CORE LITHIUM

Annual Report 2022

ACN 146 287 809

Contents

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

The open pit mining and crushing plant and equipment shown in the photos and images in this report are not assets of the Company.

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 5, 149 Flinders Street
ADELAIDE South Australia 5000

Australia's Newest Lithium Producer

Developing one of Australia's most capital-efficient and lowest-cost spodumene lithium projects; the Finniss Lithium Project, located near Darwin Port in the Northern Territory, Australia.

Chairman's Letter

Dear Shareholder,

Financial Year 2022 has been a pivotal year for Core, marked by the transformation from mineral explorer to early-stage project developer to our pending status as Australia's next lithium producer. Following the completion of a Definitive Feasibility Study (DFS) for the Finniss project in July 2021, Core successfully equity funded the Finniss Lithium Project (Finniss or Project). With this funding in place, the Core board made the Final Investment Decision (FID) to proceed with construction of the Project. We are achieving each milestone and are on track to achieve the first production from Project by the end of the year.

The progress on site at Finniss has been remarkable, with mining well underway and the commencement of construction of the crushing and dense media separation facilities. Importantly, we have been able to achieve this progress despite the impact of the ongoing COVID-19 pandemic and against the backdrop of an increasingly competitive market in the Australian mining industry, which has made accessing labour, services and equipment an increasing challenge across the resources sector. Despite our progress at Finniss, Financial Year 2022 has been a challenging year with the ongoing effects of COVID-19. We continue to monitor and manage potential COVID-19 implications for the Finniss construction and other activities.

Throughout the year, Core has anticipated, navigated and responded to the Company's challenges as we seek to become Australia's next lithium producer. Operating safely has been essential to the success of our business. We are committed to the health, safety and welfare of employees, contractors and visitors to ensure we provide a safe workplace.

We are pleased to have begun constructing the Finniss Project, which capitalises on our mining expertise and the Project's unique position to support the growing global demand for electric vehicle battery materials. The Finniss lithium project will make a crucial contribution to global efforts to reduce greenhouse gas emissions.

The performance of the Company and the Project will continue to be subject to international commodity prices, foreign exchange rates, competitive factors and seasonal outcomes. The Company will focus on continuing its strong performance, developing the Project and investigating capacity expansion opportunities at Finniss.

The DFS and recent Reserve and Resource upgrades showed that Finniss has the potential to support a 12-year mine life with plenty of exploration upside. It should also be remembered that our 10.6Mt lithium Ore Reserve Estimate grading 1.3% Li_2O has been estimated using a US$1,250/t CIF China 6% spodumene price, which is over $4,000/t lower than current realised spot price.

While Core's performance over a particular year is important – and it is fair to say that this is the principal focus of market commentators and company analysts – it is frankly not what drives your Board and management team. Instead, we are focused on the long term. Short-term performance is invariably affected by events outside the Company's control, such as the COVID-19 pandemic and high inflation. Long-term corporate success requires the Company to invest in growth activities.

In parallel with the Finniss construction activity, Core aims to grow the inventory and mine life at Finniss. We believe this two-pronged strategy will maximise the creation of shareholder value, particularly as it will enable us to leverage the infrastructure we will have in place. We are pursuing an aggressive exploration campaign at and around Finniss to help grow the inventory and extend mine life.

In addition, over the coming year, we expect to make significant progress towards establishing new mining areas at Finniss and maintaining an active exploration program across our tenement portfolio. We hold over 500km^2 square kilometres of tenure prospective for lithium and have significant areas of prospective pegmatites within that area. Very little exploration work has been undertaken outside the old workings, and we have started targeting and drilling in several areas. We are very conscious that a new lithium discovery within trucking distance of the processing facilities would generate significant value for the company. Regionally more than 20 priority targets have been identified and will be explored aggressively in the coming year.

We look forward to undertaking an extensive infill and extensional drilling program at BP33, Ah Hoys, Carlton and Hang Gong over the next 12 months to allow further updates to the current resource and, in due course, completion of further reserve updates. We are excited about the long-term potential of the Project to host a long-life mining operation.

We have successfully attracted experienced and proven management, development, and operations teams given the Project's proximity to Darwin. The quality of our people allows Core to build and operate the Project efficiently and cost-effectively, which should generate significant shareholder value in the years to come. I want to thank all Core management, staff and contractors for what has been achieved in a short time to date and look forward to their effort to see the Project successfully developed and brought into production.

Last month the Board appointed Gareth Manderson as the Chief Executive Officer to oversee the growth of the Company and its projects. Gareth has 28 years' experience in the mining and minerals sector and joins Core after having served in various leadership and technical roles within mining giant Rio Tinto for more than 22 years.

As we look ahead to the coming financial year, Core occupies a relatively unique growth space in the Australian lithium sector as a near-term producer with a high-grade lithium resource and infrastructure advantages at Finniss. We will continue to focus on company growth and shareholder value creation.

I want to acknowledge again the efforts of our team members for their contribution during a very demanding year. The results delivered in the last year could not have been achieved without the Senior Management Team going above and beyond regularly. The team has reorganised the business to support the development and growth of Finniss. All this was achieved while safely managing the many complexities and challenges associated with the COVID-19 environment. This is a strong endorsement of the capabilities of Core's senior team. I also want to sincerely thank all Core employees for their efforts across the year. We greatly appreciate the continued commitment and endeavours of the team at Core and the support of our customers and suppliers. Finally, I would like to thank my fellow Board Members for their commitment and dedication to making this great company what it is today. Again, I must say how genuinely pleased I am with how the Board and Management have responded to the last year's challenges.

We know the future will continue to present challenges, but I am confident that Core's best years lie ahead. I am confident that the considerable amount of hard work being put in across the business will ultimately be reflected in a re-rating of our share price as we start production at Finniss and embark on this next exciting chapter of our journey as an Australian lithium producer.

Greg English
Chairman
Core Lithium Ltd

Chief Executive Officer's Letter

Dear Shareholder,

It is a privilege to be joining the Core Lithium team at this point in the development of the business. We are rapidly completing construction, moving to operations and beginning to think about the next steps of growth for the business.

I have been impressed by what the Core team have achieved to date, and the support we have received from shareholders, customers, suppliers, contractors and the Federal and Northern Territory Governments.

The approach to establish a minimum viable project, and in parallel complete the exploration work that has underpinned an extension to the mine life, is a credit to the organisation and its people. This approach leads to early cash flow and opens up further opportunities as the initial operations are established. It is also an indicator of what is possible for an Australian company operating in Australia, and in this case specifically the Northern Territory.

It has also been quite encouraging hearing from the stakeholders that I have met during my initial meetings in the Northern Territory, of the support and mutual respect generated through the engagement process as the project has developed.

Core Lithium enjoys great support from our customers with significant offtake secured in the initial years of operations and strong interest for currently uncontracted volumes. The global decarbonisation objective continues to support the electrification of vehicles and other emissions reduction technologies that are driving demand for lithium. This demand coupled with continued constrained supply leads to favourable market conditions for our products. Essentially the project is moving to production at what appears to be the right time in the commodity cycle.

Working together inside and outside the business the Core Lithium team will continue to build an inclusive culture that supports strong safety, operational and financial performance. We will also work closely and in partnership with our contractors, suppliers and stakeholders. In this way we will build our ESG credentials, contribute to the global transition to a low carbon future and in doing so build a great long term business for our shareholders and the communities where we operate.

Gareth Manderson
Chief Executive Officer

Core Lithium Ltd

Project Overview

Finniss Lithium Project

Northern Territory

100% CXO owned

Core's Finniss Lithium Project is one of Australia's most capital efficient lithium projects supported by one of the most efficient logistics chains of any lithium project in Australia

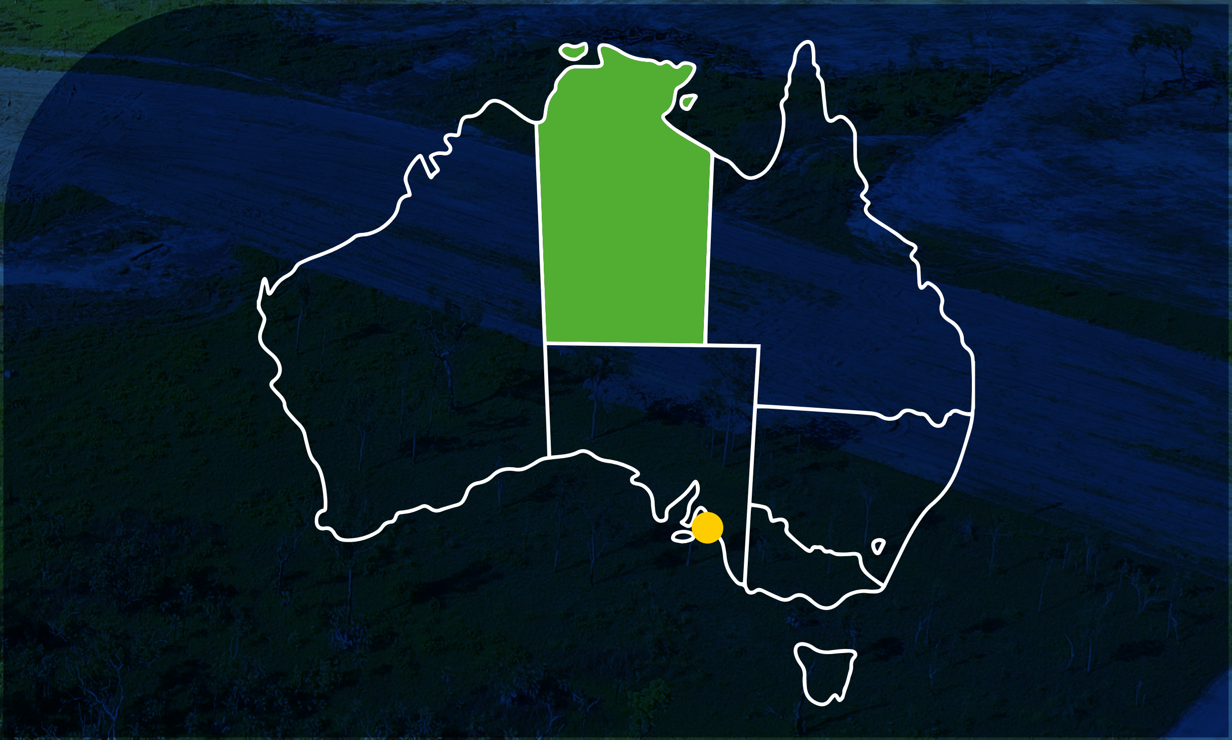
Company activities in the 2022 financial year were primarily focused on developing the board-approved and Finniss Lithium Project near Darwin in the Northern Territory. Development activities and early mining are progressing well, and Core is on track to export first spodumene concentrate in the first half of the 2023 calendar year.

The Finniss Lithium Project is supported by one of the best logistics chains of any Australian lithium project. 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.

Key project highlights:

- Completion of a DFS in July 2021,
- $150 million equity raised to fund the commencement of construction at Finniss without the need for debt funding,
- Final Investment Decision (FID) at Finniss followed soon after funding was secured to commence construction,
- Construction underway at Finniss and on track for export of first spodumene concentrate in the first half of 2023,

- About 80% of spodumene concentrate secured via binding offtake agreements including a binding offtake with Jiangxi Ganfeng Lithium Co., Ltd (Ganfeng), the world's largest lithium producer by production capacity.
- Increase in high-grade 18.9Mt at 1.32% Li_2O Mineral Resource and 10.6Mt Ore Reserves with an average grade of 1.3% Li_2O supporting a 12-year Life of Mine (LOM),
- Commenced construction of simple DMS process,
- Key contracts awarded including Lucas TCS as mining contract, CSI Mining Services (CSI) for crushing and screening. Primero who are constructing the Dense Media Separation (DMS) plant,
- Mining activities at Grants Stage 1 commenced,
- Obtained environmental approval for BP33 underground mine and mine management plan in final approvals stage,
- Inorganic growth evidenced by a strong investment in new prospects including six highly prospective exploration and mining leases near the Finniss project, and
- Organic growth exploration success which resulted in an increase in Mineral Resources and Ore Reserve and ultimately extended mine life to 12 years.



Finniss Lithium Project

Shortly after FID announcement on 30 September 2021, Core awarded the mining services contract to Lucas TCS (Lucas) for the provision of open pit mining and associated civil works, and the EPC Contract for the construction of the DMS Plant to Primero Group (Primero).

Core commenced recruitment of a project management team in the lead up to the Finniss FID. Mobilisation and construction activity at Finniss commenced in October with road access works, site establishment and construction of communications, fuel and water supply infrastructure.

Mining and Water Infrastructure

Lucas' scope of work covered the mining of the Grants open pit Mine and construction of other key earthworks infrastructure including clear and grub, topsoil management, pads, roads, dumps, dams, bunds and water controls and open pit mining (load and haul plus drill and blast).

Lucas mobilised a small scraper and ancillary fleet from early October 2021 to undertake an early works program primarily to start construction of some key earthworks hardstands, the construction of a sealed entrance intersection and new slip lane, the establishment of the Erosion and Sediment Control Plan (ESCP) Stage 1 and, start the pre-strip of the Grants open pit.

The limited scope early works program occurred over the wet season. Specifically, key works undertaken included the following key milestones:

- Completion of the Site to Cox Peninsula Road sealed T-junction and slip lane for the quad road train,
- Completion of a 7km submerged pipeline and associated pipeline route and the installation of a temporary pump at Observation Hill Dam,
- Clearing and grubbing, and topsoil removal and relocation activities,
- Establishment of the staged topsoil dump,
- Establishment of the western and eastern inundation bund,
- Completion of ESCP stage 1 earthworks infrastructure including sediment basin 2 and linked temporary drainage networks,
- Establishment of the mining laydown area, workshop, and temporary fuel facility, and
- Establishment of the site access, primary and secondary road networks.

Start of mining pre-strip of Grants Stage 1 open pit commenced with a combination of scrapers and dozers. Establishment of the Waste Rock Dump, ROM Pad and Tailings Storage Facility footprint was also advanced. Stage 2 of the Grant's open pit also commenced including the selective mining used for dams, road and hardstand capping and explosives magazine construction.

Clearing and grubbing and topsoil removal and relocation activities continued when ground conditions were suitably dried out including the Tailings Storage Facility (TSF) footprint, explosives magazine compound, and sediment basin 5. Stage 2 ESCP started including the construction of sediment basin 1 and completion of sediment basin 2 and remaining inundation bund.

While early activities were affected by a longer-than-anticipated wet season and materially higher rainfall, Core has since ramped up activities with the onset of the dry season, and the arrival of the mining fleet including excavators to site.

Crushing and Process Plant Construction

Primero's scope includes project management, engineering and detailed design, equipment and materials procurement, DMS plant construction, quality assurance and construction verification, and ore commissioning on receipt of first ore.

Earthworks for the DMS plant have been undertaken, and Primero has commenced construction of the DMS Plant. DMS structural steel was sourced from Shanghai and, due to COVID-19 restrictions in Shanghai, delays were experienced with the manufacture and delivery of the structural steel, however Primero has now successfully facilitated the export of the steel, and installation has commenced.

In May 2022, Core awarded the Finniss Crushing Services Agreement to CSI Mining Services (CSI). CSI has crushed arguably more spodumene than any other contractor on the globe. Run of mine ore will be stockpiled prior to feeding into the CSI crusher circuit. The crushed ore will then be stockpiled before being processed by the DMS plant to make spodumene concentrate for export. Primero and CSI arrived onsite in May 2022 and June 2022 respectively.

BP33

Environmental approval of the BP33 Underground Mine was another significant milestone and represented the completion of the Environmental Impact Assessment Process for the proposed underground mine. The final stage of the approvals process is submission to, and approval of, a Mining Management Plan (MMP) for the Department of Industry, Tourism and Trade (DITT). Based on previous experience, Core anticipates that a successful review of the MMP by DITT could result in a Mining Authorisation for BP33 Underground Mine being provided in the second half of calendar year 2022.

Core is delighted to be transitioning from developer to the operator of Australia's next lithium mine. Development activities are progressing well, and Core is on track to bring Finniss online by the end of the 2022 calendar year.

Mineral Resources and Ore Reserves

Core's systematic and highly successful Mineral Resource and Ore Reserve growth and exploration drilling programs in calendar year 2021 led to significant increases to the Finniss Project mine life, extending it to 12 years.

An updated Mineral Resource and Ore Reserve statement (released 12 July 2022 – "Significant Increase to Finniss Lithium Project Mineral Resource & Ore Reserves") was the culmination of results from drilling at Finniss undertaken in the 2021 drilling calendar year.

Table 1. Mineral Resource summary for the Finniss Lithium Project

Resource Category	Tonnes (Mt)	Li_2O (%)	Li_2O (t)
Finniss Measured	5.60	1.46	82,000
Finniss Indicated	7.69	1.35	103,800
Finniss Inferred	5.57	1.12	62,400
Total	**18.86**	**1.32**	**248,200**

The Finniss Mineral Resource increased by 28% to 18.9Mt at 1.32% Li_2O.

Importantly, the higher confidence Measured and Indicated categories increased by 61%, bringing the total Measured and Indicated categories to about 70% of the Mineral Resource.

Estimates for all existing Mineral Resources were updated, as well as the addition of a maiden Mineral Resource at the Ah Hoy prospect. Updated Mineral Resource estimates for BP33, Carlton, Hang Gong and Lees included additional drilling and re-interpretation. The Sandras Mineral Resource estimate represents a re-interpretation and classification of existing data, while the estimates for Grants and Booths represent a rereporting of the existing models at the lower cut-off grade. All Mineral Resource estimates were reported at a 0.5% Li_2O cut-off.

Table 2. Ore Reserve summary for the Finniss Lithium Project

Ore Reserve Category	Tonnes (Mt)	Li_2O (%)	Li_2O (kt)*
Finniss Proved	5.5	1.4	74.8
Finniss Probable	5.1	1.3	68.3
Total	**10.6**	**1.3**	**143.0**

* Columns may not total exactly due to rounding

The Finniss Ore Reserve estimate increased by 43% to 10.6Mt at 1.3% Li_2O. This represents a 70% increase at BP33 and a 106% increase at Carlton from drilling in the 2021 calendar year.

The Company's Ore Reserves are all lithium Ore Reserves located at the Finniss Lithium Project in the Northern Territory. The Ore Reserves have increased from 5.7Mt at 1.3% Li_2O to 7.4Mt at 1.3% Li_2O as announced by Core on 26 July 2021 as "Stage 1 DFS and Updated Ore Reserves."

ESG in Focus

Core is committed to responsible and sustainable mining. We're raising our ambition to be a company that makes a positive contribution to the world both through our products and our practices.

In 2021-2022, Core formalised its commitment to uphold environmental, social and governance (ESG) standards across all its activities. We set a goal to conduct low-impact operations with openness and integrity, while providing a safe and rewarding working environment for employees, a positive legacy for local communities, and value for our shareholders.

Lithium has a fundamental role to play in shaping the global energy future - a key mineral in the technological transition ahead. No matter which decarbonisation pathway the world embarks on, battery energy storage will be key. Batteries are expected to account for 95 percent of lithium demand by 2030[1] as the demand for electric vehicles escalates at an exponential rate. Indeed, the International Energy Agency (IEA) says that around two billion EVs will need to be on the road by 2050, if the world is to reach net zero[2].

At the same time, the mining industry, long thought of as a contributor to environmental and social problems, is now being valued as a solution. Core will embrace this new role as we begin to incorporate ESG into all facets of our operations.

Our Journey

As Core prepares for its first export of lithium by the end of the 2022 calendar year, we are ideally placed to establish a reputation as a supplier of sustainably and ethically sourced minerals. Preliminary work on ESG aspects of our company has progressed alongside our efforts to take the Finniss project from exploration to operation. Our ESG priorities are evolving and being developed in consultation with Core's customers, the communities in which we operate, and our own employees.

