

# Australia's newest lithium producer

Annual Report 2023



# About this Report

Core Lithium is the 100% owner and operator of the Finniss Lithium Operation – the Northern Territory’s first lithium mine, and Australia’s only lithium mine outside of Western Australia.

Finniss is located just 88km by sealed road to the Port of Darwin and supported by one of the best logistics chains of any Australian lithium project.

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### Important Information

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. 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 9, 2 Mill Street  
 Perth 6000  
 Western Australia

### Acknowledgement of country

Core Lithium acknowledges First Nations people, the traditional custodians of the land on which we work throughout Australia. We pay our respects to the people and cultures, and to their elders past, present and emerging. We recognise their connection to land, water and community, and their rich contribution to society.





Construction of the Finnis Operations was completed in early 2023 and the first concentrates produced in February 2023.



# The Year in Review

## Value drivers



### Delivery

Operational and financial performance



### Growth

Exploration and business development



### Commercial

Product, market strategy and sales



### ESG

Reputable supplier of ethically sourced minerals

## Operations

*Read more 16-17*

Mining of ore commenced in October 2022

Finniss mine officially opened

Construction completed

- ✓ DMS plant completed
- ✓ Crushing plant commissioned
- ✓ Logistics to port commissioned

First concentrate produced

18,274t concentrate produced

## Sales and marketing

*Read more 18*

14,774t

Direct Shipping Ore sold through digital exchange platform

Commissioned all logistics to the Darwin Port

First spodumene concentrate shipment made in April

Pre-payment agreements reached with customers

5,423t

in spodumene concentrate sales

Maiden guidance 80,000-90,000t

of spodumene concentrate production for FY24

## Projects and exploration

*Read more 19-23*

Finniss Global Mineral Resource estimate ↑ 62% to

30.6Mt

@1.31% Li<sub>2</sub>O<sup>1</sup>

BP33 Finniss Mineral Resource estimate ↑ 131% to

10.1Mt

@1.48% Li<sub>2</sub>O<sup>2</sup>

BP33 early works and feasibility study update commenced

\$15.0m

Spent on exploration in FY23

\$35-40m

Guided for FY24 exploration and studies

1. Refer "Significant Increase to Finniss Mineral Resources released on 18 April 2023. Core Lithium confirms that the Company is not aware of any new information or data that materially affects the Mineral Resource Estimates cross referenced in this report and confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

## Financial

(as at 30 June)

[Read more 14–15](#)

\$152.8m

Cash

NIL

Debt

1,859m

Shares on issue

\$50.6m

revenue

\$90.8m

Operating cash flow

NPAT of

\$10.8m

## Gearing up for growth

[Read more 24–29](#)

Appointment of  
Andrea Hall as  
Non-Executive Director

Appointment of  
Gareth Manderson  
as Chief Executive Officer

Leadership  
team in place

Relocation of  
registered office  
to Perth

## ESG

[Read more 30–39](#)

CRM implemented

12 Community  
Grants awarded

\$11m capital allocated  
to water management

New charter for  
Risk and Sustainability  
Committee

Total rewards framework  
for employees

2. Refer "BP33 Mineral Resource more than Doubled" on 6 March 2023. Core Lithium confirms that the Company is not aware of any new information or data that materially affects the Mineral Resource Estimates cross referenced in this report and confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. Measured Mineral Resource 2.85Mt @ 1.46% Li<sub>2</sub>O/Indicated Mineral Resource 4.09Mt @ 1.53% Li<sub>2</sub>O.

