 14 consecutive days (Stage 2). The Royalty rate on receipt of initial proceeds under Stage 1 is 2.115% and increases to 2.50% upon achievement of the Stage 2 milestone resulting in the payment of the balance of the purchase price by LRC. The Finniss Lithium Project assets are held as security for the transaction.

d) All accumulated costs, in relation to an abandoned area of interest, are written off in full in the Statement of Profit or Loss in the period in which the decision to abandon the area is made or where there is an indication that asset value is not recoverable through sale. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. During the current year EL29579 (Jervois North), EL28940 (Mordor) and EL27709 (Pattersons) were relinquished and after 30 June 2020 the decision was also made to relinquish EL 29689 (Riddoch). The full value of accumulated costs allocated to these exploration licences has been impaired and expensed in the Statement of Profit or Loss at 30 June 2020.



Key judgement, estimates and assumptions:

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

Factors that could impact the future recoverability include the level of Ore Reserves and Mineral Resources, future technological changes, which could impact the cost of mining, future legislative changes, and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the relevant reporting period in which this determination is made.

5 PLANT AND EQUIPMENT

Plant and equipment asset are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the items. Repairs and maintenance are charged to profit or loss during the reporting period in which they were incurred. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

	EXPLORATION EQUIPMENT $	OFFICE AND IT EQUIPMENT $	MOTOR VEHICLES $	LEASEHOLD IMPROVEMENTS $	RIGHT OF USE ASSETS $	TOTAL $
Gross carrying amount						
Opening balance	56,541	106,917	125,648	13,970	-	303,076
Recognition upon first time adoption of AASB 16	-	-	-	-	226,602	226,602
Additions	7,597	5,470	-	7,605	-	20,672
Disposals	-	(1,165)	-	-	-	(1,165)
Balance 30 June 2020	64,138	111,222	125,648	21,575	226,602	549,185
Depreciation and impairment						
Opening balance	(41,046)	(62,951)	(73,956)	(1,064)	-	(179,017)
Depreciation[1]	(6,486)	(17,753)	(14,460)	(4,809)	(108,769)	(152,277)
Disposals	-	1,151	-	-	-	1,151
Balance 30 June 2020	(47,532)	(79,553)	(88,416)	(5,873)	(108,769)	(330,143)
Carrying amount 30 June 2020	16,606	31,669	37,232	15,702	117,833	219,042

	EXPLORATION EQUIPMENT $	OFFICE AND IT EQUIPMENT $	MOTOR VEHICLES $	LEASEHOLD IMPROVEMENTS $	RIGHT OF USE ASSETS $	TOTAL $
Gross carrying amount						
Opening balance	59,994	132,180	125,648	-	-	317,822
Additions	2,437	32,422	-	13,970	-	48,829
Disposals	(5,890)	(57,685)	-	-	-	(63,575)
Balance 30 June 2019	56,541	106,917	125,648	13,970	-	303,076
Depreciation and impairment						
Opening balance	(39,270)	(92,858)	(48,216)	-	-	(180,344)
Depreciation1	(7,108)	(23,690)	(25,740)	(1,064)	-	(57,602)
Disposals	5,332	53,597	-	-	-	58,929
Balance 30 June 2019	(41,046)	(62,951)	(73,956)	(1,064)	-	(179,017)
Carrying amount 30 June 2019	15,495	43,966	51,692	12,906	-	124,059

1 *Depreciation of equipment utilised for exploration activities is charged to exploration assets. The remaining depreciation of $141,481 (2019: 50,494) is charged to the Statement of Profit or Loss in the reporting period.*

Depreciation is calculated using the straight-line method to allocate asset costs over their estimated useful lives, as follows:

Exploration equipment	3 years
Office and IT equipment	3 years
Leasehold improvements	5 years

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The assets residual values and useful lives are reviewed and adjusted at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit or Loss.

6 TRADE AND OTHER PAYABLES

Trade and other payables recognised in the statement of financial position can be analysed as follows:

	NOTES	2020 $	2019 $
Current			
Trade and other payables	(a)	155,854	235,603
Accrued expenses	(b)	1,814,541	306,875
Lease liabilities - Current	(c)	109,833	-
Total current trade and other payables		2,080,228	542,478
Non-current			
Lease liabilities – Non-current	(c)	9,777	-
Total non-current trade and other payables		9,777	-
Total trade and other payables		2,090,005	542,478

a) Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently amortised cost using the effective interest rate method.

b) As at 30 June 2020, accrued liabilities include the $1,500,000 owing to Liontown Resources Ltd. This amount was disclosed as a contingent liability in the 2019 annual financial report and has been reflected as a trade and other payable as at 30 June 2020 as the trigger event for payment of the contingent consideration of establishing a JORC compliant Mineral Resource totalling 5Mt within the Bynoe project was satisfied in June 2020. The amount was paid to Liontown Resources Ltd in cash after the reporting date.

c) At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

   Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

   Subsequent to initial measurement, the lease liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

7 EMPLOYEE PROVISIONS

Employee benefits provisions can be analysed as follows:

	CURRENT	NON-CURRENT	TOTAL
	ANNUAL LEAVE $	LONG SEVERICE LEAVE $	$
Carrying amount as at 1 July 2019	37,802	-	37,802
Additional provision recognised during the year	108,687	32,107	140,794
Amounts used during the year	(45,585)	-	(45,585)
Carrying amount as at 30 June 2020	100,904	32,107	133,011

The employee benefits provision covers the Group's liability for long service leave and annual leave. This provision represents a present obligation as a result of past events, where it is probable that an outflow of resources will be required to settle the obligation. The current portion of this liability includes all of the accrued annual leave and the unconditional entitlements to long service leave where employees have completed the required period of service. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within twelve months. Notwithstanding the classification of annual leave as a long term employee benefit, the related obligations are presented as current liabilities in the balance sheet if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when actual settlement is expected to occur.