In 2021-2022, we actively engaged with our stakeholders as we commenced construction at the Finniss Project. We have prioritised environmental protection and compliance from the outset, employing a team of Core staff and specialist consultants to establish environmental management policies and procedures, and to monitor and report on our performance against our commitments and regulatory requirements.

At the corporate level, in 2021-2022 we have embarked on our journey to establishing an ESG framework for our company. We have conducted an ESG materiality assessment and undertaken a review of how our peers are performing in relation to ESG. We have investigated a range of ESG standards that can support Core in fulfilling its ESG ambitions whilst providing appropriate avenues for future ESG disclosures.

In 2022-2023, we expect to further evolve down this pathway, complete with a consideration of goals, targets, progress, and disclosures set within an ESG framework.

Material Issues

Core is committed to actively managing the impacts of its operations. Through a comprehensive process that mapped both internal and external stakeholder perspectives against several international and sector specific ESG standards, we've identified ten topics as a focus of our ESG efforts at a project level for this year.

1. "Lithium mining: How new production technologies could fuel the global EV revolution", McKinsey & Company, 12 April, 2022
2. "Net zero by 2050: A roadmap for the global energy sector", International Energy Agency, Oct 2021

Environmental	GHG Emissions
	Biodiversity
	Environmental Compliance
	Water and Effluents Management
	Waste and Hazardous Materials Management
Social	Occupational Health and Safety
	Non-discrimination and Equal Opportunity
	Local Community Impacts and Engagement
	Human Rights, Rights of Indigenous Peoples
Governance	Corporate Governance

Our Progress

GHG Emissions

Core engaged global environmental and sustainability consultants ERM Global to assess greenhouse gas emissions from the Finniss Project operations. The assessment evaluated Finniss across an estimated mine life of 7.5 years in accordance with the Australian Government's National Greenhouse and Energy Reporting scheme. It projected Scope 1 and Scope 2 emissions associated with all operations at the mine (land clearing, fuel consumption, electricity usage and blasting) as well as Scope 3 emissions from the transport of products and consumables, business travel and employee commutes.

Finniss Project emissions were benchmarked against other lithium mines in Australia. This assessment showed that the annual average emission intensity of the Finniss project (0.26 t CO_2-e per tonne of spodumene concentrate) is aligned with the intensity at the other facilities. Of note is that the Finniss had the lowest CO_2-e emissions from the transport of lithium compared to all other Australian lithium projects with annual transport (scope 3) emissions estimated at 7,620 tonnes of CO_2-e per[3], which is 20%-50% less than our peers transport emissions. The Finniss mining operation is located 88 km from the Darwin Port which is a relatively short distance between the site, Port of Darwin and existing customers in Asia.

In 2023, we will disclose Scope 1 and 2 from across our whole company. We will do this through a range of activities. The Finniss Project will undergo revegetation as part of its development and rehabilitation strategy, restoring the carbon sequestration functions of the natural environment and we are considering options related to renewable energy generation and utilisation of electric vehicles. Where possible and practicable, we will identify and implement energy efficiency measures.

3. Scope 3 transport emissions intensity was calculated for the transportation of 167,015 tpa of spodumene concentrate, which was the expected average production from the Finniss Project at the time of the estimate. The estimate includes both the trucking and shipping of the product.

Biodiversity

One of Australia's greatest assets is its biodiversity. Before undertaking any operations in an area, our team of specialist consultants undertake extensive studies spanning ecology, heritage, soils and land capability, waste rock characterisation, surface and groundwater, rehabilitation and mine closure. This is to ensure we understand our environmental risks and can put in place measures to ensure that we maintain the environmental values in areas surrounding where we mine.

When designing the Finniss Project, Core has focused on minimising offsite impacts to terrestrial and aquatic ecosystems. A combination of open cut and underground mining has reduced our overall site footprint. Additional mines in the project area could share site infrastructure to increase efficiency and minimise environmental disturbances where possible.

Before commencing works at Finniss Project, Core had already begun planning revegetation and rehabilitation works for the mine's end-of-life. We have an approved Mine Closure Plan that will be revised and updated as our mine develops. We practice progressive landform rehabilitation to ensure sites are returned to stable and self-sustaining ecosystems once mining is finished, in accordance with the commitments made in our approved Mine Closure Plans.

We will continue to study and monitor the natural environment to ensure the preservation of endemic biodiversity values in the areas we operate in.

Environmental Compliance

A major focus of the 2022 financial year was progressing environmental impact assessments for Finniss operations. In ensuring that we maintained the strictest standards of environmental compliance we obtained authority from the Northern Territory Environmental Protection Authority to commence operations. Our comprehensive processes in producing an Environmental Impact Statement (EIS) were a key part of the approval process.

Water and Effluents Management

Core looks to recycle water dewatered from pits and tailings. We have a surface water extraction licence in place for harvesting water from an existing mine dam constructed in the 1980's, Observation Hill Dam. Core does not extract groundwater from bores for use in mining production. We will seek to continually improve our water use efficiency and water management to reduce our demand on external water sources and will monitor and report our water use in accordance with our licence conditions.

Our mine water management systems are designed by experts taking local climatic extremes into account. Our systems are designed to minimise discharges and ensure water quality meet accepted water quality guidelines for the protection of aquatic ecosystems, recreational and aesthetic values of waterways downstream of where we mine. Core is implementing an extensive water quality monitoring program, the results of which are reported annually in accordance with our Mining Authorisations.

Waste and Hazardous Materials Management

Core use a combination of open pit and underground mining techniques to extract the spodumene. Where we can, we use underground mining as it means a reduction in waste relative to open pit mining, and a reduced footprint. We are exploring ways to recover more lithium from tailing materials, which would further reduce waste.

We have implemented an extensive waste rock characterisation program, that has involved laboratory analysis of many hundreds of samples to detect the presence of acid forming materials, or other materials that require special management. We have established long-term kinetic testing programs to assess how the waste rock will react to environmental conditions when placed in a waste rock dumps. We will continue to test materials as we mine and use this information to ensure our waste rock is well managed. Our aim is to reduce the risk of offsite impact or long-term legacy from our waste rock dumps.

Occupational Health and Safety

Safety is a core value of for the Company and we act on the principle that all accidents are preventable.

We work safely and ensure our colleagues do the same. Our Health and Safety Policy details our commitment to safety, to working safely in good mental and physical health, and to travelling safely to and from work.

The Core safety management process is based on risk management standards and processes including risk and hazard identification, assessment of consequences, and likelihood of impacts.

Our aim is to reduce risk of significant safety events across our operations.

During Financial Year 2022 a whistleblower complaint from an employee was reported and investigated. Most of the issues raised were unsubstantiated. However, instances of unprofessional conduct and a breach of the Company's code of conduct were substantiated and corrective action taken, including additional training, monitoring and awareness raising on Core's expectations of respectful behaviours in the workplace. We will continue to encourage reporting and we are committed to taking action. We put the needs of anyone impacted by this behaviour at the forefront of our processes and we are committed to validating, caring for and supporting anyone in our business who is affected by this behaviour.

Non-discrimination and Equal Opportunity

At Core, understanding a diverse workforce helps us to perform at our best. Employees with diverse backgrounds and experiences, provide us with new perspectives that allow us to innovate. To protect this quality, Core is developing its processes and policies around non-discrimination and equal opportunity.

Increasing diversity over time, not just across our workforce, but also in our leadership positions, including the Executive and the Board is front of mind.

Local Community Impacts and Engagement

Core aims to give back through employment opportunities, sourcing locally where possible and contributing to community initiatives.

We train and employ members of the local community. As Core does not depend on a 'fly-in/fly-out' employment arrangement, most employees live in the local area, therefore we have a special interest in community investment. Core is proud to be a part of the Darwin community and over 80% of our staff at Finniss are Darwin residents.

Our goal is to maintain support for our local community by creating additional local jobs throughout production in addition to the more than 200 jobs already at Finniss.

Human Rights, Rights of Indigenous Peoples

We operate on the lands of the Larrakia People, the traditional owners of the Darwin region. We actively seek opportunities to consult with the indigenous people of the area through:

- The Kenbi Rangers
- Ironbark Aboriginal Corporation
- Larrakia Nation Aboriginal Corporation
- Northern Land Council
- NT Indigenous Business Network
- Indigenous Women in Mining Resources Association

Through engagement, we can work together to address local issues, create training opportunities, and provide employment.

Corporate Governance

The Board has adopted the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations - 4th 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 operations as an explorer and project developer.

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.

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 the United States, Europe, China, South Korea and Japan.

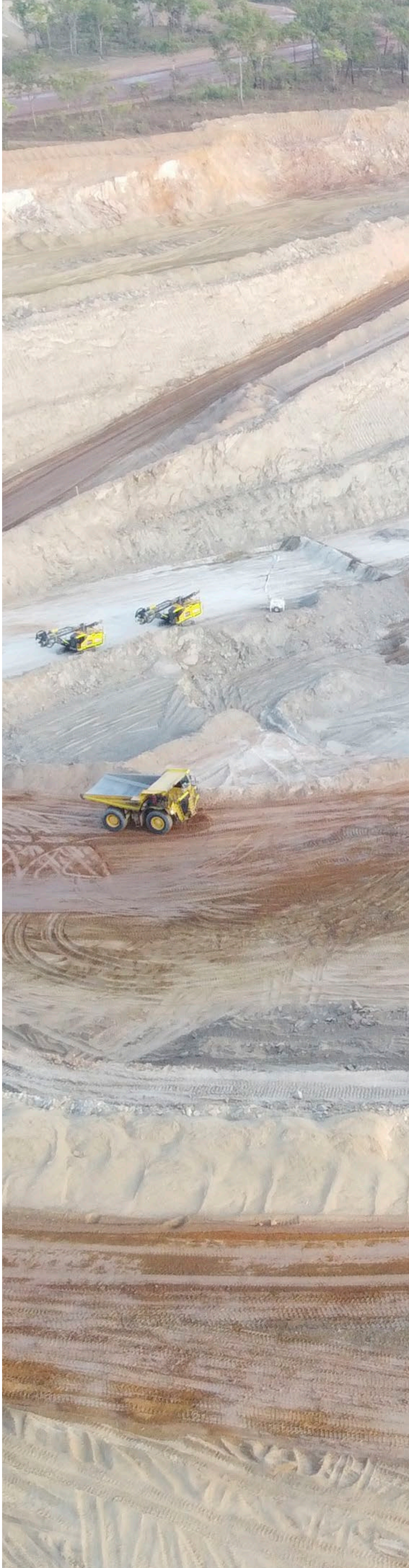
Offtake Agreements will account for a large proportion of production over the first four years of production, underpinning the Finniss Lithium Projects production profile and enabling Core to fast-track development and construction of the Finniss Lithium Project during the year.

In August 2021, Core signed a Binding Offtake and share subscription agreement with a subsidiary of Jiangxi Ganfeng Lithium Co., Ltd (Ganfeng), the world's largest lithium producer by production capacity, for 75,000 tonnes per annum over 4 years. In addition, Ganfeng invested A$34 million via equity placement into Core at a 10% premium to the 10-day VWAP.

The offtake agreement with Ganfeng, together with Core's existing offtake agreement with Yahua, a wholly owned subsidiary of Shenzhen stock exchange listed Sichuan Yahua Industrial Group Co., Ltd (Yahua). for 75ktpa over four years, brings total sales under offtake to about 80% of the Finniss Lithium Projects production being contracted over the first four years.

In March 2022, Core and Tesla executed a binding term sheet for the supply of 110ktpa of lithium spodumene concentrate for four years from Finniss. The Term Sheet is subject to both parties completing negotiations and the execution of a definitive product purchase agreement by 27 August 2022 which was extended to 26 October 2022.

GanfengLithium Yahua 雅化

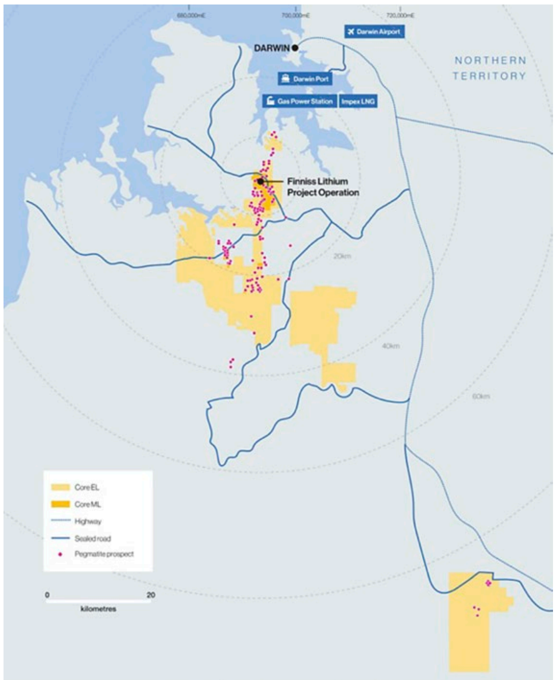


Focus on Growth

Core is heavily invested in further growth at the Finniss Lithium Project, and in the Northern Territory.

Finniss Lithium Project

Northern Territory



Drilling programs in the 2021 calendar year have resulted in an increase in Mineral Resources and mine life extension along with the identification of new discoveries. The exploration and drill results demonstrate the significant potential to further expand and define additional lithium resources at the Finniss Lithium Project.

The growth potential of the Finniss Lithium Project was enhanced with the acquisition of 6 Mining Licences over historical pegmatite workings. Initial drilling results at some of these prospects were highly encouraging.

In addition, a new area of interest has been identified in the Penfolds and Sues areas, which included a maiden RC drilling intercept and follow up exploration activity is in progress.

Core also believes it has achieved a breakthrough in geophysical exploration for pegmatites, following a successful trial of Ambient Noise Tomography at BP33. Core is planning further work to target blind pegmatite bodies at the Finniss Lithium Project in 2023.

Early in the reporting period, Core was awarded $6 million from the Federal Government for the Modern Manufacturing Initiative (MMI) to assess the feasibility of a lithium chemical plant in Darwin and early stage testwork, and feasibility activities are underway. This is a highly encouraging early step in Core's path to assessing the longer-term potential of the Finniss Project.

Other Projects

Shoobridge Lithium Project

Northern Territory

100% CXO owned

Core acquired the Shoobridge Lithium Project in April 2022. Shoobridge is located about 80km south-southeast of Finniss near Darwin in the Northern Territory. The Project is located in Pine Creek Orogen and lies within the Tipperary pegmatite district, including the Shoobridge pegmatite field and the Plateau Point pegmatite field. Shoobridge pegmatites are considered analogous to those in the Bynoe pegmatite district and complementary to Core's lithium portfolio. Core will be the first company to explore and drill these prospective, potentially lithium-rich pegmatite systems for lithium mineralisation.

Anningie and Barrow Creek Lithium Projects

Northern Territory

100% CXO owned

Core's Anningie and Barrow Creek Lithium Projects encompass five exploration licences covering approximately 2,000km^2 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 have completed reconnaissance exploration to date, confirming the lithium potential of these pegmatite fields.

SA Zinc Projects

South Australia

100% CXO owned

Core's Yerelina Zinc Project, covers a total area of 500km^2 in northern South Australia. The Yerelina Project has the potential to host large stratiform deposits in association with the known calcareous and reef limestone host facies within the Tapley Hill Formation. Historically, high grade silver-lead-zinc mineralisation was mined, but no systematic modern exploration had been undertaken prior to Core's involvement. Core's previous drilling at the Great Gladstone and Big Hill Prospects intersected mineralised carbonate-sulfide breccias, pointing towards discovery of a new sediment hosted zinc system.

Core's Mt Freeling Base Metals Project is a northern extension to the Yerelina Project in Northern South Australia, covering three tenements over 1,000km^2. The Project hosts a geological setting similar to that of Yerelina, but includes Upper Adelaidean and Cambrian sequences. The area also holds numerous historic base metals workings and prospects; however, very little historical base metals exploration has been undertaken as the focus on the area has predominately been on uranium, manganese and diamonds.

Jervois Domain Project

Northern Territory

100% CXO owned

Core's Jervois Domain project covers three exploration licences in the central Northern Territory. Drilling from previous reporting periods confirmed the 20km Big-J target zone has the geology, geophysics and indications of near-surface copper mineralisation consistent with KGL Resources' neighbouring Jervois Copper Project on a larger exploration scale.

Blueys and inkheart Lead/Silver Project

Northern Territory

100% CXO owned

Core's Blueys and Inkheart Lead/Silver Project sits within the Bitter Springs Formation and covers five exploration licences in the central Northern Territory. The mineralised zones at Inkheart are open to the north east, at depth and potentially to the south west. The near-surface silver and lead mineralisation at the Blueys Silver Prospect is believed to be enhanced by supergene processes with the majority of high-grade mineralisation at the base of oxidation of the Bitter Spring Formation sediments.

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.

Bynoe Gold Project

Northern Territory

100% CXO owned

The Bynoe Gold Project is located within Core's flagship Finniss Lithium Project in the Northern Territory. Numerous gold targets been generated from early-stage exploration activities and Core believes it is well positioned in terms of tenure, easy access, local expertise and gold prospectivity to progress the gold exploration potential at both the Bynoe and nearby Adelaide River Gold projects.

Gold-focused activities completed since the start of 2021 have included increasing the number of samples in the Finniss Project's geochemical database by over 25,600. Interpretation of the results suggest that the gold mineralisation at Finniss is of a style closely comparable with that seen at gold deposits in the Pine Creek Orogen, a gold district with past production and current reserves totaling in excess of 18 million ounces.

Fitton Uranium Project

South Australia

100% CXO owned

Core's 100% owned Fitton Project is located in a proven world-class uranium mining region, 500km north of Adelaide in South Australia and is located within 25km of three uranium mines – Beverley, Beverly North and Four Mile. As previously reported, Core has made an outstanding discovery of shallow, high-grade uranium.

Napperby Uranium Project

Northern Territory

100% CXO owned

Napperby is an advanced uranium project in the central Northern Territory with an Inferred Mineral Resource comprises 9.54Mt at 382ppm U_3O_8 for 8.03Mlb of contained U_3O_8 at 200ppm – U_3O_8 cut-off. Only a quarter of the known mineralised area defined by Uranerz in the 1980's at Napperby has been drilled to sufficient density to estimate a Mineral Resource. The larger mineralised area (25km x 5km) surrounding, and adjacent to, the deposit has strong potential to be converted to a Mineral Resource.