# Finniss Milestone Timeline

## Discovery to Production



Finniss landholding grows

250%



2016

- Core transitions to pure-play lithium company
- Bynoe region project acquisition

- Finniss discovery
- Bynoe landholding increased
- Maiden MRE at Grants

2017

- BP33 emerges as high-priority target
- Grants mining lease lodged
- Maiden MRE at BP33
- Grants MMP submitted
- Scoping study

2018

- BP33 MRE grows 50%
- Grants Mining Lease granted
- Finniss DFS

2019

- AAPA Certificate granted
- EPA assessment completed
- Grants MMP submitted
- Yahua offtake agreement



Finniss Mineral Resource Estimate grows

18.9Mt

↑ @1.32% Li<sub>2</sub>O

Finniss Ore Reserve grows

10.6Mt

↑ @1.3% Li<sub>2</sub>O

BP33 grows

10.1Mt

↑ @1.4% Li<sub>2</sub>O<sup>1&2</sup>

Finniss MRE grows

30.6Mt

↑ @1.31% Li<sub>2</sub>O

2020

- BP33 approvals commence
- Grants MMP approved
- Finniss awarded Major Project status
- BP33 Mining Lease granted
- Darwin Port agreement

2021

- Updated DFS
- Ganfeng offtake \$125M raising
- Final Investment Decision
- Construction commences
- Core joins ASX200
- Finniss ORE grows to 10.6Mt @1.3% Li<sub>2</sub>O
- Mining commences

2022

- Finniss officially opened
- Crushing plant commissioned
- Maiden DSO sale
- Construction complete
- First concentrate produced
- Additional offtakes
- \$100M institutional placement

2023

- BP33 mine authorisation and Mine Management Plan
- \$50M early works approved
- \$100M institutional placement and Share Purchase Plan
- BP33 Early works commence
- First delivery into long-term offtakes

1. Refer "Significant Increase to Finniss Mineral Resources released on 18 April 2023. Core Lithium confirms that the Company is not aware of any new information or data that materially affects the Mineral Resource Estimates cross referenced in this report and confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.
2. Refer "BP33 Mineral Resource more than Doubled" on 6 March 2023. Core Lithium confirms that the Company is not aware of any new information or data that materially affects the Mineral Resource Estimates cross referenced in this report and confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. Measured Mineral Resource 2.85Mt @ 1.46% Li<sub>2</sub>O/Indicated Mineral Resource 4.09Mt @ 1.53% Li<sub>2</sub>O.

# Future Focused

## Our focus for FY24

### Core aims to be a reputable supplier of sustainably and ethically sourced Australian minerals.

Core strives to be a responsible and sustainable participant of Australia’s mining sector. We aim to be a company that contributes positively to responding to climate change both through our products and our practices.

As we mature, we aim to implement sustainable practices through all stages of our operations, from extraction through to processing and distribution. Our objective is to conduct our operations minimising environmental and social impacts and delivering positive outcomes for our stakeholders and the local communities where we operate.

Lithium has a fundamental role in shaping the global energy future, with battery storage key to the decarbonisation pathways the world will pursue.

We are excited to be part of that journey through mining and processing spodumene concentrate to produce the lithium hydroxide that is essential to battery production.

We are embracing our role in the energy transition and acknowledge our responsibility to sustainably manage our operations to contribute to a lower carbon future.



### Delivery

Achieve FY24 spodumene production guidance of 80,000 to 90,000 tonnes

Execute Finnis performance improvement initiatives, including improving lithia recoveries and mining productivity

Deliver into offtake contracts



### Growth

Execute exploration plan for 2024

Complete BP33 underground revised Feasibility Study due in Q1 2024

Reach FID for BP33 underground in Q1 2024

Fine-tune strategy for regional exploration and growth options



### Sustainability

Develop the sustainability strategy aligned with future growth opportunities

Identify further opportunities through the community investment program for local businesses, associations and groups to mutually benefit

Build HSEC systems and processes that are fit for purpose and reflect our risk profile

Continue to evolve the integration of Critical Risk Management into operational practices





# Chair's Letter

## Dear Shareholder

Last year, we safely and significantly advanced the Finnis Lithium Project and completed our first financial year as an Australian lithium producer.



During 2023, Core became Australia's newest lithium producer, with the first sale of lithium (direct shipping ore) occurring just five years after our first announcement of a Mineral Resource at Finnis.