Short term employee benefit obligations

Liabilities for accumulating leave entitlements that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liabilities for long service leave are not expected to be settled within twelve months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

8 OPERATING ACTIVITIES

a) Other expenses

Other expenses recognised in the Statement of Profit or Loss are as follows:

	2020 $	2019 $
Statutory compliance, insurance and legal	347,756	326,428
Marketing and office expenses	318,292	273,810
Contractors and consultants	506,362	135,861
Broker and investor relations	171,263	361,488
Travel	159,328	371,392
Interest on lease liabilities	4,447	-
Loss on sale or disposal of assets	14	3,206
Total other expenses	1,507,462	1,472,185

b) Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2020 $	2019 $
Salaries and wages, directors' fees and contractor payments to officers	2,004,765	1,863,957
Superannuation expense	163,584	132,563
Movement in employee entitlement provisions	95,209	18,572
Other employee related expenses	156,609	197,675
Less: Transfer to exploration assets[1]	(1,143,554)	(1,430,615)
	1,276,613	782,152

1 *Employee benefits expenses directly attributable to exploration and evaluation activities are capitalised to exploration and evaluation assets as per the accounting policy at note 4.*

During the period employees have also been remunerated through share-based payments from options and performance rights issued during the reporting period. Refer to Note 11a share-based payment disclosures.

c) Reconciliation of cashflows from operating activities

OPERATING ACTIVITIES	NOTES	2020 $	2019 $
Loss after tax		(4,386,412)	(2,404,217)
Share based payments expense / (benefit)	11(a)	478,047	(14,946)
Exploration impairment	4	1,169,762	171,826
Depreciation expense	5	141,481	50,494
Loss on disposal of assets		14	3,206
Interest on leases		4,447	-
Government funding		(161,303)	-
Net change in working capital		116,939	96,493
Net cash used in operating activities		(2,637,025)	(2,097,144)

9 INCOME TAX BENEFIT / (LOSS)

Core Lithium Ltd and its wholly owned Australian resident subsidiaries have formed a tax-consolidated group. Consequently, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

This note provides an analysis of the Group's income tax expense, amounts recognised and deferred tax assets and liabilities. The income tax expense of nil for the year ended 30 June 2020 (2019: nil) represents the tax payable on the current period's taxable loss adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is determined using a tax rate applicable at the end of the reporting period and expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets and liabilities are offset only when the Group has a right and intention to set-off current tax assets and liabilities from the same taxation authority. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity.

	2020 $	2019 $
a) The components of income tax expense comprise:		
Current income tax expense / (benefit)	-	-
b) The prima facie tax loss before income tax is reconciled to the income tax (benefit) / expense as follows:		
Net gain / (loss)	(4,386,412)	(2,404,217)
Income tax rate	30%	30%
Prima facie tax benefit on loss from activities before income tax	(1,315,923)	(721,265)
Tax effect of non-deductible expenditure for tax	142,105	(3,399)
Tax effect of non-assessable income	(15,000)	-
Timing differences and tax losses not brought to account	1,188,819	724,664
Current income tax expense / (benefit)	-	-
c) Deferred tax assets have not been recognised in respect of the following:		
Tax losses	27,693,444	22,300,086
Deferred tax asset arising from carried forward tax losses not recognised	9,277,223	6,649,190

The Group incurred assessable income during the year ended 30 June 2019 on entering into the LRC royalty agreement which reduced the carry forward tax loss as at 30 June 2019 by $2,138,138. The taxable income was derived was determined through estimation of the probability of achievement of the stage 2 milestones to trigger the secondary $1.25 million payment by LRC as disclosed at note 4(c). No such transactions have occurred in the current financial year.

CAPITAL

10 ISSUED CAPITAL

2020	NUMBER OF SHARES	$
a) Issued and paid up capital		
Fully paid ordinary shares	969,692,791	49,856,210
	969,692,791	49,856,210
b) Movements in fully paid shares		
Opening balance	778,191,657	42,184,370
Share purchase plan	48,807,821	2,074,332
Share placements	137,110,460	5,805,320
Shares issued as consideration for Exploration Licence and Mineral Ancillary Lease	2,587,697	100,000
Shares issued as consideration for services rendered	392,156	20,000
Exercise of unquoted performance rights (at fair value)	2,603,000	38,681
Issue costs	-	(366,493)
Balance as 30 June 2020	969,692,791	49,856,210

2019	NUMBER OF SHARES	$
a) Issued and paid up capital		
Fully paid ordinary shares	778,191,657	42,184,370
	778,191,657	42,184,370
b) Movements in fully paid shares		
Opening balance	633,591,657	36,386,835
Share purchase plan	83,725,000	3,349,000
Share and option placements	60,000,000	3,000,180
Exercise of unquoted performance rights (at fair value)	875,000	14,266
Issue costs	-	(565,911)
Balance as 30 June 2019	778,191,657	42,184,370

The share capital of Core Lithium Ltd consists only of fully paid ordinary shares. All shares are eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Core Lithium Ltd. None of the parent's shares are held by any company in the Group. The shares do not have a par value and the Company does not have a limited amount of authorised capital. In the event of winding up the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

c) Capital management

Management effectively manages the Group's capital and capital structure by assessing the Group's financial risks through regular monitoring of budgets and forecast cashflows. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business, including through the issue of shares. The Group's capital is shown as issued capital in the statement of financial position.