Tenement Schedule

as at 30 June 2022

Northern Territory			
Tenement Number	Tenement Name	Status	Equity
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 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	Zola	Granted	100%
EL 31127	Ringwood	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%
EL 31886	Adelaide River	Granted	100%
EL 32205	Finniss Range	Granted	100%
EL 32392	Ivy	Granted	100%
EL 32396	Murray Creek	Granted	100%
EL 31407	Shoobridge	Granted	100%
MLN16	Bynoe	Granted	100%
MLN813	Bilatos	Granted	100%
MLN1148	Centurion	Granted	100%
ML 29912	Saffums	Granted	100%
ML 29914	Labelle	Granted	100%

Tenement Schedule continued

Northern Territory			
Tenement Number	Tenement Name	Status	Equity
ML 29985	Angers	Granted	100%
ML 31654	Annie	Granted	100%
ML 31726	Grants Mineral Lease	Granted	100%
ML 32074	Observation Hill Ancillary Lease	Granted	100%
ML 32346	BP33 Mineral Lease	Granted	100%
ML 32278	C5 Dam Ancillary Lease	Granted	100%

South Australia			
Tenement Number	Tenement Name	Status	Equity
EL 6574	Fitton	Granted	100%
EL 6038	Mt Freeling	Granted	100%
EL 6111	Yerelina	Granted	100%
EL 6445	Wyatt Bore	Granted	100%

Mineral Resource and Ore Reserves Statement

30 June 2022	Lithium Mineral Resource (Finniss Lithium Project, Northern Territory)				
Deposit	Category	Tonnes (Mt)	Li_2O (%)	Li_2O (t)	$LiCO_3$ (t)
Grants	Measured	1.96	1.50	29,500	74,000
	Indicated	0.60	1.50	9,000	22,300
	Inferred	0.33	1.35	4,400	10,900
	Total	**2.89**	**1.49**	**42,900**	**107,200**
BP33	Measured	1.50	1.52	23,000	56,900
	Indicated	1.19	1.50	17,000	42,000
	Inferred	0.55	1.54	8,000	19,800
	Total	**3.24**	**1.51**	**48,000**	**118,700**
Sandras*	Inferred	1.30	1.0	13,000	32,100
	Total	**1.30**	**1.0**	**13,000**	**32,100**
Carlton	Measured	0.63	1.31	8,000	19,800
	Indicated	1.20	1.21	15,000	37,100
	Inferred	1.19	1.33	16,000	39,600
	Total	**3.02**	**1.28**	**39,000**	**96,500**
Hang Gong	Indicated	1.19	1.3	15,300	37,800
	Inferred	0.83	1.19	9,900	24,500
	Total	**2.02**	**1.2**	**25,200**	**62,300**
Booths & Lees*	Inferred (Lees)	0.43	1.3	5,400	13,400
	Inferred(Lees South)	0.35	1.2	4,300	10,600
	Inferred (Booths Link)	1.47	1.06	15,700	38,800
	Total	**2.25**	**1.13**	**25,400**	**62,800**
Finniss Project	Measured	4.09	1.48	60,500	150,700
	Indicated	4.18	1.36	56,300	139,200
	Inferred	6.45	1.19	76,700	189,700
	Total	**14.72**	**1.32**	**193,500**	**479,600**

Note: Totals within this table may have been adjusted slightly to allow for rounding.

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 a 0.6% Li_2O cut-off.

Subsequent to financial year ended 30 June 2022, Core released a Mineral Resource and Ore Reserves upgrade. Refer to ASX announcement on 12 July 2022 “Significant increase to Finniss Lithium Project Mineral Resource and Ore Reserves” for which Mineral Resources are in the Project Overview section of this Annual Report above.

Mineral Resource and Ore Reserves Statement continued

30 June 2022	Lithium Ore Reserve (Finniss Lithium Project, Northern Territory)			
Deposit	**Category**	**Tonnes (Mt)**	**Li_2O (%)**	**Contained metal (kt)**
Open Pit				
Grants	Proved	1.8	1.5	26.4
	Probable	0.3	1.4	4.7
	Total	**2.1**	**1.4**	**31.0**
Hang Gong	Proved	–	–	–
	Probable	1.1	1.2	13.3
	Total	**1.1**	**1.2**	**13.3**
Total Open Pit	**Proved**	**1.8**	**1.5**	**26.4**
	Probable	**1.4**	**1.3**	**17.9**
	Total	**3.2**	**1.4**	**44.3**
Underground				
Grants	Proved	0.0	1.0	0.2
	Probable	0.2	1.5	3.4
	Total	**0.3**	**1.4**	**3.6**
BP33	Proved	1.3	1.4	18.4
	Probable	1.0	1.4	13.8
	Total	**2.3**	**1.4**	**32.2**
Carlton	Proved	0.6	1.2	7.1
	Probable	1.0	1.0	10.7
	Total	**1.6**	**1.1**	**17.8**
Total underground	**Proved**	**1.9**	**1.3**	**25.7**
	Probable	**2.3**	**1.2**	**27.8**
	Total	**4.2**	**1.3**	**53.6**
Total all mining methods	**Proved**	**3.8**	**1.4**	**52.1**
	Probable	**3.7**	**1.2**	**45.8**
	Total	**7.4**	**1.3**	**97.9**

Note: Totals within this table may have been adjusted slightly to allow for rounding.

Subsequent to financial year ended 30 June 2022, Core released a Mineral Resource and Ore Reserves upgrade. Refer to ASX announcement on 12 July 2022 “Significant increase to Finniss Lithium Project Mineral Resource and Ore Reserves” for which Ore Reserves are in the Project Overview section of this Annual Report above.

30 June 2022	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_2 ppm)**
9.54	382	3,643	8.03	236

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

30 June 2021	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	**4.40**	**1.37**	**59,900**	**148,133**
	Inferred	**7.10**	**1.22**	**86,300**	**213,420**
Finniss Project	**Total**	**14.72**	**1.32**	**193,300**	**478,031**

Note: Totals within this table may have been adjusted slightly to allow for rounding.

Grants, BP33, Carlton and Lees use a 0.75% Li2O cut-off, whereas Hang Gong and Booths/Lees use a 0.7% Li2O cut-off, and Sandras uses a 0.6% Li2O cut-off.

Mineral Resource and Ore Reserves Statement continued

30 June 2021	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 all mining methods	**Proved**	**2.9**	**1.4**	**40.4**
	Probable	**2.8**	**1.3**	**35.4**
Finniss project	**Total**	**5.7**	**1.3**	**75.8**

Note: Totals within this table may have been adjusted slightly to allow for rounding.

30 June 2021	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_2 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 2021 and 2022 Mineral Resource Summary. 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 McDonald (BSc (Hons) Geol, PhD). Dr McDonald is the Resources Manager for Core Lithium Ltd. 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.

The information in this release that relates to the estimation and reporting of Ore Reserves and Mineral Resources for the Finniss Lithium Project was first reported by the Company on 12 July 2022. The information in this release that relates to production targets and forecast financial information for the Finniss Project was first reported by the Company on 26 July 2021. Core confirms that it is not aware of any new information or data that materially affects the information included in those announcements and that all material assumptions and technical parameters underpinning the, Mineral Resource estimates, Ore Reserve estimates, production targets and forecast financial information in those announcements (as applicable) continue to apply and have not materially changed.

This report includes forecast financial information released as "Scoping Study Confirms 10 Year Lithium Production" on 26 July 2021 and "Scoping Study identifies potential for Lithium Fines" on 26 July 2021.

Core confirms that it is not aware of any new information or data that materially affects the information included in those announcements and that all production targets and forecast financial information in those announcements continue to apply and have not materially changed except as updated by the announcement "Significant Increase to Finniss Resources and Reserves" released on 12 July 2022.

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 and underground Ore Reserves is based on, and fairly represents, information and supporting documents compiled and supervised by Mr Blair Duncan. Mr Duncan is the Chief Operating Officer for Core Lithium Ltd. Mr Duncan 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). Mr Duncan consents to the inclusion in this report of the contained technical information relating to this Ore Reserve Estimate in the form and context in which it appears.

Competent Person Statements continued

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 Ore Reserve inventories at 30 June 2022 increased materially from that reported at 30 June 2021.

Core announced a further 30% increase to its Finniss Lithium Project Ore Reserve during the year in conjunction with the release of the 26 July 2021 DFS update for the Finniss Lithium Project as a result of further underground mine design and planning with a focus on the Grants, BP33 and Carlton deposits which allowed for conversion of Measured Mineral Resources to Proved Ore Reserves and Indicated Mineral Resources were converted to Probable Ore Reserves with the application of modifying factors

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 reviewed by Messrs David Slater and Daniel Guibal. 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.

Mr Daniel Guibal has 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 as defined in the 2012 Edition of the JORC Code.

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 continues to apply.

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 Exploration Results included in this Report released under JORC 2012 as cross referenced in the report.

Forward-Looking Statements

The Annual Report contains “forward-looking information” that is based on the Company’s expectations, estimates and projections as of the date on which the statements were made.

This forward-looking information includes, among other things, statements with respect to feasibility studies, the Company’s business strategy, plan, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations, and Mineral Resources and Ore Reserves.

Generally, this forward-looking information can be identified by the use of forward-looking terminology such as ‘outlook’, ‘anticipate’, ‘project’, ‘target’, ‘likely’,’ believe’, ’estimate’, ‘expect’, ’intend’, ’may’, ’would’, ’could’, ’should’, ’scheduled’, ’will’, ’plan’, ’forecast’, ’evolve’ and similar expressions. Persons reading this presentation are cautioned that such statements are only predictions, and that the Company’s actual future results or performance may be materially different.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information.

Forward-looking information is developed based on assumptions about such risks, uncertainties and other factors set out herein, including but not limited to general business, economic, competitive, political and social uncertainties; the actual results of current exploration and development activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of lithium; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accident, labour disputes and other risks of the mining industry; and delays in obtaining governmental approvals or financing or in the completion of development or construction activities.

This list is not exhaustive of the factors that may affect forward-looking information. These and other factors should be considered carefully, and readers should not place undue reliance on such forward-looking information.

The Company disclaims any intent or obligations to or revise any forward- looking statements whether as a result of new information, estimates, or options, future events or results or otherwise, unless required to do so by law. Statements regarding plans with respect to the Company’s mineral properties may contain forward-looking statements in relation to future matters that can be only made where the Company has a reasonable basis for making those statements.

Directors' Report

Directors' Report

Core's Directors have pleasure in submitting their report on the Company and its subsidiaries, for the year ended 30 June 2022.

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)

Member of the Audit and Risk Committee

Member of the Nomination and Remuneration Committee

EXPERIENCE AND EXPERTISE

Greg English is co-founder and Chairman of Core.

As Chairman of the board he 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 30 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 regularly recognised in The Best Lawyers® in Australia, in Commercial Law.

He is an experienced company director and has served 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

Director of Archer Materials Ltd since 16 February 2007 and appointed Executive Chairman on 1 June 2015.

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Non-executive Director of Leigh Creek Energy Limited (ASX: LCK) appointed 22 September 2015 and resigned 22 June 2021.

INTEREST IN SHARES

As at the date of this report, 6,265,000 Ordinary Shares held directly and by an entity in which Mr English has a beneficial interest.

INTEREST IN OPTIONS/PERFORMANCE RIGHTS

As at the date of this report, 5,000,000 unquoted Options.

Stephen Biggins

MBA, BSc (Hons) Geol, MAusIMM

Managing Director (appointed 10 September 2010 and resigned 25 March 2022 and will step down from the role before the end of 2022)

Member of the Audit and Risk Committee

EXPERIENCE AND EXPERTISE

Stephen Biggins has 30 years' experience as geologist in the mining industry and over 15 years as the Managing Director of ASX listed mining companies with projects 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), founding Director of Investigator Resources Ltd (ASX: IVR), Managing Director of Core Lithium (ASX:CXO) and more recently Stelar Metals (ASX:SLB) to the management and financing of exploration, resource definition, feasibility, development and construction in a range of commodities.

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

He has founded 4 ASX companies leading to the successful operation of the Cannon Gold Mine for Southern Gold Ltd, definition of the Paris Silver Deposit for Investigator Resources Ltd, Financing and Construction of the Finniss Lithium Project for Core and commencement of exploration for Stelar Metals Ltd.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Non-Executive Chairman of Stelar Metals Limited (ASX: SLB) listed 2 July 2021.

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

None

INTEREST IN SHARES

As at the date of this report, 7,784,333 Ordinary Shares held by entities in which Mr Biggins has a beneficial interest.

INTEREST IN OPTIONS/PERFORMANCE RIGHTS

As at the date of this report 4,541,667 unvested unquoted Performance Rights.

Heath Hellewell

BSc (Hons) AIG

Non-Executive Independent Director (appointed 15 September 2014)

Member of the Audit and Risk Committee

Chair of the Nomination and Remuneration Committee

EXPERIENCE AND EXPERTISE

Heath Hellewell is an exploration geologist with 30 years' 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 Heath 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.

Non-Executive Chairman of DiscovEx Resources Limited (ASX: DCX) appointed 11 March 2021.

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

None

INTEREST IN SHARES

None as at the date of this report.

INTEREST IN OPTIONS/PERFORMANCE RIGHTS

As at the date of this report, 5,000,000 unquoted Options.

Malcolm McComas

B. Ec, LLB (Monash)

Non-Executive Independent Director (appointed 17 October 2019)

Chair of the Audit and Risk Committee

Member of the Nomination and Remuneration Committee

EXPERIENCE AND EXPERTISE

Malcolm McComas is a private investor and 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 following earlier roles at Morgan Grenfell (now Deutsche Bank) in Melbourne, Sydney and London. He has deep experience in equity capital markets and mergers and acquisitions and has worked across many industry sectors for companies, institutional investors and governments over a 30 year career in investment banking. He was previously a lawyer specialising in tax.

He has worked with many growth companies in the resources sector and was most recently a director of BC Iron, the WA based iron ore producer and Consolidated Minerals, a global manganese mining 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 Fitzory River on 17 February 2020.

INTEREST IN SHARES

As at the date of this report, 1,448,400 Ordinary Shares held by an entity in which Mr McComas has a beneficial interest.

INTEREST IN OPTIONS/PERFORMANCE RIGHTS

As at the date of this report, 3,000,000 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. Jarek has 25 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 5 years at WMC Resources Limited’s (now BHP) Olympic Dam operations, 5 years at Newmont Mining Corporation – Australia’s corporate office and 5 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 iTech Minerals Ltd (ASX:ITM) and is Company Secretary of Iron Road Ltd (ASX: IRD), Austral Resources Australia Ltd (ASX:AR1) and Copper Search Limited (ASX:CUS). He has held similar roles with other ASX entities in the past and has other business interests with numerous unlisted entities.

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[1]	18	18	2	3
SR Biggins	16	18	2	3
HA Hellewell[3]	18	18	3	3
MJ McComas[2]	17	18	3	3

1. *Chair of the Board.*
2. *Chair of the Audit and Risk Committee.*
3. *Chair of the Nomination and Remuneration Committee – the Committee met for the first time after reporting date.*

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

Principal Activities

Core is currently transitioning from developer to producer of lithium from the Finniss Lithium Project as well as the advancement of strategic prospects in the Northern Territory and South Australia.

Operating and Financial Review

Our operations are reviewed on pages 6 to 9 and Core Lithium's financial risk management is shown on pages 102 to 103. These sections and the information below form part of the Operating and Financial Review. The net loss of the Group, for the year ended 30 June 2022, was $7.5 million (2021: $2.9 million).

The key contributor to the increase in the loss for the year was the increase in corporate and overhead expenditure to support the Group through its transition from a lithium explorer and developer to Australia's next lithium producer. Current year expenditure in the Statement of Profit and Loss primarily represents corporate salaries and wages for the Executive Office and senior management supporting the development and financing of the Finniss Lithium Project as well as marketing expenditure incurred in product marketing activities.

During the year Core achieved several key Company and project milestones including advancing the Finniss Lithium Project into operations as well as enhancing value through organic growth and mine life extension as well as pursuing inorganic growth through acquisition of strategic prospective ground alongside Finniss.

Key milestones achieved during the year include:

- Funding of $150 million raised via equity capital markets including a $116 million share placement and share purchase plan, and a $34 million equity investment from key offtake partner Ganfeng, with whom Core also signed a 4-year offtake agreement to supply spodumene concentrate for 75kt per annum;
- Final Investment Decision (FID) in September 2021;
- Award of key contracts including mining services contract to Lucas Total Contract Solutions, EPC contract to Primero Group and crushing contracts to CSI;
- Commencement of project construction activities at Finniss in October 2021 including establishment of site management and owners' team, site establishment and water infrastructure and site civil works. Construction also commenced on the DMS plant and crushing plant including Run-Of-Mine (ROM) pad; and
- Received environmental approval of the BP33 underground mine, Core's second lithium mine.

Core continued to achieve key milestones in the 2023 financial year with a view to advancing the development of the Finniss Lithium Project as follows:

- Released an updated Mineral Resource and Ore Reserve statement, increasing mine life to 12-years and growing the Resource basis to 19.9Mt @ 1.32% Li_2O.
- Appointment of new CEO, Gareth Manderson in August 2022. Gareth was most recently General Manager of Sustaining Capital and Rio Tinto, where he was instrumental in developing a team and structure capable of delivering Rio Tinto's Iron Ore sustaining capital, improvement capital and technology deployment projects across its Pilbara operations in regional Western Australia.

Material business risks

The material business risks for the group include:

Foreign exchange and commodity price

The financial results and position of the Group are reported in Australian dollars. Lithium Spodumene Concentrate is sold principally based on a United stated Dollar (USD) price. Accordingly, the Group's revenues are linked to both the USD commodity price and AUD/USD exchange rate. Volatility in the lithium market creates revenue uncertainty and requires careful management to ensure that operating cash margins are maintained should there be a sustained fall in the AUD lithium price. Spodumene concentrate is not a commodity for which hedging or derivative transactions can be used to manage commodity price risk.

Costs

Production, cost and capital estimates: The Group prepares estimates of future production, operating costs and capital expenditure relating to production at its operations. The ability of the Group to achieve production targets or meet operating and capital expenditure estimates on a timely basis cannot be assured. The future production and costs of the Group are subject to uncertainty for a variety of reasons, including:

- variances in actual ore mined due to varying estimates of grade, tonnage, dilution, metallurgical and other characteristic; revisions of mine plans;
- changing ground conditions; labour availability and costs; diesel costs; and general inflationary pressures being felt across the industry.

Failure to achieve production, cost or capital estimates, or material increases to costs, could have an adverse impact on the Group's future cash flows, profitability and financial condition. The development of estimates is managed by the Group using a budgeting process. Actual results are compared with budgets to identify drivers behind discrepancies which may result in updates to future estimates.

Government regulation/licence permits and approvals

To operate the mines the Group needs to comply with applicable environment, planning laws, regulations and permitting requirements. The Group has in place the necessary approvals and licences to operate the Grants Open Pit at the Finniss Lithium Project, however there can be no assurance that approvals and permits required to commence construction, development or operation of future prospects will be obtained.

Operating risks and hazards

The Group's operations, consisting of open pit mining and site construction activities involve a degree of risk. The Group's operations are subject to all the hazards and risks normally encountered in the exploration, development, construction, and production phase of an operation. This level of operations is subject to hazards such as equipment failure, loss of power, fast moving heavy equipment, water, and tailings infrastructure such as retaining dams, rain and seismic events which may result in environmental pollution and consequent liability. The impact of these events could lead to disruptions in operations and scheduling, increased costs, and loss of facilities, which may have a material adverse impact on the group's results of operations, financial condition, license to operate and prospects. These risks are managed by a structured operational risk management framework, experienced employees and contractors and formalised procedures. The Company also has a comprehensive insurance program in place.

Exploration and development risk

An ability to sustain or increase the current level of production in the longer term is in part dependent on the success of the Group's exploration activities and development projects, and the expansion of existing mining operations, in particular those around the Finniss area. The exploration for and development of mineral deposits involve significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, not all exploration activity will lead to the discovery of economic deposits, and even fewer are ultimately developed into producing mines. Major expenditure may be required to locate and establish Ore Reserves, to establish rights to mine the ground, to receive all necessary operating permits, to develop metallurgical processes and to construct mining and processing facilities at a particular site.

Ore reserves and mineral resources

The Group's estimates of Mineral Resources and Ore Reserves are based on different levels of geological confidence and different degrees of technical and economic evaluation, and no assurance can be given that anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realised or that Ore Reserves could be mined or processed profitably. The quality of any Mineral Resources and Ore Reserves estimate are a function of the quantity of available technical data and of the assumptions used in engineering and geological interpretation and modifying factors affecting economic extraction. Such estimates are compiled by experienced and appropriately qualified personnel and subsequently reported by Competent Persons under the JORC Code. Fluctuation in lithium prices, key input costs to production, as well as the results of additional drilling, and the evaluation of reconciled production and processing data subsequent to any estimate may require revision of such estimates.