Construction and development were the central focus of activities at Finnis during the year, as our team worked to a rigorous timeline of key milestones and objectives. Significant progress was achieved with the Dense Media Separation (DMS) plant construction completed and the first commissioning ore produced in February 2023. The commissioning of modern DMS plants is never without its minor hiccups, and during the year, we managed and fine-tuned a number of elements of the processing circuit.

Building and operating a mine and processing plant in a tropical climate can be challenging, with open pit mining during the wet season proving difficult. Despite the difficulties, we were able to continue open pit mining operations to extract the Direct Shipping Ore (DSO) lying above the main Grants deposit, as well as mining significant volumes of open pit spodumene ore and overburden.

It is a tribute to the continued focus, hard work and dedication of our outstanding team of people, both at the Finnis Project and in our Perth head office, that we have achieved so many outstanding milestones during the year.

### Safety

As our business continues to grow, safety remains our priority at Core and is an integral part of everything we do. During the year, the Core team successfully implemented programs to strengthen our approach to safe work and further embedding it in our operations. The safety of our people will continue to be a key focus for Finnis through our safety leadership, our systems of work, and our workplace attitudes, where all employees and contractors take action to ensure effective controls that address hazards are in place.

### Our strategic focus

While ramping up production at Finnis remains our key immediate priority, we are also building a pipeline of high-quality assets to sustain growth over the long term. Some of the key pillars of our growth strategy are already beginning to take shape, and they form the backdrop to what we see as a multi-pronged growth strategy. The key elements of this strategy include:

- **Build our ESG credentials** – strengthen our culture and safely advance growth and operational delivery at our operations.
- **Production** – ensuring we continue to hit all of our goals and milestones at Finnis, successfully ramping lithium production to meet forecasts and maintaining operating costs within target levels.
- **Near-mine exploration** – maintaining a comprehensive and aggressive exploration program targeting additional lithium deposits around our existing mining operations and within our broader 500 km<sup>2</sup> tenement holding at Finnis. We are currently spending over \$25 million per year on exploration to unlock the next generation of lithium deposits, utilising some of the world's most sophisticated exploration technologies. The BP33 underground mining studies started earlier this year and are focussed on optimising the BP33 mine design, with a final investment decision to be considered in early 2024.
- **Australian regional exploration** – undertaking focused exploration programs within a growing portfolio of exploration projects. Opportunities include Anningie and Barrow Creek near Alice Springs and Shoobridge, approximately 130km southeast of Finnis.
- **Business development** – targeting assets that can add genuine value through acquisition or corporate opportunities.

The result of our team's outstanding commitment and dedication was clearly displayed at the official opening of the Finnis Lithium Mine, which was officially opened by the Northern Territory Deputy Chief Minister, the Honourable Nicole Manison MLA, on 10 October 2022. This was a very proud day for the Core team. At the opening ceremony, I said it was an opportunity to thank the many people who have contributed to the Core success story and to celebrate the spirit of resilience and optimism that forms the backbone of the Australian mining and exploration industry.

## Board and Management

Throughout FY23, Core's organisational structure has evolved for growth. We have significantly grown our in-house expertise, refined our strategy, strengthened our management team and reorganised the team to support our future growth agenda. Our devolved organisational structure has enabled a continued focus on sustained, reliable performance at the Grants open pit mine, construction and commission of the Grants DMS plant, commencement of studies for our next generation of mines and the consolidation and embedding of our culture and governance processes.

Core's firm belief that our people are the key to realising our ambitions led to the appointment of Gareth Manderson as Chief Executive Officer. Gareth brings a wealth of skills and experience to this crucial position. Gareth hit the ground running and quickly built an experienced and highly credentialed senior management team, ensuring he is ideally placed to help us meet our performance and growth targets at Finnis now that the commissioning process is complete.

Core's progress is also being reflected at the corporate level, with the composition of the Board continuing to evolve in response to the Company's growing status. Core's founding Managing Director, Stephen Biggins, resigned in October 2022. Mr Biggins oversaw the initial ASX listing of Core and was instrumental in discovering and developing the Finnis Lithium Project.