The Group is not subject to any external capital restrictions.

11 RESERVES AND SHARE BASED PAYMENTS

Nature and purpose of reserves

The share option reserve and performance rights reserve are used to recognise the fair value of all options and performance rights.

Share based payments are in line with the Core Lithium Ltd remuneration policy, details of which are outlined in the Director's report. Listed below are summaries of options and performance rights granted:

RECONCILIATION OF OPTIONS / PERFORMANCE RIGHTS RESERVE	2020 $	2019 $
Opening balance	487,339	1,090,235
Issue of options during the year	314,360	305,111
Issue of performance rights during the year	183,865	43,053
Exercise of performance rights	(38,681)	(14,266)
Lapse of options and performance rights	(200,347)	(936,794)
Closing balance	746,536	487,339

SHARE OPTION RESERVE	NUMBER OF OPTIONS	2020 $	WEIGHTED AVERAGE EXERCISE PRICE
Opening balance	20,000,000	343,365	$0.076
Issued to KMP as remuneration	21,000,000	274,961	$0.060
Issued to consultants as remuneration	3,273,810	39,399	$0.053
Lapsed	(2,000,000)	(41,784)	$0.078
Balance at 30 June 2020	42,273,810	615,941	$0.066

SHARE OPTION RESERVE	NUMBER OF OPTIONS	2019 $	WEIGHTED AVERAGE EXERCISE PRICE
Opening balance	65,104,000	913,519	$0.084
Issued to consultants as remuneration	18,000,000	301,581	$0.076
Revaluation of KMP remuneration options	-	3,530	-
Lapsed	(63,104,000)	(875,265)	$0.085
Balance at 30 June 2019	20,000,000	343,365	$0.076

During the 2020 financial year:

– 24,273,810 unquoted options were issued to Directors, employees, and consultants as remuneration, and
– 2,000,000 unquoted options lapsed.

During the 2019 financial year:

– 18,000,000 unquoted options were issued to brokers and consultants as remuneration, and
– 63,104,000 unquoted options lapsed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

PERFORMANCE RIGHTS RESERVE	NUMBER OF PERFORMANCE RIGHTS	2020 $
Opening balance	9,665,000	143,974
Issued to key management personnel as remuneration	26,400,000	162,649
Issued to employees and consultants as remuneration	1,700,000	21,216
Exercised	(2,603,000)	(38,681)
Lapsed	(11,745,334)	(158,563)
Performance rights with vesting conditions as at 30 June 2020 not met[1]	4,133,334	-
Balance at 30 June 2020	27,550,000	130,595

1 *A number of performance rights issued during the period had vesting conditions which expired as at 30 June 2020. The vesting conditions attached to these performance rights were not satisfied and therefore the performance rights subsequently lapsed in July 2020. The value attributable to these performance rights are reflected in the statement of profit and loss.*

PERFORMANCE RIGHTS RESERVE	NUMBER OF PERFORMANCE RIGHTS	2019 $
Opening balance	11,800,000	176,716
Issued to key management personnel as remuneration[1]	200,000	13,932
Issued to employees and consultants as remuneration	2,740,000	29,121
Exercised	(875,000)	(14,266)
Lapsed	(4,200,000)	(61,529)
Balance at 30 June 2019	9,665,000	143,974

1 *Value attributable to performance rights issued to key management personnel during the period includes expenditure recognised on revision of performance conditions during the period*

Performance rights were issued to key management personnel, consultants and employees as remuneration with related KPIs as detailed in the Directors' Report and note 11(a).

a) Share-based payments

The Group has provided payment to related parties in the form of share-based compensation, whereby related parties render services in exchange for shares, options or performance rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value of share options is determined using a Black-Scholes methodology depending on the nature of the option terms. The fair value in relation to performance rights is calculated using a valuation methodolgy approximating Monte Carlo simulation.

The fair value of the options and performance rights granted is adjusted to reflect market vesting conditions but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options and performance rights that are expected to vest and become exercisable.

At each reporting date, the entity revises its estimates of the number of options and performance rights that are expected to vest and become exercisable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant parties become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

i) the extent to which the vesting period has expired and

ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest.