Actual mineralisation of ore bodies may be different from those predicted, and any material variation in the estimated Ore Reserves, including metallurgy, grade, dilution, ore loss, or stripping ratio at the group's properties may affect the economic viability of its properties, and this may have a material adverse impact on the group's results of operations, financial condition, and prospects. There is also a risk that depletion of reserves will not be offset by discoveries or acquisitions, or that divestitures of assets will lead to a lower reserve base. The reserve base of the group may decline if reserves are mined without adequate replacement and the group may not be able to sustain production beyond the current 12-year mine life.

Climate change

The Group may be impacted by climate related risks including reduced water availability, extreme weather events, changes to legislation and regulation, reputational risk, and technological and market changes.

Environmental Legislation

The Group has previously completed an Environmental Impact Statement for the Grants Lithium Project.

During the year, the company achieved environmental approval for the BP33 Underground Mine under the NT *Environment Protection Act 2019*. These approvals include conditions in relation to the protection of the environment through appropriate storage of dangerous substances, control of emissions, auditing and reporting obligations and the rehabilitation of disturbed land.

The Group's exploration activities are subject to various environmental regulations under the Commonwealth & State Laws of Australia. The majority of its exploration activities involve low level disturbance associated with exploration drilling programs.

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.

There have been no material breaches of the Group's licences during the reporting period and all mining, exploration and associated activities have been undertaken in accordance with the relevant environmental regulations.

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 date

On 12 July 2022 Core announced a significant increase to the Finniss Lithium Project Mineral Resource and Ore Reserves Estimates. The Mineral Resource Estimate increased by 28% to 18.9Mt at 1.32% Li_2O and the Ore Reserve Estimate increased by 43% to 10.6Mt at 1.3% Li_2O.

On 5 August 2022 Core appointed Gareth Manderson as CEO. Gareth was most recently General Manager of Sustaining Capital and Rio Tinto, where he was instrumental in developing a team and structure capable of delivering Rio Tinto's Iron Ore sustaining capital, improvement capital and technology deployment projects across their Pilbara operations in regional Western Australia.

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 transition from developer to producer of lithium from the Finniss Lithium Project as well as the advancement of strategic lithium prospects in the Northern Territory. Core continues to identify and evaluate existing and potential projects and opportunities that strategically align with the existing projects and unlock value for shareholders.

Core is also focused on investing in organic and inorganic growth activities which complement the Finniss Lithium Project with the aim of continuing to increase Mineral Resources and Ore Reserves.

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
29 November 2019[1]	30 June 2023	\$0.060	13,000,000
12 February 2021[2]	12 February 2023	\$0.450	11,591,726
Total options on issue			**24,591,726**

1. *Vested options issued to Directors as remuneration in FY 2020.*
2. *Unquoted options attaching to shares issued under the \$40.5 million share placement in February 2021.*

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	Vested and Exercisable
1	29 November 2019	30 June 2023	30 June 2025	541,667	–
2	29 November 2019	30 June 2023	30 June 2026	3,250,000	–
3	20 December 2019	29 December 2021	30 September 2024	250,000	Yes
4	20 December 2019	29 March 2022	31 December 2024	450,000	Yes
5	20 December 2019	29 December 2022	30 September 2025	750,000	–
6	20 December 2019	29 March 2023	31 December 2025	1,750,000	–
7	20 December 2019	29 March 2024	31 December 2026	500,000	–
8	30 July 2021	29 March 2023	31 December 2025	180,000	–
9	30 July 2021	29 March 2024	31 December 2026	180,000	–
10	30 July 2021	31 December 2024	31 December 2027	180,000	–
11	26 November 2021	30 June 2023	30 June 2025	750,000	–
12	10 May 2022	29 December 2022	31 December 2025	134,538	–
13	10 May 2022	30 March 2023	31 March 2026	185,809	–
14	10 May 2022	29 July 2023	31 July 2026	102,543	–
15	10 May 2022	30 September 2023	30 September 2026	51,271	–
16	10 May 2022	30 November 2023	30 November 2026	57,639	–
17	10 May 2022	29 December 2023	31 December 2026	57,638	–
	Total performance rights on issue			**9,371,105**	

Subsequent to 30 June 2022 a total of 1,000,000 performance rights lapsed as performance conditions were not met and 3,958,333 performance rights were exercised into ordinary shares for nil consideration.

These options and rights do not entitle the holders to participate in any dividends or 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. Remuneration essentials
B. Principles used to determine the nature and amount of remuneration
C. Details of Senior Executive Officer and Non-Executive Director remuneration
D. Senior Executive Officer and employment arrangements
E. Non-Executive Directors Fees
F. Share-based remuneration
G. Other information

A. Remuneration Essentials

What does this Report cover?

The directors of Core Lithium Ltd present to shareholders the Company's remuneration report in accordance with the *Corporations Act 2001* (Cth) and its Regulations for the year ended 30 June 2022 ('financial year' or 'FY22').

Who does this Report cover?

This report sets out the remuneration arrangements for the Company's Key Management Personnel ('KMP'). The term KMP refers to those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. Throughout the remuneration report, KMP are referred to as either Senior Executive Officers or Non-Executive Directors.

The KMP of the Company are the Board of Directors and Senior Executive Officers, these are set out below. All KMP held their positions for the whole of the financial year, unless otherwise noted.

– Greg English – Non-Executive Chairman
– Heath Hellewell – Non-Executive Director
– Malcolm McComas – Non-Executive Director
– Stephen Biggins – Managing Director, resigned 25 March 2022 and will step down from the role before the end of 2022
– Jarek Kopias – Company Secretary
– Simon Iacopetta – Chief Financial Officer (CFO)
– Blair Duncan – Chief Operating Officer (COO)

Subsequent to the end of the reporting period, Gareth Manderson was appointed as the Chief Executive Officer (CEO) on 5 August 2022.

All Non-Executive Directors and the Managing Director are members of the Audit and Risk Committee. All Non-Executive Directors are members of the Nomination and Remuneration Committee.

Remuneration Governance and Framework

Nomination and Remuneration Committee

In accordance with best practice corporate governance, a Nomination and Remuneration Committee was formed in December 2021. Refer to Directors details section of the Directors' report for details of Committee members. The Nomination and Remuneration Committee will hold meetings at least two times a year or more frequently as required. A quorum will be a majority of the members of the Committee.

Role of the Board and Nomination and Remuneration Committee

The Board of Directors (the 'Board') is responsible for establishing, and overseeing the implementation of, the Company's remuneration policies and frameworks and ensuring that it is aligned with the objectives of shareholders and the business.

The Nomination and Remuneration Committee are responsible for the Group's remuneration structure and arrangements and make recommendations to the Board. In particular, the Nomination and Remuneration Committee reviews and recommends to the Board:

- remuneration and arrangements for KMP;
- equity based remuneration plan for KMP and other employees;
- superannuation arrangements for KMP and other employees;
- incentive plans (including equity based plans);
- the Company's remuneration and incentive policies; and
- whether there is any gender or other bias in remuneration for KMP or other employees.

Use of remuneration consultants and other advisors

The Board and the Nomination and Remuneration Committee seek and consider advice from independent remuneration consultants to ensure that they have all the relevant information at their disposal to determine KMP remuneration. Remuneration consultant engagement is governed by internal protocols that set the parameters around the interaction between management and consultants to ensure recommendations are free from undue influence and ensure compliance with the *Corporations Act 2001* (Cth).

Protocols

Under the protocols adopted by the Board and the Nomination and Remuneration Committee:

- external consultants/advisors may be appointed as members to the Nomination and Remuneration Committee;
- the Nomination and Remuneration Committee must, in deciding whether to approve the engagement, have regard to any potential conflicts of interest including factors that may influence independence such as previous and future work performed by the Committee and any relationships that exist between any Key Management Personnel and the remuneration consultant;
- communication between the remuneration consultants and Key Management Personnel is restricted to minimise the risk of undue influence on the remuneration consultant; and
- where the consultant/advisor is also engaged to perform work that does not involve the provision of a remuneration recommendation, prior approval of the Nomination and Remuneration Committee must be obtained.

The Board and the Nomination and Remuneration Committee use remuneration consultants' advice and recommendations from time to time. The Board makes its decisions after it considers the issue and the advice from the Nomination and Remuneration Committee and the consultants engaged.

In the current year, the Company engaged Alto Partners as external consultants to perform a review of peer companies to provide guidance in relation to the Company's remuneration policy and reward levels for the Non-Executive Chairman, Non-Executive Directors, Managing Director and Senior Executive Officer positions. Alto Partners were paid $20,000 for the remuneration recommendations and benchmarking reports. No other services were obtained.

Alto Partners confirmed any recommendations have been made free from undue influence by members of the Group's KMP. As a consequence, the Directors are satisfied that the recommendations were made free from undue influence from any members of the KMP.

Voting and comments made at the Company's 2021 Annual General Meeting ('AGM')

At the 2021 AGM, 96% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

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

Remuneration Strategy

The Company's remuneration strategy 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 strategy 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 Board's strategy for determining the nature and amount of remuneration for its members and other Key Management Personnel of the Company is as follows:

1. The remuneration strategy, setting the terms and conditions for the Chief Executive Officer and KMP, was developed by the Board. All KMP 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 Senior 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 strategy 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 strategy 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.

Remuneration strategy objectives

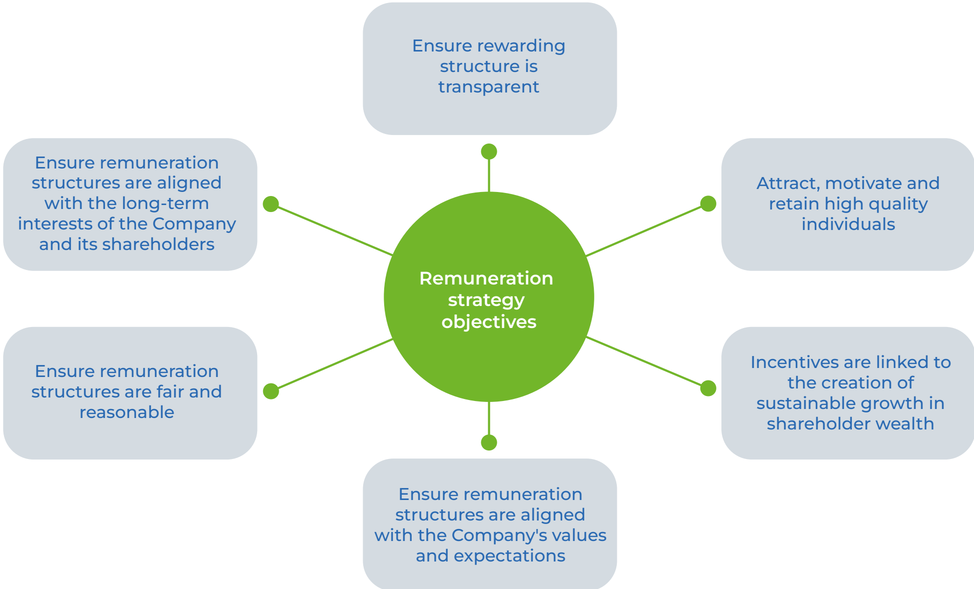
The objective of the Company's remuneration strategy is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns reward with the achievement of objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward.

In accordance with best practice corporate governance, the structure of Senior Executive Officers and Non-Executive Director remuneration is separate.

Senior Executive Officer Remuneration

The Company's remuneration strategy is designed to be competitive and to focus Senior Executive Officers on executing the Company's strategy and achieving its business objective to increase shareholder value.

The Board and Nomination and Remuneration Committee are guided by the following objectives when making decisions regarding Senior Executive Officer remuneration:



Senior Executive Officers remuneration mixes and components

The Group's executive remuneration framework is summarised below and includes components of remuneration which are fixed and also structured in a manner to motivate executives to deliver sustained returns through a mix of short-term and long-term incentives.

Fixed remuneration	Short-term incentive ('STI') (at risk)	Long-term incentive ('LTI') (at risk)
Base salary plus superannuation and other benefits	STI is subject to performance targets for the reporting period	Granted in performance rights
Maximum of 100% of base salary	Maximum 50% of fixed remuneration for the CEO and 40% for other Senior Executive Officers	Maximum 60% of fixed remuneration for other Senior Executive Officers and 50% for the CEO
Influenced by role requirements, individual skills, qualifications, experience, and performance	Based on the achievement of set milestones	Vesting conditions include individual milestones along with increase in shareholder value relative to an industry peer group for the CEO
Reviewed annually	Performance generally measured over 12 months	Performance generally measured longer than 12 months

Fixed remuneration

A Senior Executive Officer's fixed remuneration comprises base salary and employer superannuation contributions and other components as the Company and the individual agree provided that no extra cost is incurred by the Company for these benefits.

Fixed remuneration is reviewed annually by the Nomination and Remuneration Committee with reference to the Group's performance, the individual's performance, and comparable information from industry sectors and other ASX listed peer companies.

No changes to the fixed remuneration approach were implemented during the financial year.

Short-term incentive (STI)

The STI plan component is delivered in the form of performance cash bonus if the performance conditions for the financial year are achieved. STI performance conditions are set between the Board and Nomination and Remuneration Committee and the individual Senior Executive Officer and are set against key milestones as determined by the Board and Nomination and Remuneration Committee.

The Board recognises the need to motivate, attract and retain employees to deliver excellent business performance. During the current year, the Nomination and Remuneration Committee will continue to engage with remuneration consultants and advisors as necessary for provide guidance and peer review analysis.

Performance conditions are based on the achievement of milestones set by the Board and Nomination and Remuneration Committee. These performance conditions are generally measured over a 12-month period and are reviewed annually.

Long-term incentive (LTI)

The Board believes that an LTI plan can:

- focus and motivate Executives to achieve longer term outperformance outcomes;
- ensure that business decisions and strategic planning considering the Company's long-term performance;
- be consistent with contemporary remuneration governance standards and guidelines;
- be consistent and competitive with current practices of comparable companies; and
- create an immediate ownership mindset among the Executives, aligning them with shareholders by linking a substantial portion of their potential total reward to the Company's shareholder returns.

The LTI plan is granted using performance rights under the Performance Share Plan.
The performance rights vested will expire after three years.

Performance conditions include individual Senior Executive Officer milestones along with a total shareholder return measure relative to an industry peer group for the Managing Director. These performance conditions cover periods beyond 12 months and are reviewed at least annually.

Non-Executive Director Remuneration

In remunerating Non-Executive Directors, the Company aims to ensure that it can attract and retain qualified and experienced directors having regard to:

- the specific responsibilities and requirements for the Board;
- comparative roles in the external market; and
- the size and complexity of the Company's operations.

Current Performance Based Remuneration Strategy

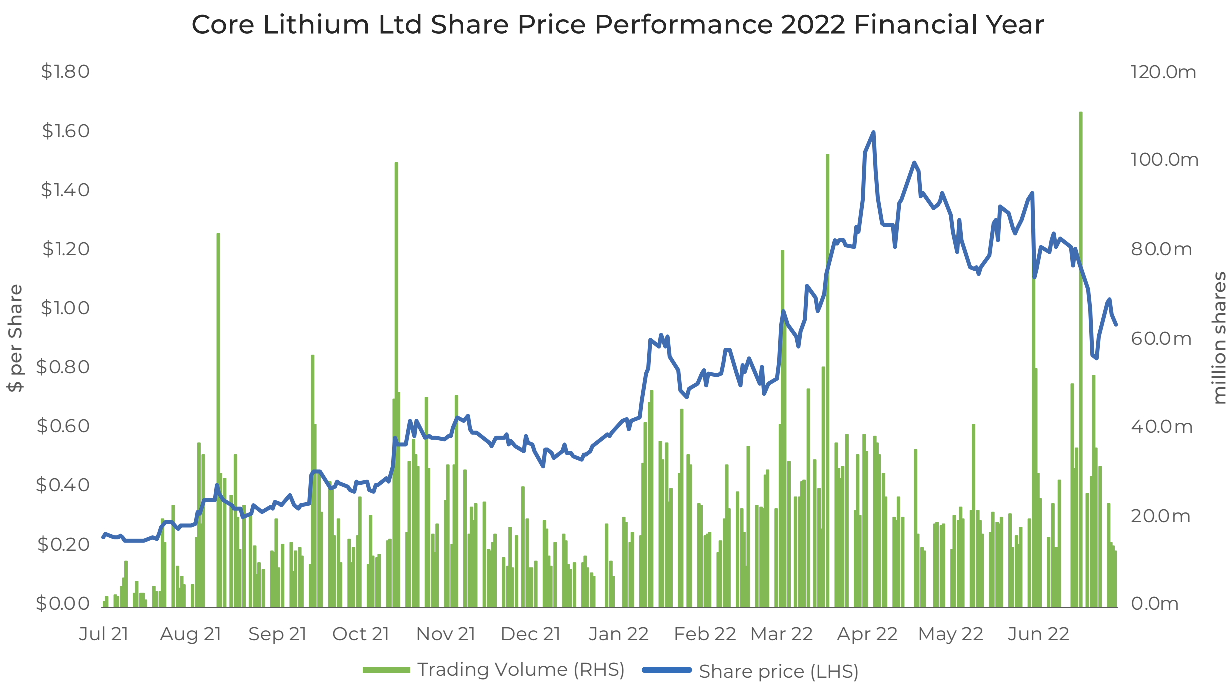
The current remuneration strategy has been tailored to align the interests of shareholders, directors, and other key management personnel. Currently, this is facilitated through short-term and long-term performance-based incentives through the payment of cash performance bonuses and through the issue of options and/or performance rights to key management personnel that encourages the alignment of personal and shareholder interests. The Company believes that this strategy has been effective in increasing shareholder wealth to date.

The Board has increased the proportion of performance-based incentives to key management personnel over the last 5 years. During the financial year, the Board established a Nomination and Remuneration Committee who are now tasked with setting appropriate fixed and at-risk performance-based remuneration structures. To this point, STI remuneration is currently under review by the Nomination and Remuneration Committee for the 2023 financial year. The LTI remuneration beyond those currently issued to Senior Executive Officers is also under review for the 2023 calendar year and beyond.

Consequences of Performance on Shareholder Wealth

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

Item	2022	2021	2020	2019	2018
Net loss for the year ($)	7,465,674	2,912,254	4,386,412	2,404,217	2,094,330
Loss per share (cents)	(0.47)	(0.27)	(0.55)	(0.36)	(0.43)
Shareholders' Equity ($)	238,724,755	71,314,461	33,567,860	29,863,066	26,197,379
Number of issued shares – end of year	1,732,611,716	1,174,117,254	969,692,791	778,191,657	633,591,657
Share price – end of the year (cents)	95.5	24.0	4.5	4.0	4.7
Market capitalisation – end of year ($m)	1,654.6	281.8	43.6	31.1	29.8



C. Details of Senior Executive Officer and Non-Executive Director Remuneration

Details of the nature and amount of each element of the remuneration of the Company's Key Management Personnel (KMP) are shown below:

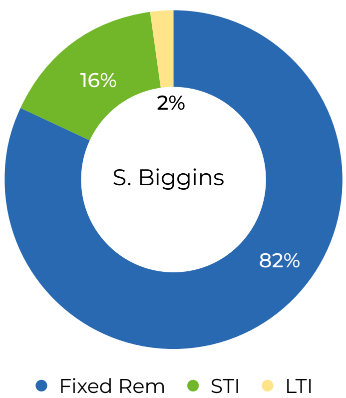
Directors and Other Key Management Personnel Remuneration

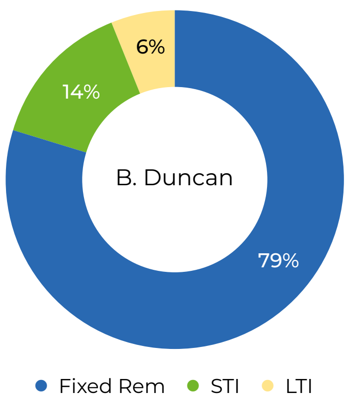
	Short-Term Benefits			
2022	Salary and Fees $	Contract Payments $	Annual Leave Entitlement[4] $	Bonus[3] $
Non-Executive Directors				
G English[6]	127,318	—	—	—
H Hellewell[2]	—	53,758	—	—
M McComas[2]	—	52,753	—	—
Executive Director				
S Biggins	362,935	—	38,515	100,000
Other Key Management Personnel[4]				
B Duncan	394,432	—	26,564	85,000
S Iacopetta	336,682	—	22,102	95,000
J Kopias[2]	—	95,917		—
Total	**1,221,367**	**202,428**	**87,181**	**280,000**

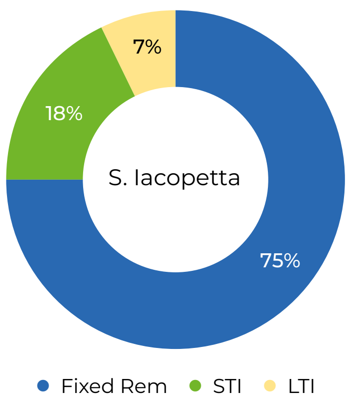
1. *Expense recognised for performance rights and options issued to KMP in accordance with the vesting terms.*
2. *Contract payments are made to associated entities of KMP.*
3. *Short term cash incentive bonuses at the discretion of the Board based on milestones achieved for performance targets during the reporting period. Bonuses were paid in August, October, and November 2021.*
4. *Leave entitlements are calculated using the KMP's provision year on year, being the net accrued and taken during the year.*
5. *During the year, nil (2021: nil) options and 750,000 (2021: 250,000) performance rights were issued as remuneration to KMP. The share-based payments expense is recognised at fair value over the vesting period for options and performance rights granted.*
6. *In addition to Chairman's fees during the year G English also received additional exertion payments associated with the CEO/Managing Director transition.*

Remuneration mix for the Senior Executive Officers is shown below for the 2022 financial year.