The official opening took place at the Finnis Grants Lithium Mine on 10 October 2022 by the Honourable Nicole Manison MLA, the Northern Territory's Minister for Mining, and Industry. Core Chief Executive Officer Gareth Manderson, Core Non-Executive Chair Greg English and members of the Core Board were also in attendance.

Since beginning life with an appropriately structured smaller Board, Core now has four Directors. Notably, three of these are independent, including our latest appointment, Andrea Hall. Andrea is an experienced company director and highly respected industry leader with a distinguished career as a company director and consultant. Consideration will be given to appointing additional independent Directors in the next 12 months. Any such appointment will be considered in the light of continuing to add to a diverse mix of skill sets on the Board.

## Outlook

The outlook for lithium remains optimistic, with demand for traditional and new lithium-ion battery technologies contributing to projected growth in demand. A global mine supply shortfall is projected in the coming years due to increasing lithium demand and a lack of new mine development. This, combined with emerging battery technologies that depend on lithium, suggests it will remain a sought-after commodity.

The Company's achievements have laid a solid foundation for us to resume the strong growth path as global economic conditions improve and demand for lithium – which remains a core metal for the transition to electric vehicles – recovers in North America and the Euro Zone and continues to be underpinned by the strong growth of the Chinese economy.

With the ramp-up of production at Finnis now essentially complete, we look forward to another successful year ahead as we continue to take measured steps towards realising our vision of building a sustainable lithium mining company in partnership with our strategic commodity partners worldwide.

Much of the thanks for this remarkable journey must go to our team, both staff and contractors, who have ensured that we have made the journey quickly, safely and prudently. In particular, I would like to recognise our senior management team's continuing hard work and efforts. Our management team worked tirelessly during the year to ensure that Core's transition to an ASX-200 mining company has been seamless. I also acknowledge the support of our offtake partners with whom we have developed a healthy relationship. Finally, I thank our shareholders for your continued support, trust, and confidence.

We are now at a point where our efforts in FY24 will be focused on consolidating and strengthening our current position. This will support the delivery of our future growth ambitions in the coming years. We will do this by strengthening our approach to safe work in all our operations, delivering reliable and consistent mine operation performance, ramping up towards DMS plant full production, optimising our future growth pipeline through our province approach, mining studies at BP33 and Carlton and continued near mine and regional exploration.

**Greg English**  
Chair  
Core Lithium Ltd

# Chief Executive Officer's Report

## Dear Shareholder

In the 2023 financial year, your company became Australia's newest lithium producer.



This achievement is a testament to the vision of your Board and the hard work of the Core Lithium team over a number of years.

The minimum viable project approach taken at Finniss (the smallest viable resource and lowest capital investment necessary to commence production) has generated revenue in less than two years from the Grants Final Investment Decision. In parallel, successful exploration has led to a 62% increase in Finniss' Global Resource to 30.6Mt at 1.3% Li<sub>2</sub>O, and within that an increase to the BP33 resource by over 130% leading to the potential for the BP33 mining option to cornerstone the Core business<sup>1</sup>.

In the 12 months since joining Core we have rapidly completed construction, commenced operations and worked to define the next steps of growth for the business. The Core team has worked very well together to achieve many important milestones at the Finniss Lithium Operation and they have also responded very well to the challenges often faced by a young business maturing from developer to miner and operator.

### Operations

The Finniss Lithium Operation was officially opened in October 2022, shortly after the commencement of ore mining at the Grants pit. This was followed by rapid commissioning of the crushing plant, which saw our first revenue generated from the sale of our first lithium product, a 15,000t DSO Direct Shipping Ore (DSO) cargo using a digital exchange platform in November. We also managed through our first wet season as a producing mine. This challenged our new site, with water inundating the pit in December. Our operations team moved quickly and worked together admirably to resolve the situation. During this time, construction of the Dense Media Separation (DMS) processing plant was completed and commissioning commenced. In late-February, we subsequently reported production of our first spodumene concentrate.