This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Key judgement, estimates and assumptions:
The Group measures the cost of equity-settled transactions with key management personnel and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Board of Directors with reference to quoted market prices or using the Black-Scholes valuation method or a valuation methodolgy approximating Monte Carlo simulation as appropriate taking into account the terms and conditions upon which the equity instruments were granted. These assumptions have been detailed within the note above. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

RECONCILIATION OF SHARE BASED PAYMENTS EXPENSE	2020 $	2019 $
Options issued to directors and employees	274,961	3,530
Options issued to consultants	39,399	301,581
Performance rights issued to directors, consultants, and employees	183,865	43,053
Shares issued as consideration for exploration lease and mineral lease	100,000	-
Shares issued to consultants	20,000	-
Total share-based payments	618,225	348,164
Performance rights lapsed due to failing vesting condition recognised in profit or loss	(40,178)	(61,529)
Options recognised in equity - capital raising costs	-	(301,581)
Shares recognised in exploration and evaluation expenditure	(100,000)	-
Net share-based payment expense / (gain) in profit or loss	478,047	(14,946)

Share based employee remuneration
As at 30 June 2020 the Group maintained a share option plan and performance share plan for employee and director remuneration. There were 21,000,000 options (2019: nil) and 26,400,000 performance rights (2019: 2,500,000) granted to KMP and 1,700,000 performance rights (2019: 1,500,000) issued to other employees as remuneration during the year).Consultants remuneration makes up the remaining portion of options and performance rights issued during the period.

Fair value of performance rights granted
The fair value at grant date of the performance rights issued have been determined using a a valuation methodolgy approximating a Monte Carlo pricing model that takes into account the term of the performance right, the impact of dilution, the impact of the KPI on the underlying share price, the non-tradeable nature of the performance right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance right.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

The table below outlines the inputs used in a valuation methodolgy approximating a Monte Carlo fair value calculation for the performance rights issued under the performance share plan during the reporting period:

PERFORMANCE RIGHTS VALUATION INPUTS[4]	2020	2019
Exercise price	Nil	Nil
Performance right life	0.3–6.6 years	0.4–1.1 years
Underlying share price	$0.036–$0.041	$0.04–$0.059
Expected share price volatility (weighted average)[1]	69%	84%
Risk free interest rate[2]	0.8%	2.2%
Weighted average fair value[3]	$0.0163	$0.0258
Weighted average contractual life	4.7 years	1.0 years

1 *Expected volatility has been based on the evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected option life.*

2 *Based on high quality government bonds sourced from the RBA.*

3 *The probability of achievement of vesting conditions has been included within the calculation to determine the fair value of the performance rights at grant date.*

4 *Performance conditions attached to performance rights have been disclosed within the remuneration report.*

Performance rights issued for remuneration to employees and the Directors are as follows:

NUMBER OF PERFORMANCE RIGHTS	2020	2019
Opening balance as at 1 July	8,865,000	11,800,000
Granted as remuneration to the Directors during the period	13,000,000	-
Granted as remuneration to other KMP during the period	13,400,000	200,000
Granted as remuneration to other employees during the period	1,300,000	1,940,000
Exercised	(2,403,000)	(875,000)
Lapsed	(10,745,334)	(4,200,000)
Performance rights with vesting conditions as at 30 June 2020 not met[1]	3,733,334	-
Outstanding as at 30 June	27,150,000	8,865,000

1 *A number of performance rights issued during the period had vesting conditions which expired as at 30 June 2020. The vesting conditions attached to these performance rights were not satisfied and therefore the performance rights subsequently lapsed in July 2020. The value attributable to these performance rights are reflected in the statement of profit and loss.*

Remaining performance rights per note 11 were issued to consultants.

Fair value of options granted

The fair value at grant date of the options issued has been determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option

The table below outlines the key inputs used in the Black-Scholes fair value calculation for the share options issued during the year ended 30 June 2020:

SHARE OPTION VALUATION INPUTS	ISSUED TO CONSULTANTS	ISSUED TO KEY MANGEMENT PERSONNEL[1]	ISSUED TO DIRECTORS[2]
Exercise price	5.3 cents	6.0 cents	6.0 cents
Option life	3 years	3 years	3.6 years
Share price at grant date	$0.039	$0.039	$0.037
Expected share price volatility (weighted average)[4]	64%	64%	69%
Risk free interest rate[2]	0.8%	0.8%	0.8%
Weighted average fair value	$0.012	$0.003	$0.014
Weighted average contractual life	3.0 years	3.0 years	3.6 years

1 *Options issued to D Rawlings have a vesting condition based on the performance of first 20,000 tonnes of saleable lithium concentrate from Grants mine being receipted and paid by customers by 31 December 2020. The probability of achievement of this vesting condition has been included within the calculation to determine the fair value of the options at grant date.*

2 *Based on high quality government bonds sourced from the RBA.*

3 *No performance conditions were attached to options issued to directors in November 2019.*

4 *Expected volatility has been based on the evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected option life.*

Share options and weighted average exercise prices for remuneration to employees and the Directors are as follows:

2020	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Opening balance as at 1 July 2019	1,500,000	$0.070
Granted as remuneration to the Directors during the period	20,000,000	$0.060
Granted as remuneration to other KMP during the period	1,000,000	$0.060
Expired	(1,500,000)	($0.070)
Outstanding as at 30 June 2020	21,000,000	$0.060

2019	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Opening balance as at 1 July 2019	1,500,000	$0.070
Granted as remuneration during the period	-	-
Expired	-	-
Outstanding as at 30 June 2019	1,500,000	$0.070

12 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing:

a) the profit attributable to equity holders of the Group, excluding costs of servicing equity other than ordinary shares, by
b) the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

The weighted average number of shares for the purpose of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2020 #	2019 #
Weighted average number of shares used in basic earnings per share	802,061,204	665,943,917
Loss per share - basic and diluted (cents)	(0.55)	(0.36)

There were 73,323,810 options and performance rights outstanding at the end of the year (2019: 29,665,000) that have not been considered in calculating diluted EPS due to their effect being anti-dilutive.