2022 Remuneration Mix







Post-Employment Benefits	Other Long-Term Benefits	Share-based Payments		
Superannuation $	Long Service Leave Entitlement[4] $	Options and Performance Rights[1,5] $	Total $	At Risk %
12,732	—	—	140,050	—
—	—	—	53,758	—
—	—	—	52,753	—
23,568	86,496	12,456	623,970	18
23,568	24,613	37,147	591,324	20
23,568	12,904	34,407	524,663	25
—	—	—	95,917	—
83,436	**124,013**	**84,010**	**2,082,435**	**17**

Directors’ Report continued
Remuneration Report (Audited)

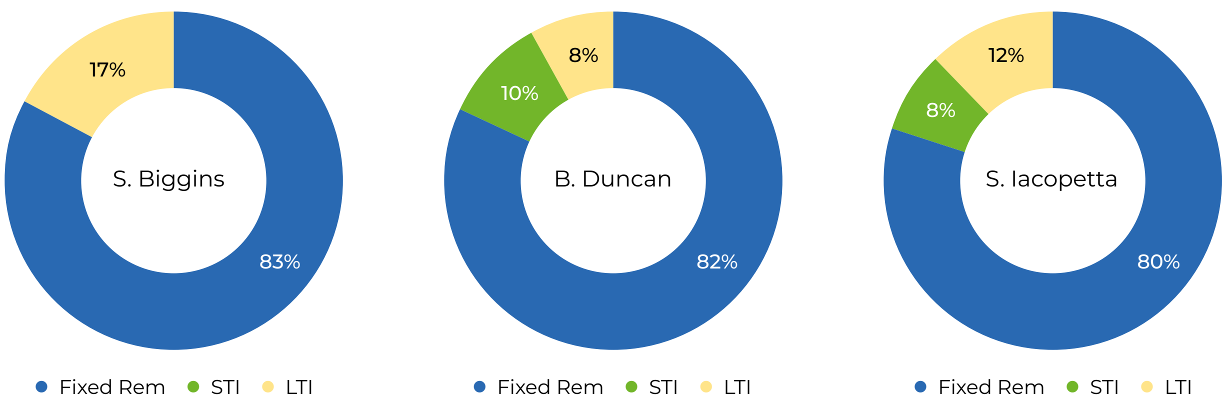
Director and Other Key Management Personnel Remuneration

	Short-Term Benefits			
2021	Salary and Fees $	Contract Payments $	Annual Leave Entitlement[5] $	Bonus[3] $
Non-Executive Directors				
G English	54,795	—	—	—
H Hellewell[2]	—	40,333	—	—
M McComas[2]	—	40,201	—	—
Executive Director				
S Biggins	263,006	—	6,615	—
Other Key Management Personnel[4]				
B Duncan	265,065	—	(999)	35,000
S Iacopetta	264,306	—	13,007	30,000
J Kopias[2]	—	65,149		—
Total	**847,172**	**145,683**	**18,623**	**65,000**

1. *Expense recognised for performance rights and options issued to KMP over the vesting period.*
2. *Contract payments are made are made to associated entities of KMP.*
3. *Short-term cash incentive bonuses for achievement of performance targets for the reporting period and paid in July and August 2021.*
4. *The Commercial Marketing Manager and Exploration Manager ceased to meet the definition of a Key Management Personnel from 1 July 2020.*
5. *Leave entitlements are calculated using the KMP’s provision year on year, being the net accrued and taken during the year.*

Remuneration mix for the Senior Executive Officers is shown below for the 2021 financial year.

2021 Remuneration Mix



Post-Employment Benefits	Other Long-Term Benefits	Share-based Payments		
Superannuation $	Long Service Leave Entitlement[5] $	Options and Performance Rights[1] $	Total $	At Risk %
5,205	—	—	60,000	—
—	—	—	40,333	—
—	—	—	40,201	—
21,694	7,549	62,316	361,180	17
19,636	5,729	29,436	353,867	18
21,694	3,241	45,816	378,064	20
—		—	65,149	—
68,229	**16,519**	**137,568**	**1,298,794**	**16**

D. Senior Executive Officers and employment arrangements

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

Name	Position	Base Remuneration[3]	Unit of Measure	Term of Agreement	Notice Period[1]	Termination Benefits
S Biggins[2]	Managing Director	$381,818	Salary	Permanent	Three months	Long service leave payout
G Manderson[4]	Chief Executive Officer	$692,957	Salary	Permanent	Four months	None
B Duncan	Chief Operating Officer	$420,000	Salary	Permanent	Three months	None
S Iacopetta	Chief Financial Officer	$350,000	Salary	Permanent	Three months	None
J Kopias	Company Secretary	Variable	Hourly rate contract	As required	One month	None

1. *To be given by the employee or by the Company.*
2. *S Biggins is employed on a 4 days per week basis and resigned 25 March 2022 – see ASX announcement "Resignation of Managing Director Stephen Biggins". S Biggins will step down from the role before the end of 2022. S Biggins will be paid out the equivalent of long service leave accrued for service period with the company upon termination.*
3. *Base remuneration is exclusive of superannuation benefits. Senior executives are paid superannuation at the current superannuation rate under the Super Guarantee Act unless otherwise stated. For FY22 this was 10% G Manderson superannuation is capped at the maximum contribution base in accordance with the Superannuation Guarantee (administration) Act 1992 (Cth).*
4. *G Manderson commenced 8 August 2022.*

E. Non-Executive Directors Fees

Non-Executive Directors receive a fixed fee remuneration. 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 $700,000).

During the 2022 financial year, a review of Directors' fees was undertaken, and fees increased to $170,000 per annum (previously $60,000) for the Non-Executive Chairman and $110,000 per annum (previously $40,000) for Non-Executive Directors. The fixed remuneration rates are inclusive of base salary, superannuation and any guarantee benefits (excluding termination benefits) and do not include any incentives.

Fees for Non-Executive Directors are not linked to the performance of the Group, except in relation to share based remuneration. 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. No share-based incentives were offered to the Directors during the 2022 financial year. All Directors (including the Chairman) are entitled to be reimbursed for travel and other expenses properly incurred by them in attending any meeting or otherwise in connection with the business or affairs of the Company, in accordance with the Company's constitution.

F. 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. There were no options convertible to ordinary shares in the Company that were granted as remuneration to each KMP during the year. 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:

2022 Performance Rights	Number Granted	Grant Date	Fair Value at Grant Date[1]		Vesting Criteria	Last Vesting Date	Expiry Date Upon Vesting
Granted			$/right	Full value ($)			
S Biggins	750,000	26/11/2021	0.54	405,000	Commercial production (within 18 months of FID)	30/06/2023	30/06/2025

The fair value at grant date is determined based using a valuation methodology as disclosed in the notes to the financial statements.

Shareholdings of Key Management Personnel

The number of ordinary shares of the Company held, directly, indirectly, or beneficially, by each Director and Key Management Personnel, including their personally related entities as at reporting date:

2022 Key Management Personnel	Held at 30 June 2021	Sale of Shares	Options/Rights Exercised	Other Change	Held at 30 June 2022
G English	6,265,000	—	—	—	6,265,000
M McComas	1,448,400	(2,000,000)	2,000,000	—	1,448,400
S Biggins	8,206,347	(12,328,679)	9,198,332	—	5,076,000
B Duncan	—	(750,000)	750,000	—	—
S Iacopetta	650,000	(1,900,000)	1,250,000	—	—
J Kopias	884,685	(884,685)	—	—	—
Total	**17,454,432**	**(17,863,364)**	**13,198,332**	**—**	**12,789,400**

Option Holdings of Key Management Personnel

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

Options

2022 Key Management Personnel[1]	Held at 30 June 2021	Granted during Year	Lapsed during Year	Exercised during Year[2]	Other Change	Held at 30 June 2022	Vested and Exercisable at 30 June 2022
G English	5,000,000	—	—	—	—	5,000,000	5,000,000
H Hellewell	5,000,000	—	—	—	—	5,000,000	5,000,000
M McComas	5,000,000	—	—	(2,000,000)	—	3,000,000	3,000,000
S Biggins	5,000,000	—	—	(5,000,000)	—	—	—
Total	**20,000,000**	**—**	**—**	**(7,000,000)**	**—**	**13,000,000**	**13,000,000**

1. *Represents issue of options as approved by shareholders at the 2019 AGM and issued under the Company's Share Option Plan.*
2. *Options exercised during the period has an exercise price of 6 cents per share.*

Performance right holdings of key management personnel

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

2022 Key Management Personnel	Held at 30 June 2021	Granted during Year	Lapsed during Year	Exercised during Year	Other Change	Held at 30 June 2022	Vested and Exercisable at 30 June 2022
S Biggins[2]	11,916,666	750,000[1]	(1,218,334)	(4,198,332)	—	7,250,000	—
B Duncan[3]	3,500,000	—	(250,000)	(750,000)	—	2,500,000	500,000
S Iacopetta	3,500,000	—	(50,000)	(1,250,000)	—	2,200,000	700,000
Total	**18,916,666**	**750,000**	**(1,518,334)**	**(6,198,332)**	**—**	**11,950,000**	**1,200,000**

1. *Represents issue of performance rights as approved by shareholders at the 2021 AGM and issued under the Company's Performance Share Plan.*
2. *Subsequent to year end, of the 30 June 2022 performance rights held, 2,708,333 vested.*
3. *Subsequent to year end, of the 30 June 2022 performance rights held, 500,000 vested.*

Performance conditions attached to Performance Rights on issue to KMP:

Performance Condition[1]	Grant Date	Performance Period	Expiry Date	Held at 30 June 2022	Vesting Outcome
10 year mine life	29 Nov-19	To 30 Jun-22	30 Jun 2025	541,666	Vested post FY 2022
Total Shareholder return (TSR) relative to peer group of 20 companies[2]	29 Nov-19	1 Jul-21 to 30 Jun-22	30 Jun 2025	1,625,000	Vested post FY 2022
Maintain Minimum $15m Cash	29 Nov-19	To 30 Jun-22	30 Jun 2025	541,667	Vested post FY 2022
Commercial Production within 18 months of FID	29 Nov-19	To 30 Jun-22	30 Jun 2025	541,667	Unvested
TSR relative to peer group of 20 companies.	29 Nov-19	1 Jul-22 to 30 Jun-23	30 Jun 2026	3,250,000	Unvested
Commercial Production within 18 months of FID	26 Nov-21	To 30 Jun-22	30 Jun 2025	750,000	Unvested
10 year mine life	20 Dec-19	To 30 Jun-22	30 Jun 2025	500,000	Vested post FY 2022
Commence Construction (within 3 months of FID)	20 Dec-19	To 29 Dec-21	30 Sep 2024	750,000	Vested during FY 2022
First shipment (within 15 months of FID)	20 Dec-19	To 29 Dec-22	30 Sep 2025	500,000	Unvested
Maintain debt covenant ratios	20 Dec-19	To 29 Dec-22	30 Sep 2025	250,000	Unvested
Commercial Production within 18 months of FID	20 Dec-19	To 29 Mar-23	31 Dec 2025	750,000	Unvested
Meeting commercial production within FID budget	20 Dec-19	To 29 Mar-23	31 Dec 2025	250,000	Unvested
Production 125kt within 12 months FID	20 Dec-19	To 29 Mar-24	31 Dec 2026	500,000	Unvested
Available working capital of at least $15M	20 Dec-19	29 Sep-21 to 29 Mar-22	31 Dec 2024	250,000	Vested during FY 2022
FID Schedule and Budget	20 Dec-19	29 Sep-21 to 29 Mar-22	31 Dec 2024	200,000	Vested during FY 2022
Available working capital of at least $15M	20 Dec-19	30 Mar-22 to 29 Mar-23	31 Dec 2025	500,000	Unvested
FID Schedule and Budget	20 Dec-19	30 Mar-22 to 29 Mar-23	31 Dec 2025	250,000	Unvested
Total				**11,950,000**	

1. *All Performance rights include service conditions.*
2. *TSR performance hurdle is determined in accordance with the table below:*

TSR of Core Relative to TSRs of Constituents of the nominated peer group shown below	Proportion of Performance Right that Vest
Below 50th percentile	Nil
50th percentile	50%
Between 50th percentile and 75th percentile	Straight line in vesting between 50% and 100%

The nominated peer group of companies is shown in the table below.

Company	Company
Core Lithium Ltd	Liontown Resources Limited
Argosy Minerals Limited	Lithium Australia Ltd
Allkem Ltd (formerly Orocobre Ltd & Galaxy Resources Ltd)	Lithium Consolidated Ltd
AVZ Minerals Limited	Lithium Power International Ltd
European Lithium Ltd	Mineral Resources Limited
European Metals Holdings Ltd	Neometals Ltd
Firefinch Limited (formerly Mali Lithium)	Piedmont Lithium Ltd
Galan Lithium Ltd	Pilbara Minerals Ltd
Infinity Lithium Corporation Ltd	Prospect Resources Ltd
Lepidico Ltd	Sayona Mining Ltd

G. 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	2022 $	2021 $
Piper Aldeman[1]	A business of which G English is a consultant	Legal fees	10,207	9,158
Neogold Enterprises Pty Ltd[2]	A company of which H Hellewell holds a beneficial interest	Director's fees	53,758	40,333
McComas Capital Pty Ltd[3]	A company of which M McComas holds a beneficial interest	Director's fees	52,753	40,201
Kopias Consulting[4]	A business of which J Kopias is a Director	Consulting fees	95,917	65,149

1. *The toal amount of fees due to Piper Alderman as at 30 June 202 was $nil (2021 $nil).*
2. *The total amount of fees due to Neogold Enterprises Pty Ltd as at 30 June 2022 was $9,252 (2021: $3,330).*
3. *The total amount of fees due to McComas Capital Pty Ltd as at 30 June 2022 was $nil (2021: $3,333).*
4. *The total amount of fees due to Kopias Consulting as at 30 June 2022 was $7,160 (2021: $4,583).*

END OF AUDITED REMUNERATION REPORT

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 financial 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.

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).

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 21 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 59 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 - 4th 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 operations as an explorer and project developer.

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.

Greg English
Non-Executive Chairman

27 September 2022

Auditor's Independence Declaration

Grant Thornton

Grant Thornton Audit Pty Ltd
Grant Thornton House
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170 Frome Street
Adelaide SA 5000
GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666

Auditor's Independence Declaration

To the Directors of Core Lithium Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Core Lithium Ltd for the year ended 30 June 2022, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 27 September 2022

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ACN-130 913 594

Financial Report

CONTENTS

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	Notes	2022 $	2021 $
Interest income		358,410	66,320
Grant income		—	249,037
Employee benefits expense	12(b)	(3,453,412)	(1,110,839)
Exploration and evaluation expense		(27,154)	(91,592)
Depreciation expense	7	(116,128)	(136,810)
Share-based payments expense	15(a)	(159,029)	(317,137)
Other expenses	12(a)	(4,068,361)	(1,571,233)
Loss before tax		**(7,465,674)**	**(2,912,254)**
Income tax benefit/(expense)	13	—	—
Loss for the year		**(7,465,674)**	**(2,912,254)**
Other comprehensive income for the year		—	—
Total comprehensive loss for the year		**(7,465,674)**	**(2,912,254)**
Earnings per share			
Basic and diluted Loss – cents per share	16	(0.47)	(0.27)

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

Statement of financial position
As at 30 June 2022

	Notes	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	1	135,197,639	38,107,642
Trade and other receivables	2	2,554,674	114,989
Other financial assets	3	190,069	80,250
Other assets	4	538,328	73,180
Inventories	5	176,557	—
Total current assets		**138,657,267**	**38,376,061**
Non-current assets			
Other assets	4	12,513,666	793,027
Exploration and evaluation assets	6	40,153,774	33,718,808
Plant, equipment, and mine development assets	7	70,528,508	305,971
Total non-current assets		**123,195,948**	**34,817,806**
Total Assets		**261,853,215**	**73,193,867**
LIABILITIES			
Current liabilities			
Trade and other payables	8	14,038,732	1,575,891
Other liabilities	9	2,368,263	—
Lease liabilities	10	1,189,422	57,433
Provisions	11	690,263	136,088
Total current liabilities		**18,286,680**	**1,769,412**
Non-current liabilities			
Lease liabilities	10	896,834	44,908
Provisions	11	3,944,946	65,086
Total non-current liabilities		**4,841,780**	**109,994**
Total Liabilities		**23,128,460**	**1,879,406**
Net Assets		**238,724,755**	**71,314,461**
EQUITY			
Issued capital	14	265,668,360	90,606,910
Reserves	15	453,890	652,522
Accumulated losses		(27,397,495)	(19,944,971)
Total Equity		**238,724,755**	**71,314,461**

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 2022

2022	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at beginning of year	90,606,910	652,522	(19,944,971)	71,314,461
Issue of shares – share placement	124,875,464	—	—	124,875,464
Issue of shares – Shares Purchase Plan (SPP)	25,000,003	—	—	25,000,003
Issue costs	(6,813,811)	—	—	(6,813,811)
Performance rights and options issued to officers and employees	—	172,161	—	172,161
Lapse of options and performance rights[1, 2]	—	(26,283)	13,150	(13,133)
Exercise of options	31,750,761	(95,477)	—	31,655,283
Exercise of performance rights	249,033	(249,033)	—	—
Transactions with owners	175,061,450	(198,632)	13,150	174,875,968
Comprehensive income:				
Total profit or loss	—	—	(7,465,674)	(7,465,674)
Total other comprehensive income	—	—	—	—
Balance 30 June 2022	**265,668,360**	**453,890**	**(27,397,495)**	**238,724,755**

2021	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at beginning of year	49,856,210	746,536	(17,034,886)	33,567,860
Issue of shares – share placement	41,563,283	—	—	41,563,283
Issue of shares – consideration to consultants	75,000	—	—	75,000
Issue costs	(2,435,076)	—	—	(2,435,076)
Performance rights and options issued to officers and employees	—	245,983	—	245,983
Lapse of options and performance rights[1, 2]	—	(6,016)	2,169	(3,847)
Exercise of options	1,516,896	(303,384)	—	1,213,512
Exercise of performance rights	30,597	(30,597)	—	—
Transactions with owners	40,750,700	(94,014)	2,169	40,658,855
Comprehensive income:				
Total profit or loss	—	—	(2,912,254)	(2,912,254)
Total other comprehensive income	—	—	—	—
Balance 30 June 2021	**90,606,910**	**652,522**	**(19,944,971)**	**71,314,461**