### Operational outlook

By the end of the financial year sufficient operational experience and data was gathered from integrated but campaigned pit to plant operations, to complete a detailed budgeting and forecasting process. Our first production guidance of 90,000 to 100,000t of concentrate sales, was provided to market as a result of this work. While this forecast for FY24 was below expectations from study work, it is important to note that the reasons for this are understood. Metal recoveries from the DMS plant are lower than expected, a revised mine plan required the pit walls to be laid back to improve wall geotechnical stability and the wet season impact is better understood.

Importantly, Core now has a baseline of operational performance at Finniss to build on, and a clearer picture of the journey ahead as we ramp up operations. Our priority now is to undertake plant trials and engineering studies to identify near, medium and long-term initiatives to lift recovery rates and improve mining operations. While this improvement work is underway, the sale of a lithium fines product generates revenue from a new product which would otherwise have been unsold.

### Our people

Focus has also been brought to bear on the establishment of the organisations' capacity and capability. During the year a leadership team has been brought together, with the capabilities and experience to lead Core through its transition from developer to operator and drive a growth strategy. The company's corporate office has been relocated to Perth, Australia's lithium capital which is providing ready access to the resources and capability required to support our business.

1. For full details refer to ASX Release: "Significant increase to Finniss Mineral Resources" dated 18 April 2023. Total Mineral Resources of 30.6Mt @ 1.31% Li<sub>2</sub>O. Measured Mineral Resource 6.98Mt @ 1.45% Li<sub>2</sub>O/Indicated Mineral Resource 12.4Mt @ 1.33% Li<sub>2</sub>O. Inferred Mineral Resource 11.3Mt @ 1.21% Li<sub>2</sub>O. The BP33 Mineral Resource Estimate (MRE) was first reported on 6 March 2023 and is comprised of: Measured MRE of 2.85Mt @ 1.46% Li<sub>2</sub>O, Indicated MRE of 4.09Mt @ 1.53% Li<sub>2</sub>O and Inferred MRE of 3.17Mt @ 1.45% Li<sub>2</sub>O. Core Lithium confirms that the Company is not aware of any new information or data that materially affects these Mineral Resource Estimates and confirms that all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed.

## Financial performance

This financial year your company generated its first income from lithium sales. The Company recorded revenue of \$50.6 million from a shipment of Direct Shipping Ore (DSO) and a portion of the revenue from its first cargo of spodumene concentrate. We generated an earnings before interest, taxes, depreciation and amortisation (EBITDA) of \$14.0 million, with a reported net profit after tax of \$10.8 million.

Prudent cashflow management, and balance sheet strength and flexibility have been a key focus of the management team to support the Finnis ramp up period, maintain resource expansion and progress development opportunities. We have done this through securing pre-payments for commissioning and first production volumes and two capital raises. One in September 2022 and a second in August 2023. Maiden revenue generated from our first production, along with the capital raised in September 2022 saw us end the financial year with a closing cash balance of \$153 million.

Our long-term offtake partners remain valued supporters of our business. As mentioned above, Sichuan Yahua, signed sales agreements to purchase the commissioning and first production concentrate cargos under pre-payment terms, and, as we now begin to deliver into the long-term offtake agreements, both Ganfeng and Yahua have provided flexibility in terms of shipment timing as we work through the recovery improvement plan and ramp up period of operations.

**“Importantly, Core now has a baseline of operational performance at Finnis to build on, and a clearer picture of the journey ahead as we ramp up operations.**

**Our priority now is to undertake plant trials and engineering studies to identify near, medium and long-term initiatives to lift recovery rates and improve mining operations.”**

## Strategy and priorities

Moving forward Core is focused on three priorities. Firstly, to establish the mining business around the Grants operation as outlined above. Secondly, progress the BP33 project, our near-term growth option, including the early works and the underground mine feasibility, and thirdly pursue an organic growth strategy that includes exploration across our leases to identify potential mine options.