COMPANY STRUCTURE

13 INVESTMENTS IN CONTROLLED ENTITIES

Controlled entities

The Company has the following subsidiaries:

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION	CLASS OF SHARES	PERCENTAGE HELD	
			2020	2019
Sturt Exploration Pty Ltd	Australia	Ordinary	100%	100%
DBL Blues Pty Ltd	Australia	Ordinary	100%	100%
Lithium Developments Pty Ltd	Australia	Ordinary	100%	100%
Uranium Generation Pty Ltd	Australia	Ordinary	100%	100%
Lithium Developments (Grants NT) Pty Ltd	Australia	Ordinary	100%	100%

14 PARENT ENTITY INFORMATION

Information relating to Core Lithium Ltd (the parent entity) has been prepared on the same basis as the consolidated financial statements.

	2020 $	2019 $
Statement of financial position		
Current assets	8,770,077	2,446,227
Total assets	35,790,876	30,443,345
Current and total liabilities	2,223,016	580,280
Issued capital	49,856,210	42,184,370
Retained losses	17,034,886	12,808,644
Share based payments reserve	746,536	487,339
Statement of profit of loss and other comprehensive income		
Loss for the period	4,386,412	2,404,217
Total comprehensive loss for the period	4,386,412	2,404,217

All contingent liabilities and contractual commitments disclosed elsewhere in this report are entered into by the parent entity.

There are no guarantees entered into in relation to debts of subsidiaries.

15 OPERATING SEGMENTS

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors. Operating segments have been identified based on the information provided to the chief operating decision makers – being the Board.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in the nature of the minerals targeted.

Operating segments that meet the quantitative criteria, as prescribed by AASB 8, are reported separately.

However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

The Directors have considered the internal reports that are reviewed by the chief operating decision maker in allocating resources and have concluded that at this time there are no separately identifiable segments.

16 RELATED PARTY TRANSACTIONS

The Group's related party transactions include those transactions with its subsidiaries and key management personnel.

Transactions with key management personnel

Key management personnel remuneration includes the following as disclosed in detail in the remuneration report:

	2020 $	2019 $
Short-term benefits	1,572,918	1,170,615
Post-employment benefits	112,644	67,224
Share based payments	437,609	17,462
Total remuneration	2,123,171	1,255,301
The following transactions occurred with KMP:		
Payment for professional services to entities associated with related parties	294,176	621,115
Payables for professional services at reporting date	16,792	60,095

Transactions with key management personnel and related parties as disclosed below are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

Amounts paid to Director related entities:

RELATED PARTY	RELATIONSHIP TO KEY MANAGEMENT PERSONNEL/ DIRECTOR	SERVICES PROVIDED	2020 $	2019 $
Piper Alderman[1]	A firm of which G English is a partner	Legal services	50,296	188,839
Neogold Enterprises Pty Ltd[2]	A company of which H Hellewell holds a beneficial interest	Director's fees	40,673	39,985
McComas Capital Pty Ltd[3,4]	A company of which M McComas holds a beneficial interest	Director's fees	28,477	-
Kopias Consulting[5]	A business of which Jarek Kopias is a Director	Consulting fees	115,733	140,541

1 *The total amount of fees due to Piper Alderman as at 30 June 2020 was $nil (2019: $26,156).*

2 *The total amount of fees due to Neogold Enterprises Pty Ltd as at 30 June 2020 was $3,330 (2019: $3,350).*

3 *The total amount of fees due to McComas Capital Pty Ltd as at 30 June 2020 was $3,333 (2019: $nil).*

4 *M McComas was appointed as a Director on 17 October 2019.*

5 *The total amount of fees due to Kopias Consulting as at 30 June 2020 was $8,905 (2019: $11,115).*

ADDITIONAL INFORMATION

17 AUDITOR REMUNERATION

During the year ended 30 June 2020, total fees paid or payable for services provided by Grant Thornton Ltd and its related practices were as follows:

	2020 $	2019 $
Audit services		
Audit and review of Financial Reports	41,274	34,100
Other services		
Taxation compliance and advisory	29,400	18,550
Financial due diligence	-	15,000
Total other services remuneration	29,400	33,550
Total remuneration received by Grant Thornton	70,674	67,650

18 COMMITMENTS AND CONTINGENCIES

Lease commitments

The Group's commitments represent rental commitments on head office premises at Level 1, 366 King William Street, Adelaide and a regional field office in the Northern Territory. These have been accounted for as leases under the new AASB 16 for the current period and therefore are reflected in the Statement of Financial Position in accordance with note 6 and note 20(i) in the financial statements. Refer to adoption of the new and revised accounting standards.

	2020 $	2019 $
Within one year	-	127,550
Within two years to five years	-	128,333
Total commitments	-	255,883

The Group's operating lease agreements do not contain any contingent rent clauses.

Contingencies

During the period the contingent liability to Liontown was recorded as a current liability upon announcement of the 5Mt Mineral Resource in June 2020. This has been recorded as an accrued liability at note 6.