1. *A portion of performance rights issued in the financial year, forfeited in the same period and as such have been recognised in the Statement of Profit or Loss.*
2. *A portion of performance rights issued in previous periods lapsed in the financial year, and as such were 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 2022

	Notes	2022 $	2021 $
Operating activities			
Interest received		358,410	66,320
Payments to suppliers and employees		(6,578,149)	(2,658,386)
Proceeds from grant funding		—	249,006
Net cash used in operating activities	12(c)	**(6,219,739)**	**(2,343,060)**
Investing activities			
Payments for plant, equipment, and mine development assets		(51,391,795)	(140,663)
Payments for capitalised exploration and evaluation expenditure		(17,826,562)	(7,859,586)
Government co-funding grants received		2,490,818	—
Payments for other financial assets		(109,819)	(50,000)
Payments for environmental and security bonds		(3,720,639)	(374,491)
Net cash used in investing activities		**(70,557,997)**	**(8,424,740)**
Financing activities			
Proceeds from issue of share capital		149,875,467	41,563,283
Proceeds from exercise of options		31,655,283	1,213,512
Payments of share issue transaction costs		(6,813,636)	(2,455,035)
Payments of lease liabilities		(849,381)	(125,837)
Net cash from financing activities		**173,867,733**	**40,195,923**
Net change in cash and cash equivalents		**97,089,997**	**29,428,123**
Cash and cash equivalents at the beginning of the year		38,107,642	8,679,519
Cash and cash equivalents at the end of the year	1	**135,197,639**	**38,107,642**

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 2022

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 Numbers

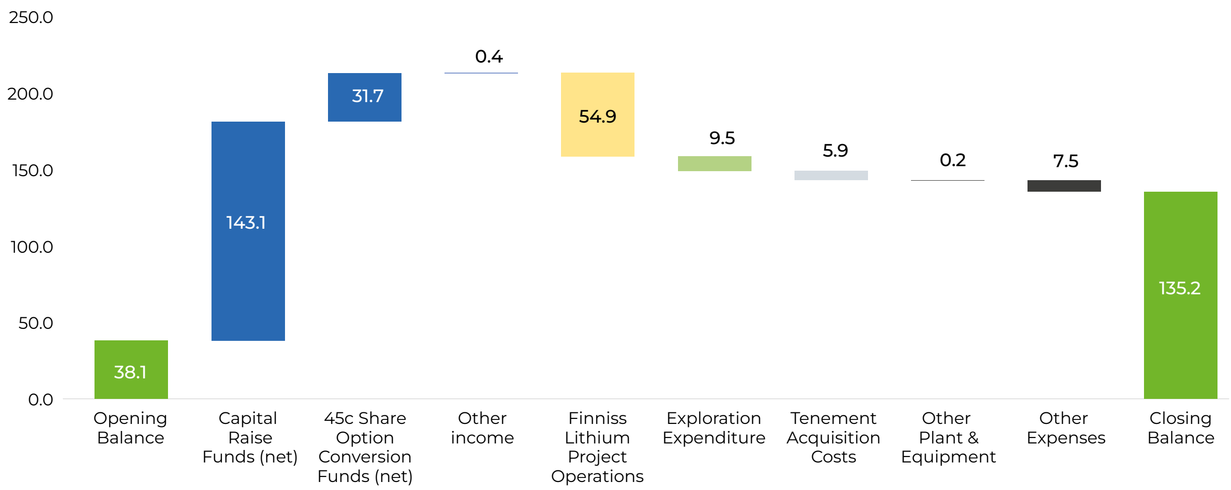
1. Cash and cash equivalents

Cash and cash equivalents include the following:

	2022 $	2021 $
Cash at bank	135,197,639	38,107,642
Total cash and cash equivalents	**135,197,639**	**38,107,642**
(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	135,197,639	38,107,642
Total per the Statement of Cash Flows	**135,197,639**	**38,107,642**

Cash at bank earns a floating interest rate based on the at call daily rate.

Cash movements ($ million) for the 12 months to June 2022



2. Trade and other receivables

Trade and other receivables include the following:

	2022 $	2021 $
GST receivable	2,306,164	97,164
Other receivables	248,510	17,825
Total Trade and other receivables	**2,554,674**	**114,989**

Trade and other receivables 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 financial assets

Other financial assets include the following:

	2022 $	2021 $
Term deposits	190,069	80,250
Total other financial assets	**190,069**	**80,250**

An amount of $190,069 (2021: $80,250) of short-term deposits are in place and are held as security for bank guarantees. These guarantees primarily relate to a bond for corporate head office under a rent agreement and also an environmental rehabilitation security bond over property referred to in the Call Option Deed, noted in note 6 (a) and note 22. As the maturity term when entering into the deposits was greater than three months they have been recognised as a financial asset held at amortised cost. Interest is earned on a fixed interest rate and received at maturity.

4. Other assets

Other assets include the following:

	2022 $	2021 $
Current		
Prepayments	533,428	68,280
Other bonds/deposits	4,900	4,900
	538,328	73,180
Non-current		
Prepayments – EPC contract	8,000,000	—
Environmental exploration and mining bonds receivable	4,513,666	793,027
	12,513,666	793,027
Total other assets	**13,051,994**	**866,207**

Non-current prepayments include $8 million in early works payments to Primero Group for construction of the DMS plant in accordance with the EPC contract.

Environmental bonds receivable represents funds held by the Northern Territory Department of Primary Industry and Resources as security for rehabilitation for exploration and mining activities in the Northern Territory as per the Group's Mine Management Plans (MMP) for various project areas pursuant to the *Mining Management Act 2001*. This includes $3.7 million for the Grants MMP associated with commencement of mining and construction activities at the Finniss Lithium Project and $0.8 million associated with exploration activity around the Finniss Lithium Project exploration area.

5. Inventories

Inventories include the following:

	2022 $	2021 $
Consumables – fuel	176,557	—
Total inventories	**176,557**	**—**

Consumables are valued at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting any applicable rebates and discounts. A periodic review is undertaken to establish the extent of any surplus or obsolete items, and where necessary a provision is made.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion of sale.

6. Exploration and evaluation assets

The Group's exploration and evaluation asset 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 sale or joint venture) 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	2022 $	2021 $
Opening balance		33,718,808	26,380,721
Expenditure on exploration during the year		11,799,754	6,810,862
Acquisition costs	(a)	5,880,273	527,225
Transfer to Development Assets	(b)	(11,245,061)	—
Closing balance		**40,153,774**	**33,718,808**

6. Exploration and evaluation assets continued

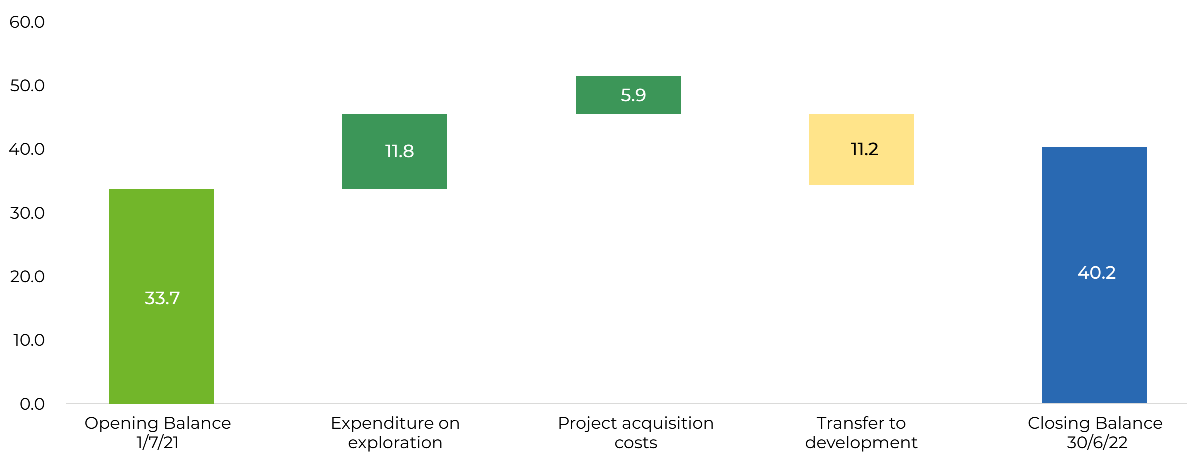
During the current period, the Group's exploration activity was focused on lithium drilling programs to further define and grow Mineral Resources and project mine life (Ore Reserves) as well as further exploration on lithium prospects in and around the Finniss Lithium Project. No impairment has been recorded for the year ended 30 June 2022 (2021: $nil).

(a) In December 2021, the Group exercised the Call Option Deed with Outback Metals Proprietary Limited, Victory Polymetallic Pty Limited and Australia New Zealand Resources Corporation Pty Ltd. This was paid in full via a $5 million cash payment on 28 February 2022. Stamp duty associated with this transaction and subsequently paid amounted to $0.6 million. In 2021 financial year, the Group paid consideration to enter into the Call Option Deed, being a $0.5 million fee plus $0.02 million in stamp duty, for the option to acquire the Mineral Titles.

In April 2022, the Group entered into a tenement sale and purchase agreement to acquire Exploration License 31407 (Shoobridge) from Newmont Exploration Pty Ltd, a subsidiary of gold producer Newmont Corporation. Upon transfer of the title of the tenement in June 2022, Core paid $0.25 million in cash plus $0.01 million in stamp duty on the transaction. Further future commitments under this agreement have been disclosed within note 22.

(b) During the period a total of $11.2 million was transferred from exploration and evaluation assets to mine development assets. Costs associated with the approved Finniss Lithium Project, were transferred to mine development upon completion of the July 2021 Definitive Feasibility Study (DFS) and the final investment decision in September 2021 with the project now moving into development and construction phase. At the time of transfer, a full impairment test was undertaken, and no impairment was required.

Exploration and evaluation expenditure 2022 Financial Year ($ million)



Deferred feasibility

Feasibility expenditure represents costs related to the preparation and completion of feasibility studies to enable a development decision to be made in relation to an area of interest and is capitalised as incurred. When production commences, relevant past exploration, evaluation and feasibility expenditure in respect of an area of interest that has been capitalised is transferred to mine development where it is amortised over the life of the area of interest to which it relates on a unit of production basis. When an area of interest is abandoned or the Board decide it is not commercial, any accumulated costs in respect of that area are written off in the year the decision is made. Each area of interest is reviewed at the end of each reporting period and accumulated costs written off to the extent they are not expected to be recoverable in the future.

Mineral rights

Mineral rights comprise identifiable exploration and evaluation assets, Mineral Resources and Ore Reserves, which are acquired as part of a business combination or a joint venture and are recognised at fair value at date of acquisition. Mineral rights are attributable to specific areas of interest and are classified within exploration and evaluation assets. Mineral rights attributable to each area of interest are amortised when commercial production commences on a unit of production basis over the estimated economic reserve of the mine to which the rights related.

Key judgements – Exploration and evaluation assets

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 and exchange rates. 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.

Key estimates – Impairment

Impairment of specific exploration and evaluation assets during the year have occurred where the Board have concluded that capitalised expenditure is unlikely to be recovered by sale or future exploitation. At each reporting date the Group undertakes an assessment of the carrying amount of its exploration and evaluation assets. During the reporting period no indicators of impairment were identified on certain exploration and evaluation assets in accordance with *AASB 6 –Exploration for and Evaluation of Mineral Resources*. No impairment loss has been recognised in relation to areas of interest as a result of the review where the Board have concluded that capitalised expenditure is unlikely to be recovered by sale or future exploitation.

Key judgement, estimates and assumptions – Exploration, evaluation, and deferred feasibility expenditure

Judgement is required to determine whether future economic benefits are likely, from either exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of existence of reserves. In addition to these judgements, the Group has to make certain estimates and assumptions. The determination of JORC resources is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated, or inferred). The estimates directly impact when the Group capitalises exploration and evaluation expenditure. The capitalisation policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves will be found. Any such estimates and assumptions may change as new information becomes available. The recoverable amount of capitalised expenditure relating to undeveloped mining projects can be particularly sensitive to variations in key estimates and assumptions. If variation in key estimates or assumptions has a negative impact on recoverable amount it could result in a requirement for impairment.

7. Plant, equipment and mine development assets

	Plant and equipment[1] $	Right of use Assets[2] $	Assets under construction $	Mine development $	Total $
Gross carrying amount					
Opening balance	375,113	324,406	—	—	699,519
Additions	399,913	3,066,404	27,133,123	29,365,178	59,964,618
Transfer from exploration assets	—	—	—	11,245,061	11,245,061
Disposals	(28,805)	—	—	—	(28,805)
Balance 30 June 2022	746,221	3,390,810	27,133,123	40,610,239	71,880,393
Depreciation and impairment					
Opening balance	(171,172)	(222,376)	—	—	(393,548)
Depreciation[1]	(85,143)	(892,677)	—	—	(977,820)
Impairment	—	—	—		—
Disposals	19,483	—	—	—	19,483
Balance 30 June 2022	(236,832)	(1,115,053)	—	—	(1,351,885)
Carrying amount 30 June 2022	**509,389**	**2,275,757**	**27,133,123**	**40,610,239**	**70,528,508**

	Plant and equipment[1] $	Right of use Assets[2] $	Assets under construction $	Mine development $	Total $
Gross carrying amount					
Opening balance	322,583	226,602	—	—	549,185
Additions	152,894	97,804	—	—	250,698
Disposals	(100,364)	—	—	—	(100,364)
Balance 30 June 2021	375,113	324,406	—	—	699,519
Depreciation and impairment					
Opening balance	(221,374)	(108,769)	—	—	(330,143)
Depreciation[1]	(46,021)	(113,607)	—	—	(159,628)
Disposals	96,223	—	—	—	96,223
Balance 30 June 2021	(171,172)	(222,376)	—	—	(393,548)
Carrying amount 30 June 2021	**203,941**	**102,030**	**—**	**—**	**305,971**

1. *Depreciation of plant and equipment and right of use assets which are used for exploration or mine development activities is charged to exploration and evaluation and mine development assets in the Statement of Financial Position.*
2. *Refer to Note 10 for further detail on right of use assets associated with lease contracts.*

Plant and equipment

Plant and equipment assets 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 are incurred.

Depreciation is calculated to write off the cost of items of plant and equipment less their estimated residual value using an appropriate method (either straight line, diminishing value or units of production basis) over either the estimated useful life or the estimated resource. Depreciation expense is recognised in the Statement of Profit or Loss.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows.

Asset class	Estimated useful life
Exploration equipment	3 – 6 years
Office and IT equipment	3 – 5 years
Motor vehicles	The shorter of life of mine and 6 years
Right of use assets	Shorter of the lease term and the asset useful life. Refer to Note 10

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.

Mine development

Mine development assets represent expenditure in respect of exploration, evaluation, feasibility and development of intangible assets incurred by or on behalf of the Group, including overburden removal and certain mine construction costs, previously accumulated and carried forward in relation to areas of interest in which mining has now commenced. Such expenditure comprises net direct costs and an appropriate allocation of directly related overhead expenditure.

All expenditure incurred prior to commencement of production from each development property is carried forward to the extent to which recoupment out of future revenue from the sale of production, or from the sale of the property, is reasonably assured.

When further development expenditure is incurred in respect of a mine property after commencement of production, such expenditure is carried forward as part of the cost of the mine property only when future economic benefits are reasonably assured, otherwise the expenditure is classified as part of the cost of production and expensed as incurred. Such capitalised development expenditure is added to the total carrying value of development assets being amortised.

Deferred mining expenditure – Pre-production mine development

Pre-production mining costs incurred by the Group in relation to accessing recoverable reserves are carried forward as part of 'mine development' when future economic benefits are established, otherwise such expenditure is expensed as part of the cost of production.

7 . Plant, equipment and mine development assets continued

Transfer of exploration and evaluation assets to mine development

Once exploration assets have been assessed to be commercially feasible and development is able to proceed, the costs are transferred to 'development assets'.

An impairment assessment is undertaken on the date assets are transferred using the recoverable amount of the Cash Generating Units (CGU) that included the transferred development asset based on estimated present value of the future cash flows expected to be derived from the CGU (value in use). Impairment is recognised if the recoverable amount of the CGU is estimated to be lower than its carrying amount.

Assets under construction

Assets under construction includes the construction of tangible assets, namely site infrastructure and plant. Once construction has been completed these assets will be transferred into the relevant category of plant and equipment.

Key estimates and judgements – Ore Reserves

The Group estimates Ore Reserves and Mineral Resources each year based on information compiled by Competent Persons as defined in accordance with the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves 2012 ('JORC code'). Estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made including estimates of short and long-term commodity prices, exchange rates, future operating performance and capital requirements. Changes in reported reserve estimates can impact the carrying value of plant and equipment and development, provision for restoration and rehabilitation obligations as well as the amount of depreciation and amortisation.

Key judgement, estimates and assumptions – Impairment of assets

The Group assesses its CGU at least annually, to determine whether there is any indication of impairment or reversal of a prior impairment. Where an indicator of impairment or reversal exists, a formal estimate of the recoverable amount is made, which is deemed as being the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as ore reserves, future production, commodity prices, discount rates, exchange rates, operating costs, sustaining capital costs, any future development cost necessary to produce the reserves (including the magnitude and timing of cash flows) and operating performance.

Some other factors considered in management's assessment as to whether there existed any indicators of impairment at the CGUs include:

- Operational and financial performance of the CGUs;
- Potential to extend mine life across all CGUs;
- The current and forecast lithium price environment; and
- Acquisitions complementing the existing CGUs of the Group

In addition, the Group monitors impairment indicators by considering the impact of the above judgements and assumptions on the valuation of CGUs through periodic updates to its business valuation models.

Such assumptions are subject to variation as a result of changes in future economic and operational conditions. Consequently, the carrying value of the Group's CGUs may differ in future years if assumptions made do not eventuate and actual outcomes are less favourable than present assumptions.

No impairment of plant, equipment, and mine development assets arose during the reporting period.

8. Trade and other payables

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

	Notes	2022 $	2021 $
Current			
Trade payables		2,240,297	626,788
Accrued expenses		10,464,542	922,737
Other payables		1,333,893	26,366
Total trade and other payables		**14,038,732**	**1,575,891**

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.

9. Other liabilities

	2022 $	2021 $
Grant funding received in advance	2,368,263	—
Total Grant funding received in advance	**2,368,263**	**—**

During the reporting period, the Group was awarded Australian Federal Government funding totaling $6 million for the Modern Manufacturing Initiative (MMI) Grant to co-fund the assessment of the potential feasibility of building a lithium chemical plant in the Northern Territory. Upon signing the grant agreement Core received $2.37 million in up front funding to help fund studies and other related activity during the 3-year grant term.

Upon satisfaction of performance obligations set out in the grant agreement, this is recognised as an off set to capitalised expenditure as it is incurred by the Group.

10. Lease liabilities

A lease is defined as a contract, or part of a contract, that conveys that the Group has the right to direct the use of an identified asset which is not substitutable and to obtain substantially all economic benefits from the use of the identified asset throughout the period of use. The Group separates the lease and non-lease components of the contract and accounts for these separately. The Group recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets. The Group has lease contracts for various items of mining equipment, temporary power infrastructure, motor vehicles and buildings used in its operations and exploration activities. These leases generally have lease terms between two and three years.