Bank guarantees have been disclosed at note 1.

In April 2020, the group announced the approval of the Grants Lithium Project Mine Management Plan (MMP). Under the MMP a security deposit of $3,720,639 must be paid to the Department of Primary Industry and Resources (NT) prior to any new mining activities being undertaken on the site.

Exploration commitments

In order to maintain rights of tenure to exploration permits, the Group has certain obligations to perform minimum exploration work and expend minimum amounts of money.

The Group's exploration licence tenements are renewable on an annual basis at various renewal dates throughout the year and the amount of each expenditure covenant is set by the relevant state's Minister at the time of each renewal grant.

EXPENDITURE REQUIRED TO MAINTAIN TENURE OF ALL OF THE EXPLORATION LICENCES	2020 $	2019 $
Within one year	828,758	910,000
After one year but not more than five years	490,829	2,215,000
Greater than 5 years	17,000	-
Total commitments	1,336,587	3,125,000

Not meeting the expenditure commitments detailed does not mean that the relevant tenements will require relinquishment.

19 EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

Since the end of the financial year, the Group has made the final payment of $1.5 million cash to Liontown Resources Limited (ASX: LTR; "Liontown") as contingent consideration pursuant to the purchase of the Bynoe Lithium Project in the Northern Territory in September 2017. The contingent consideration milestone was met by Core with the increase in Mineral Resources announced on 15 June 2020. The $1.5 million is reflected as a current liability in the annual financial report.

In July 2020 Core issued 1,448,400 shares to Non-executive Director Malcolm McComas under the placement announced on 27 May 2020 and approved by shareholders on 10 July 2020 and 1,450,000 unquoted performance rights were exercised where performance hurdles were met.

In August 2020 Core announced the receipt a non-binding indicative term sheet from the Northern Territory Government Local Jobs Fund (LJF) to invest $5 million in the Finniss Lithium Project through a low-cost business investment concessional loan.

In addition to the above, in August 2020 Core signed a non-binding term sheet for between 20,000tpa to 30,000tpa of lithium concentrate with a strategic offtake partner including the receipt of $1 million of funds from this strategic partner for share placement.

No other matters or circumstances have arisen since the end of the financial year 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 subsequent financial years.

20 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Core Lithium Ltd is a listed company, registered and domiciled in Australia. Core Lithium Ltd is a for profit entity for the purpose of preparing the financial statements.

The consolidated financial statements for the reporting period ended 30 June 2020 were approved and authorised by the Board of Directors on 14 September 2020.

The Financial Report has been prepared on an accrual basis, and is based on historical costs, modified by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

COMPARATIVES

Comparative information for 2019 is for the full year commencing on 1 July 2018.

The significant policies which have been adopted in the preparation of this financial report are summarised below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Principles of consolidation

Subsidiaries

The Group financial statements consolidate those of the parent company and all of its subsidiary undertakings drawn up to 30 June 2020. Subsidiaries are all entities (including structured entities) over which the Group control. The Group controls an entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is fully transferred to the Group. They are deconsolidated from the date that control ceases. All subsidiaries have a reporting date of 30 June.

A list of controlled entities is contained in note 13 to the Financial Statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies.

Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective.

Amounts reported in the financial statements of subsidiaries have been adjusted, where necessary, to ensure consistency with the accounting policies adopted by the Group.

Profit or loss of subsidiaries acquired or disposed of during the reporting period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

b) Business combinations

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement.

Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired, and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of:

a) fair value of consideration transferred,

b) the recognised amount of any non-controlling interest in the acquiree and

c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets

If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

c) Going concern

The Financial Report has been prepared on the basis of a going concern. The financial report shows the Group incurred a net loss of $4,386,412 (2019: $2,404,217) and a net cash outflow from operating and investing activities of $1,255,673 (2019: $11,715,314) during the period ended 30 June 2020. The Group continues to be economically dependent on the generation of cashflow from the business and / or raising additional capital as and when required for the continued operations including the exploration program and the provision of working capital.

The Group's ability to continue as a going concern is contingent upon generation of cashflow from its business and or successfully raising additional capital. If sufficient cash flow is not generated and / or additional funds are not raised, the going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

d) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- the entities business model for managing the financial asset
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement financial assets

FINANCIAL ASSETS AT AMORTISED COST

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

IMPAIRMENT OF FINANCIAL ASSETS

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.
- '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than any derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

e) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not probable to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash- generating unit to which the asset belongs.

f) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends of economic data, obtained both externally and within the Group.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Exploration and evaluation expenditure

Refer to disclosures in Note 4

Share based payments

Refer to disclosures in Note 11a

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

g) Finance income and expense

Finance income comprises interest income on funds invested, gains on disposal of financial assets and changes in fair value of financial assets held at fair value through profit or loss.

Interest income is recognised as it accrues in the statement of profit or loss, using the effective interest rate method.

All income is stated net of goods and services tax (GST).

h) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

i) Adoption of the new and revised accounting standards

In the current year, there are no new and/or revised Standards and Interpretations adopted in these Financial Statements affecting presentation or disclosure and the reported result or financial position other than the first-time adoption of AASB 16 leases and AASB interpretation 23 - uncertainty over Income tax treatments.

AASB 16 - Leases

AASB 16 - Leases replaces AASB 117 - Leases along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16 - Leases, being 1 July 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

The following is a reconciliation of the financial statement line items from AASB 117 - Leases to AASB 16 - Leases at 1 July 2019:

	CARRYING AMOUNT AT 30 JUNE 2019	RECOGNITION ON FIRST TIME ADOPTION OF AASB 16	ADJUSTED OPENING BALANCE AT 1 JULY 2019
Plant and equipment	124,059	226,602	350,661
Lease liability (current)	-	105,255	105,255
Lease liability (non- current)	-	121,347	121,347

The following is a reconciliation of the lease commitments note from AASB 117 - Leases to AASB 16 - Leases at 1 July 2019:

	AS AT 30 JUNE 2019	CHANGE UPON FIRST TIME ADOPTION OF AASB 16	ADJUSTED OPENING BALANCE AT 1 JULY 2019
Within one year	127,550	(127,550)	-
Within two to five years	128,333	(128,333)	-
Total commitments	255,883	(255,883)	-

For the year ended 30 June 2020, the Group's accounting policy in identifying a right of use asset is to consider whether a contract is, or contains a lease for any new contracts entered into on or after 1 July 2019. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

– the contract contains an identified asset, which is either explicitly identified in the contract, or implicitly specified by being identified at the time the asset is made available to the Group
– the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

The Group has the right to direct the use of the identified asset throughout the period of use.

The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

Interpretation 23 - Uncertainty over income tax treatments

The first-time adoption of this amendment did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. Additional disclosure has been included in the estimates commentary within note 9 around estimates in relation to the LRC royalty transaction.

j) Recently issued accounting standards to be applied in future accounting periods

There are no new significant accounting standards or amendments that have not been early adopted for the year ended 30 June 2020 but will be applicable to the Group in future reporting periods are detailed below. Apart from these standards, we have considered other accounting standards that will be applicable in future periods but are considered insignificant to the Group.

k) Leases (Accounting policy applicable before 1 July 2019)

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of interest on lease liabilities in the Statement of Profit and Loss.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease. All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

21 FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

The total for each category of financial instruments are at amortised cost as follows:

	NOTE	2020 $	2019 $
Financial assets			
Cash and cash equivalents	1	8,709,771	2,387,665
Trade and other receivables	2	37,683	56,163
		8,747,454	2,443,828
Financial liabilities			
Trade and other payables	6	2,080,228	542,478

Financial risk management policy
Risk management is carried out by the Managing Director under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as monitoring specific areas, such as interest rate and credit risk.

a) ***Liquidity risk***
Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained for the coming months. Upcoming capital needs and the timing of fund raisings are assessed by the board.

Financial liabilities are expected to be settled within 12 months.

b) ***Interest rate risk***
The Group's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result in changes in market interest rates. Cash is the only asset affected by interest rate risk as cash is the Group's only financial asset exposed to fluctuating interest rates.

The Group is exposed to interest rate risk on cash balances and term deposits held in interest bearing accounts. The Board constantly monitors its interest rate exposure and attempts to maximise interest income by using a mixture of fixed and variable interest rates, whilst ensuring sufficient funds are available for the Group's operating activities. The Group's net exposure to interest rate risk at 30 June 2020 approximates the value of cash and cash equivalents.

SENSITIVITY ANALYSIS

INTEREST RATE

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

2020	SENSITIVITY [1]	EFFECT ON PROFIT $	EFFECT ON EQUITY $
Interest rate	+ 1%	+48,900	+48,900
	- 1%	-48,900	-48,900

2019	SENSITIVITY [1]	EFFECT ON PROFIT $	EFFECT ON EQUITY $
Interest rate	+ 1.30%	+47,600	+47,600
	- 1.30%	-47,600	-47,600

1 *The method used to arrive at the percentage change used in the sensitivity analysis was based on the analysis of the absolute nominal change of the Reserve Bank of Australia (RBA) monthly issued cash rate and a review of historical rates to determine a 'reasonably possible' estimate as it accommodates for variations inherent in the interest rate movement over the past five years.*

c) ***Net fair values of financial assets and financial liabilities***
Fair value is the price that would be required to be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

The net fair values of financial assets and liabilities are determined by the Group based on the following:

i) Monetary financial assets and financial liabilities not readily traded in an organised financial market are carried at book value.

ii) Non-monetary financial assets and financial liabilities are recognised at their carrying values recognised in the Statement of financial position.

The carrying amount of financial assets and liabilities is equivalent to fair value at reporting date.

Directors' Declaration

In the opinion of the Directors of Core Lithium Ltd:

a) the consolidated financial statements and notes of Core Lithium Ltd are in accordance with the *Corporations Act 2001* (Cth), including:

   i. giving a true and fair view of its financial position as at 30 June 2020 and of its performance for the financial period ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 (Cth); and

b) there are reasonable grounds to believe that Core Lithium Ltd will be able to pay its debts when they become due and payable.

The directors have been given the declaration required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2020.