10. Lease liabilities continued

Lease liabilities

Lease Liabilities recognised in the statement of financial position can be analysed as follows:

	2022 $	2021 $
Current		
Lease liabilities	1,189,422	57,433
Non-Current		
Lease liabilities	896,834	44,908

At the commencement date, the Group measures the lease liabilities 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 an estimate of 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 liabilities 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 liabilities are remeasured, the corresponding adjustment is reflected in the right-of-use asset, or in the Statement of Profit and Loss if the right-of-use asset is already reduced to zero.

Right of use assets

Set out below are the carrying amounts of right of use assets recognised and the movements during the period (as shown in Note 7 – Plant, equipment and mine development assets):

2022	Buildings $	Plant and equipment $	Vehicles $	Total $
Carrying amount as at 1 July 2021	102,030	—	—	102,030
Additions	469,575	1,679,794	917,035	3,066,404
Depreciation charge	(129,072)	(475,170)	(288,435)	(892,677)
Carrying amount as at 30 June 2022	**442,533**	**1,204,624**	**628,600**	**2,275,757**

2021	Buildings $	Plant and equipment $	Vehicles $	Total $
Carrying amount as at 1 July 2020	117,833	—	—	117,833
Additions	97,804	—	—	97,804
Depreciation charge	(113,607)	—	—	(113,607)
Carrying amount as at 30 June 2021	**102,030**	**—**	**—**	**102,030**

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). A corresponding demobilisation/restoration provision is recognised in relation to these costs recognised within the right of use asset. Right-of-use assets are depreciated using the straight-line method over the shorter of their useful life and the lease term as follows:

Asset class	Estimated useful life
Mining plant and equipment	2 – 7 years
Motor vehicles	2 – 4 years
Buildings	7 – 10 years

Periodic adjustments are made for any remeasurement of the lease liabilities and for impairment losses, assessed in accordance with the Group's impairment policies.

Impact on the statement of profit or loss

The application of *AASB 16 — Leases* has resulted in the following amounts being recorded in the statement of profit or loss:

	2022 $	2021 $
Depreciation of right of use assets	77,616	113,607
Interest expense	99,833	1,681
Total recognised in the statement of profit or loss	**177,449**	**115,288**

Interest relating to right of use assets used in exploration and mining activities is not capitalised to exploration and evaluation assets or plant, equipment and mine development assets.

Short-term leases and leases of low value assets

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 statement of profit or loss as they are incurred.

Key judgement, estimates and assumptions – Leases Identification of non-lease components

In addition to containing a lease, the Group's mining services contracts involve the provision of additional services, including personnel cost, low value materials, drilling, hauling related activities and other items. These are non-lease components, and the Group has elected to separate these from the lease components.

Judgement is required to identify each of the lease and non-lease components.
The consideration in the contract is then allocated between the lease and non-lease components on a relative stand-alone price basis. This requires the group to estimate stand-alone prices for each lease and non-lease component based on quoted prices within the contract. This assessment is performed by class of underlying asset within the contracts.

Evaluation of the Group's leased crushing plant and fuel farm contracts is ongoing as the lease commencement date of the underlying assets had not yet occurred as at 30 June 2022.

10. Lease liabilities continued

Key judgement, estimates and assumptions – Identifying in substance fixed rates versus variable lease payments

The lease payments used to calculate the lease related balances under *AASB 16 – Leases* include fixed payments, in substance fixed payments and variable payments based on an index or rate. Variable payments not based on an index or rate are excluded from the measurement of lease liabilities and related assets.

In addition to the fixed payments in the Group's mining services contract, there are payments that are variable payments because the contract terms require payment based on a rate per hour or rate per material moved. In terms of *AASB 16 - Leases,* the Group uses judgement to determine that no minimum hours or volumes within the contract are a fixed minimum that results in an amount payable that is unavoidable.

Therefore, the Group has had to apply judgement to determine that there are no in substance fixed payments included in the lease payments used to calculate the lease related balances. Payments identified as variable not based on an index or rate, are excluded from recognition and measurement of the lease related balances.

Key judgement, estimates and assumptions – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in its leases. Therefore, it uses the relevant incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The incremental borrowing rate, therefore, reflects what the group would have to pay, which requires estimation when no observable rates are available and to make adjustments to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and considered certain contract and entity specific judgements estimates (such as the lease term and credit rating). The incremental borrowing rate range used by the group was between 2.5% and 6.5%.

11. Provisions

Provisions can be analysed as follows:

	2022 $	2021 $
Current		
Employee leave benefits	530,916	136,088
Demobilisation of right of use assets	159,347	—
	690,263	**136,088**
Non-current		
Employee leave benefits	72,097	65,086
Mine rehabilitation	3,867,687	—
Office restoration	5,162	—
	3,944,946	65,086
Total provisions	**4,635,209**	**201,174**

The employee leave 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.

11. Provisions continued

Movement in mine rehabilitation provision

	Total $
Carrying amount as at 1 July 2021	—
Additional provision recognised during the year	3,860,186
Unwinding of discount	7,501
Carrying amount as at 30 June 2022	**3,867,687**

Provision for mine rehabilitation

Estimated costs of decommissioning and removing an asset and restoring the site are included in the cost of the asset as at the date the obligation first arises and to the extent that it is first recognised as a provision. The Group records the present value of the estimated cost of environmental and legal obligations to restore operating locations in the period in which the obligation is incurred. The nature of decommissioning activities includes dismantling and removing structures, rehabilitating mine sites, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation, and revegetation of affected areas.

Typically, the obligation arises when the asset is installed, or the environment is disturbed at the development location. When the liability is initially recorded, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in the present value based on the discount rates that reflect the current market assessments and the risks specific to the liability. Additional disturbances or changes in decommissioning costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

The unwind effect of discounting the provision is recorded as a finance cost in the Statement of Profit or Loss and the carrying amount capitalised as a part of mine development assets is amortised on a unit of production basis. Costs incurred that relate to an existing condition caused by past operations, but do not have future economic benefits, are expensed as incurred.

Key judgement, estimates and assumptions – Mine restoration and rehabilitation

The Group assesses its mine restoration and rehabilitation provision bi-annually in accordance with the accounting policy. Significant judgement is required in determining the provision for restoration and rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate and restore the mine sites. The estimate of future costs therefore requires management to make assessment of the future restoration and rehabilitation date, future environmental legislation, changes in regulations, price increases, changes in discount rates (2.94% as at 30 June 2022), the extent of restoration activities and future removal and rehabilitation technologies. When these factors change or become known in the future, such differences will impact the restoration and rehabilitation provision in the period in which they change or become known. At each reporting date the rehabilitation and restoration provision is remeasured to reflect any of these changes.

12. Operating activities

(a) Other expenses

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

	2022 $	2021 $
Statutory compliance, insurance and legal	1,431,142	609,038
Marketing and office expenses	529,128	281,196
Public road improvements – Northern Territory	558,724	—
Contractors and consultants	1,043,323	368,827
Broker and investor relations	312,136	231,993
Travel	79,642	73,771
Interest on lease liabilities	99,833	1,681
Foreign exchange loss	5,111	585
Loss on sale or disposal of assets	9,322	4,142
Total other expenses	**4,068,361**	**1,571,233**

(b) Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2022 $	2021 $
Salaries and wages, directors' fees, and contract payments to officers	3,642,254	2,022,663
Superannuation expense	294,937	125,297
Movement in employee entitlement provisions	409,397	68,406
Other employee related expenses	1,246,179	98,870
Less: Transfer to exploration and development assets[1]	(2,139,355)	(1,204,397)
Total employee benefits expense	**3,453,412**	**1,110,839**

1. *Employee benefits expenses directly attributable to exploration and evaluation activities are capitalised and recorded as exploration and evaluation assets (refer to note 6) and those directly attributable to development activities and asset construction are capitalised to plant, equipment, and mine development assets (refer note 7) in the Statement of Financial Position as disclosed in each applicable accounting policy.*

During the year, the Managing Director and employees have also been remunerated through share-based payments.

12. Operating activities continued

(c) Reconciliation of cashflows from operating activities

Operating activities	Notes	2022 $	2021 $
Loss after tax		(7,465,674)	(2,912,254)
Share-based payments expense	15(a)	159,029	317,137
Exploration impairment	6	—	—
Depreciation expense	7	116,128	136,810
Loss on disposal of assets		9,322	4,142
Interest expense on leased assets		85,958	1,468
Unrealised Foreign exchange gain/(loss)		30	(30)
Net change in working capital		875,468	109,667
Net cash used in operating activities		**(6,219,739)**	**(2,343,060)**

13. Income tax benefit/(expense)

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 2022 (2021: 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 and 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 offset 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.

	2022 $	2021 $
(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)	(7,465,674)	(2,912,254)
Income tax rate	30%	30%
Prima facie tax benefit on loss from activities before income tax	(2,239,702)	(873,676)
Tax effect of non-deductible expenditure for tax	58,313	76,612
Tax effect of non-assessable income	–	(15,000)
Timing differences and tax losses not brought to account	2,181,389	812,064
Current income tax expense/(benefit)	—	—
(c) Deferred tax assets have not been recognised in respect of the following:		
Tax losses	79,270,982	35,954,063
Deferred tax asset arising from carried forward tax losses not recognised	**6,892,739**	**11,755,409**

The tax losses not recognised balance includes the impact of any JMEI credits distributed during the year.

An assessment was undertaken as at 30 June 2022 which confirmed Core should satisfy the Continuity of Ownership test and on that basis be able to carry forward its current tax losses and its entitlement to utilise these in future periods.

Capital

14. Issued capital

2022	Number of shares	$
(a) Issued and paid up capital		
Fully paid ordinary shares	1,732,611,716	265,668,360
	1,732,611,716	265,668,360
(b) Movements in fully paid shares		
Opening balance	1,174,117,254	90,606,910
Share placements	393,738,374	124,875,464
Share purchase plan	80,646,015	25,000,003
Exercise of unquoted options	76,411,741	31,750,761
Exercise of unquoted performance rights	7,698,332	249,033
Issue costs	—	(6,813,811)
Balance as at 30 June 2022	**1,732,611,716**	**265,668,360**

2021	Number of shares	$
(a) Issued and paid up capital		
Fully paid ordinary shares	1,174,117,254	96,590,955
	1,174,117,254	96,590,955
(b) Movements in fully paid shares		
Opening balance	969,692,791	49,856,210
Share placements	185,194,530	41,563,283
Shares issued as consideration for services rendered	306,123	75,000
Exercise of unquoted options	17,273,810	1,516,896
Exercise of unquoted performance rights	1,650,000	30,597
Issue costs	—	(2,435,076)
Balance as at 30 June 2021	**1,174,117,254**	**90,606,910**

The issued 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.

15. Reserves and share-based payments

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.

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 share- based payments reserve	2022 $	2021 $
Opening balance	652,522	746,536
Issue of options	—	964
Issue of performance rights	172,161	245,019
Exercise of options	(95,477)	(303,384)
Exercise of performance rights	(249,033)	(30,597)
Lapse of options and performance rights	(26,283)	(6,016)
Closing balance	**453,890**	**652,522**

Share Option Reserve	Number of Options	2022 $	Weighted Average Exercise Price
Opening balance	105,003,467	310,388	$0.362
Exercised[1]	(76,411,741)	(95,477)	$0.414
Balance at 30 June 2022	**28,591,726**	**214,911**	**$0.221**

1. *This included 69,411,741 unquoted options attaching to shares issued under the $40.5 million share placement in February 2021. Each unquoted option has an exercise price of 45 cents and an expiry date of 12 February 2023 and have been attributed no value within the reserve. As at 30 June 2022, 11,591,726 of these unquoted options remain on issue.*

Share Option Reserve	Number of Options	2021 $	Weighted Average Exercise Price
Opening balance	42,273,810	615,941	$0.066
Issued[1]	81,003,467	964	$0.450
Exercised	(17,273,810)	(303,384)	$0.070
Lapsed	(1,000,000)	(3,133)	$0.060
Balance at 30 June 2021	105,003,467	310,388	$0.362

1. *There were 81,003,467 unquoted options attaching to shares issued under the $40.5 million share placement in February 2021. Each unquoted option has an exercise price of 45 cents and an expiry date of 12 February 2023.*

15. Reserves and share-based payments continued

Performance Rights Reserve	Number of Performance Rights	2022 $
Opening balance	22,791,666	342,133
Issued to Key Management Personnel as remuneration[1]	750,000	84,010
Issued to employees as remuneration[1]	1,129,438	88,152
Exercised	(7,698,332)	(249,033)
Lapsed	(2,643,334)	(26,283)
Balance at 30 June 2022	**14,329,438**	**238,979**

Performance Rights Reserve	Number of Performance Rights	2021 $
Opening balance	27,550,000	130,595
Issued to Key Management Personnel as remuneration[1]	250,000	137,569
Issued to employees and consultants as remuneration[1]	1,375,000	107,450
Exercised	(1,650,000)	(30,597)
Lapsed	(4,733,334)	(2,883)
Balance at 30 June 2021	**22,791,666**	**342,134**

1. *Expense reflected in the statement of profit and loss for performance rights and options issued to personnel over the vesting period.*

Performance rights were issued to Key Management Personnel, consultants and employees as remuneration with related KPI's as detailed in the Directors' Report and Note 15(a) below.

(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 methodology approximating a 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 – Share based payments

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 methodology 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	2022 $	2021 $
Options issued to directors and employees	—	964
Performance rights issued to directors, consultants, and employees	172,162	245,020
Shares issued to consultants	—	75,000
Total share-based payments	**172,162**	**320,984**
Options and performance rights lapsed due to failing vesting condition recognised in profit or loss	(13,133)	(3,847)
Net share-based payment expense in the statement of profit or loss	**159,029**	**317,137**

15. Reserves and share-based payments continued

Share based employee remuneration

As at 30 June 2022 the Group maintained a Share Option Plan and Performance Share Plan for employee, director and consultant remuneration.

There were nil options (2021: nil) and 750,000 performance rights (2021: 250,000) granted to KMP and 1,129,438 performance rights (2021: 1,375,000) issued to other employees as remuneration during the year.

Fair value of performance rights granted

The fair value at grant date of the performance rights issued for performance rights with market based on conditions have been determined using a valuation methodology 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. For those performance rights issued where a non-market performance condition exists the share price at grant date is the fair value at grant date.

The table below outlines the summary of inputs used in the fair value calculation for the performance rights issued under the performance share plan during the reporting period:

Performance Rights Valuation Inputs[4]	2022	2021
Exercise price	Nil	Nil
Performance right life	0.64 – 3.43 years	0.25 – 2.25 years
Underlying share price	$0.275 – $1.140	$0.047 – $0.225
Expected share price volatility (weighted average)[1]	N/A	N/A
Risk free interest rate[2]	N/A	N/A
Weighted average fair value[3]	$0.1775	$0.0981
Weighted average contractual life	1.7 years	1.2 years

1. *Where applicable, the 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 performance right life.*
2. *Where applicable, this is based on high quality government bonds sourced from the Reserve Bank of Australia which reflect the period commensurate with the performance right life.*
3. *The probability of achievement of vesting conditions has been considered when calculating the fair value of the performance rights at grant date.*
4. *Performance conditions attached to performance rights for KMPs have been disclosed within the remuneration report. Remaining performance rights issued to employees during the period have been detailed in the table below.*

The table below outlines the detailed inputs used in the fair value calculation for the performance rights issued under the performance share plan during the reporting period:

Performance Rights Granted	Grant Date	Fair Value at Grant Date		Vesting Criteria	Last Vesting Date	Expiry Date Upon Vesting
		$/right	Full value ($)			
750,000	26/11/2021	0.540	405,000	Commercial production (within 18 months of FID)	30/06/2023	30/06/2025
180,000	29/07/2021	0.275	49,500	DMS plant commissioned/ commercial production declared – 18 months from FID (31/12/2022)	29/03/2023	31/12/2025
180,000	29/07/2021	0.275	49,500	125kt at the company's desired SC grade within 12 months of KPI1	29/03/2024	31/12/2026
180,000	29/07/2021	0.275	49,500	Refinery pilot plant commissioned with demonstrated production of LiOH	31/12/2024	31/12/2027
51,271	10/05/2022	1.140	58,449	Carlton UG mine designs to DFS level and referral lodged	30/03/2023	31/03/2026
102,543	10/05/2022	1.140	116,899	10kt UG Bulk sample within 6 months of UG development commencing in "hard rock"	29/07/2023	31/07/2026
51,271	10/05/2022	1.140	58,449	Solar Hybrid System commissioned	30/09/2023	30/09/2026
57,638	10/05/2022	1.140	65,707	First shipment of concentrate sails from Darwin prior to 29 December 2022	29/12/2022	31/12/2025
57,638	10/05/2022	1.140	65,707	Finniss Lithium Project producing greater than 125kt of concentrate within 12 months of first production	29/12/2023	31/12/2026
57,638	10/05/2022	1.140	65,707	Company declares commercial production via ASX announcement prior to 30 March 2023	30/03/2023	31/03/2026
57,639	10/05/2022	1.140	65,708	Stock levels optimised such that ROM does not fall below 80,000t after commercial production is achieved and prior to May 2023 or in the 6 months following May 2023	30/11/2023	30/11/2026
76,900	10/05/2022	1.140	87,666	Establishment of full water system (production & Potable) with 1,200ML storage capacity within 15 months of FID	29/12/2022	31/12/2025
76,900	10/05/2022	1.140	87,666	Reaching commercial production within FID budget (under $102M)	30/03/2023	31/03/2026
1,879,438			**1,225,458**			

15. Reserves and share-based payments continued

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

Number of performance rights	2022	2021
Opening balance as at 1 July	22,791,666	27,150,000
Granted as remuneration to the Directors	750,000	—
Granted as remuneration to other KMP	—	250,000
Granted as remuneration to other employees	1,129,438	1,375,000
Exercised	(7,698,332)	(1,650,000)
Lapsed	(2,643,334)	(4,333,334)
Outstanding as at 30 June	**14,329,438**	**22,791,666**

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.

There were no share options issued in the year ended 30 June 2022 (2021: nil) as remuneration for services provided. There were 81,003,467 unquoted options attaching to shares issued under the $40.5 million share placement in February 2021. The unquoted options have an exercise price of 45 cents and an expiry date of 12 February 2023. No options were issued during the year ended 30 June 2022.

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

2022	Number of Options	Weighted Average Exercise Price
Opening balance as at 1 July 2021	20,000,000	$0.060
Exercised	(7,000,000)	($0.060)
Outstanding as at 30 June 2022	13,000,000	$0.060

2021	Number of Options	Weighted Average Exercise Price
Opening balance as at 1 July 2020	21,000,000	$0.060
Expired	(1,000,000)	($0.060)
Outstanding as at 30 June 2021	20,000,000	$0.060

16. 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:

	2022 #	2021 #
Weighted average number of shares used in basic earnings per share	1,579,962,831	1,060,237,514
Loss per share – basic and diluted (cents)	(0.47)	(0.27)

There were 28,591,726 options (2021: 105,003,467) and 14,329,438 performance rights (2021: 22,791,666) outstanding at the end of the year that have not been considered in calculating diluted EPS due to their effect being anti-dilutive.

Company Structure

17. Investments in controlled entities

Controlled entities

The Company has the following subsidiaries:

Name of Subsidiary	Country of Incorporation	Class of Shares	Percentage Held 2022	Percentage Held 2021
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%
Bynoe Lithium Pty Ltd	Australia	Ordinary	100%	100%

18. Parent entity information

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

	2022 $	2021 $
Statement of financial position		
Current assets	135,608,181	38,376,061
Total assets	245,110,454	73,193,867
Current liabilities	5,287,298	1,769,412
Total liabilities	5,703,122	1,879,406
Issued capital	265,668,360	90,606,910
Retained losses	26,714,918	19,944,971
Share-based payments reserve	453,890	652,522
Statement of profit of loss and other comprehensive income		
Loss for the year	6,783,097	2,912,254
Total comprehensive loss for the year	6,783,097	2,912,254

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 except for a payment guarantee by Core Lithium Ltd for the payment obligations under the Call Option Deed with Outback Metals Pty Ltd and Victory Polymetallic Pty Limited and the related land covenant with Australia New Zealand Resources Corporation Pty Ltd as trustee for the Chrisp Family Trust by Bynoe Lithium Pty Ltd as disclosed in Note 22.