Note 20 confirms that the consolidated financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Stephen Biggins
Managing Director

Adelaide

14 September 2020

Independent Auditor's Report

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Independent Auditor's Report

To the Members of Core Lithium Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Core Lithium Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 20 (c) in the financial statements, which indicates that the Group incurred a net loss of $4,386,412 during the year ended 30 June 2020, and as of that date, the Group's cash outflow from operating and investing activities totalling $1,255,673. As stated in Note 20 (c), these events or conditions, along with other matters as set forth in Note 20 (c), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditor’s Report

GrantThornton

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation assets - Notes 4	
At 30 June 2020 the carrying value of exploration and evaluation assets was $26,380,721. In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.	Our procedures included, amongst others: • obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • reviewing management’s area of interest considerations against AASB 6; – conducting a detailed review of management’s assessment of trigger events prepared in accordance with AASB 6 including; – tracing projects to statutory registers, exploration licenses to determine whether a right of tenure existed; – enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management’s budgeted expenditure; – understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; • assessing the accuracy of impairment recorded for the year as it pertained to exploration interests; • evaluating the competence, capabilities and objectivity of management’s experts in the evaluation of potential impairment triggers; and • assessing the appropriateness of the related financial statement disclosures.

Information other than the financial report and auditor’s report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2020, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2020. In our opinion, the Remuneration Report of Core Lithium Limited, for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Iain Kemp

I S Kemp
Partner – Audit & Assurance

Adelaide, 14 September 2020

ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 21 August 2020.

The Company is listed on the Australian Securities Exchange.

SUBSTANTIAL SHAREHOLDERS

The number of substantial shareholders and their associates are set out below:

	ORDINARY SHARES	%
Ya Hua International Investment and Development Co. Ltd	69,815,094	7.02

VOTING RIGHTS

Ordinary shares	On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
Options	No voting rights.
Performance Rights	No voting rights.

DISTRIBUTION OF EQUITY BY SECURITY HOLDERS

HOLDING	QUOTED ORDINARY SHARES		UNQUOTED OPTIONS						PERFORMANCE RIGHTS
	#	%	$0.08 31-JAN-21	$0.06 30-JUN-22	$0.08 5-SEP-22	$0.053 30-SEP-22	$0.06 30-JUN-23	$0.08 5-SEP-22	
1 – 1,000	181	0.00	-	-	-		-	-	-
1,001 – 5,000	39	0.02	-	-	-		-	-	-
5,001 – 10,000	307	0.28	-	-	-		-	-	-
10,001 – 100,000	2,188	9.07	-	-	-		-	-	-
100,001 and over	1,301	90.63	2	4	1	1	4	1	6
Number of holders	4,016		2	4	1	1	4	1	6
Securities	994,330,321	100.00	4,000,000[1]	4,000,000[2]	10,000,000[3]	3,273,810[4]	20,000,000[5]	1,000,000[5]	21,966,666[5]

1 *Held by Nautical Holdings WA Pty Ltd <Abandon Ship S/F A/C (2,500,000) and Tyche Investments Pty Ltd (1,500,000).*

2 *Held by Nautical Holdings WA Pty Ltd <Abandon Ship S/F A/C (1,800,000) and Tyche Investments Pty Ltd (1,000,000).*

3 *Held by Argonaut Investments Pty Ltd.*

4 *Held by Jett Capital Advisors LLC.*

5 *Issued under employee incentive scheme as disclosed within the Directors report.*

There were 643 holders of less than a marketable parcel of ordinary shares ($500 amounts to 11,363 shares). There are 21,739,130 restricted securities on issue subject to voluntary escrow to 18 August 2021.

There are no securities subject to a current on-market buy-back.

ASX Additional Information

TWENTY LARGEST HOLDERS OF ORDINARY SHARES

		NO. OF SHARES HELD	% HELD
1	Ya Hua International Investment and Development Co. Ltd	69,815,094	7.02%
2	Mining Value Fund Pty Ltd	28,811,170	2.90%
3	Tangshan Xinfeng (Hong Kong) Limited	21,739,130	2.19%
4	Hooks Enterprises Pty Ltd <Hoeksema Superfund A/C>	20,000,000	2.01%
5	Mr Leendert Hoeksema & Mrs Aaltje Hoeksema	17,000,000	1.71%
6	CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>	14,289,525	1.44%
7	Mr Vaughan Thales Kent	8,554,223	0.86%
8	Citicorp Nominees Pty Limited	7,538,299	0.76%
9	CS Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C>	7,215,286	0.73%
10	WGS Pty Ltd	6,888,888	0.69%
11	Mrs Kim Louise Borg	6,367,534	0.64%
12	Mr Brett Robert Morgan	6,030,000	0.61%
13	Mr George Chien-Hsun Lu	6,013,500	0.60%
14	Thessa Pty Ltd <Thessa Family A/C>	6,000,000	0.60%
15	Nowak Investments Pty Ltd <Nowak S/F A/C>	5,979,680	0.60%
16	Gempart (NT) Pty Ltd	5,950,000	0.60%
17	Mrs Luigina Ivory	5,932,343	0.60%
18	Mr Damien James Cartwright & Mrs Adriana Cartwright <Cartwright Family A/C>	5,878,052	0.59%
19	Tarmo Investments Pty Ltd <Tjena Super Fund A/C>	5,821,728	0.59%
20	Eighteen Speed Overdrive Pty Ltd <The Galaxy Supernova SF A/C>	5,538,093	0.56%
	Top 20 shareholders as a 21 August 2020	261,362,545	26.30%
	Total ordinary shares on issue	994,330,321	100.00%