19. Operating segments

Management has determined the operating segments based on internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker (CODM), to make strategic decisions.

The Group has identified two reportable segments of its business:

- Finniss Lithium Project mining, crushing and processing operations .
- Exploration: exploration and evaluation of primarily Lithium mineralisation.

The CODM monitors performance in these areas separately. Unless stated otherwise, all amounts reported to the CODM are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group. Operating segment performance details for financial years 2022 and 2021 are set out below:

Segment results

2022 Segment results	Finniss Lithium Project – operations $	Exploration $	Total $
Segment revenue	—	—	—
Cost of production	—	—	—
Gross Margin	—	—	—
Exploration and evaluation assets and impairment	(558,724)	(27,154)	(585,878)
Segment result	(558,724)	(27,154)	(585,878)
Interest income			358,410
Finance costs			(99,833)
Other expenses			(7,138,374)
Loss before tax			**(7,465,674)**
Total segment assets	**84,533,395**	**41,078,175**	**125,611,570**
Total segment liabilities	**17,196,124**	**3,380,386**	**20,576,510**

2021 Segment results	Finniss Lithium Project – operations $	Exploration $	Total $
Segment revenue	—	—	—
Cost of production	—	—	—
Gross Margin	—	—	—
Exploration and evaluation costs and impairment	—	(91,592)	(91,592)
Segment result	—	(91,592)	(91,592)
Interest income			66,320
Finance costs			(1,681)
Other expenses			(2,885,301)
Loss before tax			**(2,912,254)**
Total segment assets	**—**	**34,786,253**	**34,786,253**
Total segment liabilities	**—**	**1,096,439**	**1,096,439**

19. Operating segments continued

Operating segment assets are reconciled to total assets as follows:

	2022 $	2021 $
Segment assets	125,611,570	34,786,253
Unallocated assets:		
Cash and cash equivalents	135,197,639	38,107,642
Other receivables	20,655	14,643
Other financial assets	190,069	80,250
Other assets	220,258	68,280
Plant and equipment assets	613,024	136,799
Total assets	**261,853,215**	**73,193,867**

Operating segment liabilities are reconciled to total liabilities as follows:

	2022 $	2021 $
Segment liabilities	20,576,510	1,096,439
Unallocated liabilities:		
Trade and other payables	1,653,087	572,422
Lease liabilities	403,265	9,371
Provisions	495,598	201,174
Total liabilities	**23,128,460**	**1,879,406**

20. 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:

	2022 $	2021 $
Short-term benefits	1,790,976	1,076,478
Post-employment benefits	83,436	68,229
Other long-term benefits	124,013	16,519
Share-based payments	84,010	137,568
Total remuneration	**2,082,435**	**1,298,794**
The following transactions occurred with KMP:		
Payment for professional services to entities associated with related parties	212,635	154,842
Payables for professional services at reporting date	**16,412**	**11,246**

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 at reporting date are unsecured and are repayable in cash. These balances were paid in full subsequent to the reporting date.

Amounts paid to Director related entities:

Related party	Relationship to Key Management Personnel/Director	Services provided	2022 $	2021 $
Piper Alderman[1]	A business of which G Engilsh is a consultant	Legal fees	10,207	9,158
Neogold Enterprises Pty Ltd[2]	A company of which H Hellewell holds a beneficial interest	Director's fees	53,758	40,333
McComas Capital Pty Ltd[3]	A company of which M McComas holds a beneficial interest	Director's fees	52,753	40,201
Kopias Consulting[4]	A business of which J Kopias is a Director	Consulting fees	95,917	65,149

1. *The total amount of fees due to Piper Alderman as at 30 June 2022 was $nil (2021 $nil).*
2. *The total amount of fees due to Neogold Enterprises Pty Ltd as at 30 June 2022 was $9,252 (2021: $3,330).*
3. *The total amount of fees due to McComas Capital Pty Ltd as at 30 June 2022 was $nil (2021: $3,333).*
4. *The total amount of fees due to Kopias Consulting as at 30 June 2022 was $7,160 (2021: $4,583).*

Additional Disclosures

21. Auditor remuneration

During the year ended 30 June 2022, total fees paid or payable for services provided by Grant Thornton and its related practices were as follows:

	2022 $	2021 $
Audit services		
Audit and review of Financial Reports	139,391	47,405
Other services		
Taxation compliance and advisory	25,479	16,258
Financial due diligence	7,200	6,500
Total other services remuneration	32,679	22,758
Total remuneration received by Grant Thornton	**172,070**	**70,163**

22. Commitments and contingencies

Contingencies

In the July 2019, 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. Under this royalty agreement there is an additional $1.25 million of funding that is conditional on the Group announcing a 15 million tonne JORC Mineral Resource for the Finniss Lithium Project, which was achieved in July 2022, 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.

In FY 2021, Core Lithium Ltd and Bynoe Lithium Pty Ltd entered into a Call Option Deed with Outback Metals Proprietary Limited (Outback), Victory Polymetallic Pty Limited (Victory) (collectively the Grantors) and Australia New Zealand Resources Corporation Pty Ltd (the Landowner) to potentially acquire up to six granted Mineral Leases (MLs) adjacent to the Group's Finniss Lithium Project in the Northern Territory. During the current period this Call option was exercised and the tenements were acquired. Contingent consideration will also be payable of $500,000 to the Grantors, ($150,000 in cash and $350,000 in cash or Core Lithium Ltd shares, at Core's discretion (subject to any required shareholder approval)) for each 1 million tonne JORC resource identified by Bynoe, capped at an aggregate amount of $5,000,000. Any shares will be subject to a 3 month and 14-day escrow period.

As part of this transaction the Landowners also entered into a Covenant in Gross (Covenant) with Bynoe which runs with and binds that part of the land which underlies the two Mineral Titles, ML 29985 and MLN 1148. Under the terms of the Covenant, the Landowners agree to give Bynoe a right of first refusal to purchase the underlying land if the Landowner intends to sell the land, and otherwise undertakes to ensure any third-party purchaser is bound by the Covenant.

Under the covenant Bynoe agrees to pay compensation to the Landowner in full and final satisfaction for any damage, disturbance, and loss of access to the land including as compensation under the Mineral Titles Act:

(a) $500 per hectare per annum to the Landowner, for any part of the Landowner's underlying land that is subject to the Mineral Titles. Bynoe must pay this annual compensation until the Mine Development Date (being the date Bynoe secures authorisations to develop and operate a mine on either or both affected Mineral Titles and reaching a final investment decision; or it purchases the underlying land from the Landowner). No compensation will be payable if Bynoe does not undertake Mining Activities on the affected Mineral Titles in any 12-month period.

(b) $1,900,000 (indexed using Darwin CPI) to the Landowner, on the Mine Development Date.

Core Lithium Ltd guarantees the financial obligations of Bynoe under the Call Option Deed and the Covenant.

In April 2022 Core purchased EL31407 (Shoobridge) from Newmont Exploration Pty Ltd, a subsidiary of gold producer Newmont Corporation. A term of the purchase agreement is that Core has granted a 2% smelter return royalty on all gold, lithium and uranium extracted from the tenement. Core also has the right to buy-back the royalty for $10 million.

During the period Core executed a Crushing Services Contract with CSI Mining Services (CSI) for the Finniss Lithium Project. The contract includes an early termination payment if the contract is terminated prior to 10 years from the date of commissioning. This termination payment is on a decreasing scale from year 3 of $9.9 million to $nil after 10 years.

Bank guarantees

Bank guarantees have been disclosed at Note 3.

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 should the tenements be renewed.

The Group's exploration licence tenements are renewable 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.

Minimum expenditure required to maintain tenure of tenements	2022 $	2021 $
Within one year	393,659	676,508
After one year but not more than five years	289,291	648,718
Greater than five years	—	46,751
Total commitments	**682,950**	**1,371,977**

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

Capital commitments

Capital expenditure contracted for at end of the reporting period but not recognised as liabilities is $18,519,930 (2021: $nil).

23. Events arising since the end of the reporting date

On 12 July 2022 Core announced a significant increase to the Finniss Lithium Project Mineral Resource and Ore Reserves Estimates. Mineral Resource Estimate increased by 28% to 18.9Mt at 1.32% Li_2O and the Ore Reserve Estimate increased by 43% to 10.6Mt at 1.3%Li_2O.

On 5 August 2022 Core appointed Gareth Manderson as CEO. Gareth was most recently General Manager of Sustaining Capital and Rio Tinto, where he was instrumental in developing a team and structure capable of delivering Rio Tinto's Iron Ore sustaining capital, improvement capital and technology deployment projects across their Pilbara operations in regional Western Australia.

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.

24. Statement of significant accounting policies

These 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 2022 were approved and authorised by the Board of Directors on 27 September 2022.

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.

Comparative information

Comparative information for 2021 is for the full year commencing on 1 July 2020.

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 2022. 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 17 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) 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.

(c) 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 included within the relevant notes to the financial statements above.

(d) 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).

(e) 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.

(f) Adoption of the new and revised accounting standards

There are no new and revised accounting standards issued or issued but not yet effective which are expected to have a material impact on the financial statements.

(g) 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 2022 but will be applicable to the Group in future reporting periods.

25. Financial risk management and capital management

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 for 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 - Revenue from Contracts with Customers,* 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, and
- the contractual cash flow characteristics of the financial assets

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, and
- 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 – Financial Instruments impairment requirements use 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 – *Revenue from Contracts with Customers* 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.

The Directors are responsible for monitoring and managing financial risk exposures of the Group. The Group's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

25. Financial risk management and capital management continued

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

	Note	2022 $	2021 $
Financial assets			
Cash and cash equivalents	1	135,197,639	38,107,642
Trade and other receivables	2	2,554,674	114,989
Other financial assets	3	190,069	80,250
Total		**137,942,382**	**38,302,881**
Financial liabilities			
Trade and other payables	7	14,038,732	1,575,891
Lease liabilities	10	2,086,256	102,341
Total		**16,124,988**	**1,678,232**

Management of financial risk

The Group's management of financial risk is aimed at ensuring cash flows are sufficient to:

– Withstand significant changes in cash flow at risk scenarios and meet all financial commitments as and when they fall due; and

– Maintain the capacity to fund future project development, exploration and acquisition strategies.

The Group continually monitors and tests its forecast financial position against these criteria.

The Group is exposed to the following financial risks: liquidity risk, credit risk and market risk (including foreign exchange risk and commodity price 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.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments:

	Less than 6 months $	6 to 12 months $	Between 1 and 2 years $	Between 2 and 5years $	Total contractual cash flows $	Carrying amount of liabilities $
As at 30 June 2022						
Trade and other payables	14,038,732	—	—	—	14,038,732	14,038,732
Lease liabilities	663,160	652,825	698,536	180,110	2,194,631	2,086,256
Total	**14,701,892**	**652,825**	**698,536**	**180,110**	**16,233,363**	**16,124,988**
As at 30 June 2021						
Trade and other payables	1,575,891	—	—	—	1,575,891	1,575,891
Lease liabilities	34,071	24,700	45,283	—	104,054	102,341
Total	**1,609,962**	**24,700**	**45,283**	**—**	**1,679,945**	**1,678,232**

(b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Credit risk is managed through the consideration of credit worthiness of customers and counterparties. This ensures to the extent possible, that customers and counterparties to transactions are able to pay their obligations when due and payable. Such monitoring is used in assessing impairment where applicable.

(c) Market risk

Foreign currency risk

The Group undertakes transactions impacted by foreign currencies; hence exposures to exchange rate fluctuations arise. The Group's Lithium Spodumene concentrate sales will be denominated in US dollars whereas the majority of costs (including capital expenditure) are in Australian dollars. To manage and mitigate the foreign exchange risk the Group manages future commercial transactions through cash flow management and forecasting.

Commodity price risk

The Group's revenue is exposed to commodity price fluctuations, in particular to lithium spodumene concentrate prices. Price risk relates to the risk that the fair value of future cash flows of lithium sales will fluctuate because of changes in market prices largely due to demand and supply factors for commodities and gold price commodity speculation. The Group is exposed to commodity price risk due to the sale of lithium spodumene concentrate on physical delivery at prices determined by markets at the time of sale. To manage commodity price risk the Group manages future commercial transactions through cash flow management and forecasting.

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, and

(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 2022 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.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022.

Note 24 confirms that the consolidated financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Greg English
Non-Executive Chairman

27 September 2022

Independent Auditor's Report

Grant Thornton

Grant Thornton Audit Pty Ltd
Grant Thornton House
Level 3
170 Frome Street
Adelaide SA 5000
GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666

Independent Auditor's Report

To the Members of Core Lithium Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Core Lithium Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 2022 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 (including Independence Standards)* (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.

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.

Key audit matter	How our audit addressed the key audit matter
Carrying value of plant, equipment and mine development assets - Refer to Note 7 in the financial statements	**Carrying value of plant, equipment and development assets**
The Group incurred significant expenditure in the year, totalling $59.96 million associated with the development of the Finniss Lithium Project. In addition, there was exploration interests totalling $11.25 million that were transferred from exploration and evaluation assets to plant, equipment and development assets. The evaluation of the recoverable amount of the assets requires significant judgement in determining key assumptions supporting the expected future cash flows of the Finniss Lithium Project and the utilisation of the relevant assets. This area is a key audit matter due to the level of judgement and estimation used in the discounted cashflow models.	Our procedures included, amongst others: • Documenting the processes and assessing the internal controls relating to the capitalisation of costs and management's assessment of impairment; • Obtaining management's reconciliation of capital and development assets and agreeing to the general ledger; • Assessing the determination of cash generating unit's based on understanding how the Chief Operating Decision Maker monitors the Group's operations and makes decisions about the assets that generate independent cash flows; • Obtaining management's discounted cash flow model and utilising Grant Thornton valuation experts analysing for appropriateness against AASB 136 *Impairment of Assets*, including: – Understanding management's assumptions; – Performing sensitivity analysis on assumptions; – Comparing forecast production against available reserves; • Comparing the market capitalisation of the Group at 30 June 2022 against the carrying value of assets; and • Reviewing the appropriateness of the related disclosures within the financial statements.
Provision for Mine Rehabilitation - Refer to Note 11 in the financial statements	
As at 30 June 2022, the Group had provisions for site rehabilitation of $3.87 million relating to the estimated future cost of rehabilitation and restoration of areas disturbed as a result of its development activities. The provision for site rehabilitation is considered a key audit matter due to the materiality of the balance, the significant judgements and estimation uncertainty, and the complexity involved in the quantification of the estimated provision.	We performed the following audit procedures, amongst others: • Obtaining an understanding of the process involved in determining the provision; • Obtaining the calculations and the methodology used to determine if the provision is in accordance with Australian Accounting Standards;

Provision for Mine Rehabilitation - Refer to Note 11 in the financial statements	
	• Considering the competence and objectivity of the Group's internal and external experts involved in determining the cost estimates used in the calculations; • Benchmarking the key market related assumptions, being inflation rates and discount rates, used in the calculations against external market data; and • Assessing the appropriateness of the related disclosures in the financial statements

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 2022 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.

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_2020.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 2022.

In our opinion, the Remuneration Report of Core Lithium Ltd, for the year ended 30 June 2022 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

J L Humphrey
Partner – Audit & Assurance

Adelaide, 27 September 2022

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 31 August 2022.

The Company is listed on the Australian Securities Exchange.

Substantial Shareholders

There are no substantial shareholders at the effective date.

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.

Buy-Back

There is in no current on-market buy-back.

Distribution of Equity by Security Holders

Holding	Quoted ordinary shares		Unquoted options			Unquoted Performance rights
	#	%	$0.08 5-Sep-22[1]	$0.45 12-Feb-23[2]	$0.06 30-Jun-23[3]	
1 – 1,000	11,435	0.43	—	4	—	—
1,001 – 5,000	19,009	2.92	—	23	—	—
5,001 – 10,000	7,203	3.28	—	37	—	—
10,001 – 100,000	11,204	20.57	—	82	—	—
100,001 and over	1,788	72.80	1	18	3	6
Number of holders	50,639	100.00	1	164	3	6
Securities	**1,737,195,356**		**4,000,000**	**10,966,419**	**13,000,000**	**9,371,105**

1. *Held by Argonaut Investments Pty Ltd.*
2. *HSBC Custody Nominees (Australia) Limited – A/C 2 holds 3,250,000 unquoted options.*
3. *Issued under employee incentive scheme as disclosed within the Directors report.*

There were 1,160 holders of less than a marketable parcel of ordinary shares ($500 amounts to 357 shares at a share price of $1.40). There are no restricted securities or securities subject to voluntary escrow.

Twenty Largest Holders of Ordinary Shares

		No. of shares held	% Held
1	HSBC Custody Nominees (Australia) Limited	135,837,288	7.82%
2	Ganfeng New Energy Technology Development (Suzhou) Co Ltd	90,591,715	5.21%
3	J P Morgan Nominees Australia Pty Limited	84,732,414	4.88%
4	Ya Hua Intl Inv and Development Co Ltd	69,815,094	4.02%
5	Citicorp Nominees Pty Limited	45,075,920	2.59%
6	BNP Paribas Noms Pty Ltd <DRP>	31,415,207	1.81%
7	Hooks Enterprises Pty Ltd <Hoeksema Superfund A/C>	25,900,000	1.49%
8	National Nominees Limited	22,430,844	1.29%
9	Mr Leendert Hoeksema & Mrs Aaltje Hoeksema	20,400,000	1.17%
10	HSBC Custody Nominees (Australia) Limited <GSCO Customers A/C>	17,455,140	1.00%
11	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	16,246,462	0.94%
12	HSBC Custody Nominees (Australia) Limited – A/C 2	13,876,955	0.80%
13	HSBC Custody Nominees (Australia) Limited – GSCO ECA	9,305,985	0.54%
14	Genex Resources Pty Ltd	7,718,333	0.44%
15	BNP Paribas Nominees Pty Ltd ACF Clearstream	7,139,816	0.41%
16	Tarmo Investments Pty Ltd <Tjena Super Fund A/C>	6,253,950	0.36%
17	Superhero Securities Limited <Client A/C>	5,819,349	0.33%
18	Mrs Slavka Mincic	5,487,009	0.32%
19	HSBC Custody Nominees (Australia) Limited	5,199,752	0.30%
20	Mr Sunil Pathak	4,938,400	0.28%
	Top 20 shareholders as a 31 August 2022	**625,639,633**	**36.01%**
	Total ordinary shares on issue	**1,737,195,356**	**100.00%**

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

Jarek Kopias

Chief Executive Officer

Gareth Manderson

Chief Financial Officer

Simon Iacopetta

Chief Operating Officer

Blair Duncan

Registered and Principal Office

Level 5, 149 Flinders Street
ADELAIDE South Australia 5000

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Postal Address

GPO Box 1525
ADELAIDE South Australia 5000

Web Address

www.corelithium.com.au

Auditors

Grant Thornton Audit Pty Ltd
Level 3, 170 Frome Street
ADELAIDE South Australia 5000

Solicitors

Allens Linklaters
Level 11, Mia Yellagonga Tower 2
5 Spring Street
PERTH Western Australia 6000

Home Stock Exchange

Australian Securities Exchange
20 Bridge Street
SYDNEY New South Wales 2000

Stock Exchange Listing

Core Lithium Ltd (CXO) shares are listed on the Australian Securities Exchange (ASX)

Share Registry

Automic Group
Level 5, 126 Phillip Street
SYDNEY New South Wales 2000

Telephone: +61 2 9698 54

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