The BP33 underground project has been selected as the next potential mining operation, and subject to a successful updated feasibility study, could become the cornerstone asset for Finnis. In March, we reported that Mineral Resources at BP33 more than doubled. The BP33 Mine Authorisation and Mine Management Plan was received from the Northern Territory Government in May, and up to \$50 million was allocated to an early works program to be conducted in parallel with the mining feasibility study. The early works includes surface infrastructure and a covered box cut to reduce the water catchment area and better accommodate the wet season.

As part of our organic growth program, our \$13 million 2022 drilling program was the biggest in the Company’s history and as mentioned above, in April, we reported the Finnis’ Global Resource had increased by 62%. In 2023 the Company increased exploration spend again, allocating \$25 million, as well as establishing a project studies team. The immediate focus of this work is to find and prove up mining options from those deposits in the Northern Finnis area within trucking distance to the crusher and DMS plant.

Core is producing lithium, a commodity with very attractive long-term fundamentals. As the global decarbonisation transition gains momentum, we will work to use our assets to their highest potential to match demand for our lithium products. 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.

The financial year ahead is shaping up to be another period of significant growth for Core. The ramp up to commercial operations at Finnis is advanced, and the parallel early works program and updated feasibility study at BP33 are progressing well and we are on track for a Final Investment Decision in the March quarter of 2024. Core continues to receive strong inbound interest from existing battery chemical manufacturers as well as companies with plans to build facilities in many parts of the world. This demand coupled with continued constrained supply leads to favourable market conditions for our products and provides the business case to continue to pursue our growth options.

I would like to take this opportunity to thank the Core team and our contracting partners for the work they have done to deliver the Finnis Lithium Project and turn it into Finnis Operations over the past year. Thanks also goes to our customers, suppliers, and the Federal and Northern Territory Governments for their support during this pivotal year for Core Lithium.

And finally, I thank our shareholders. It has been a year of significant change. We are grateful for your ongoing support as we work through our transition to a mature mining operator and continue to develop our growth options.



**Gareth Manderson**  
Chief Executive Officer  
Core Lithium Ltd

# Our Financial Performance

## Operating and Financial Review

Core Lithium's transition from explorer and developer to producer has seen the Group report its maiden profit.

The Company generated revenue of \$50.6 million from its first sales; a shipment of Direct Shipping Ore (DSO) and a cargo of spodumene concentrate. The Group generated an EBITDA of \$14.0 million, with a reported net profit after tax of \$10.8 million.

\$50.6m

Revenue

\$14.0m

EBITDA

\$10.8m

NPAT



Our operations are reviewed on pages 12 to 18, and the Group key risks are addressed on pages 26 to 29. These sections and the information below form part of the Operating and Financial Review.

## Summary of FY23

A summary of Core Lithium's production, sales and financials are provided below. For the full statutory accounts see page 73.

**Table 1 – Summary FY23 physicals, sales and financials**

| Operations                           |        |        |
|--------------------------------------|--------|--------|
| Spodumene concentrate production     | Tonnes | 18,274 |
| Spodumene concentrate sales          | Tonnes | 5,423  |
| Spodumene concentrate realised price | US\$/t | 4,163  |
| DSO production                       | Tonnes | 14,774 |
| DSO sales                            | Tonnes | 14,774 |
| DSO realised Price                   | US\$/t | 951    |
| C1 Costs                             | A\$/t  | 1,155  |
| Profit and Loss <sup>1</sup>         |        |        |
| Revenue                              | \$m    | 50.6   |
| EBITDA                               | \$m    | 14.0   |
| NPAT                                 | \$m    | 10.8   |
| Cash flow                            |        |        |
| Operating cash flow                  | \$m    | 90.8   |
| Finniss Capex                        | \$m    | 150.6  |
| Exploration expenditure              | \$m    | 15.0   |
| Cash balance at 30 June              | \$m    | 152.8  |

1. The Group reports the figures below to help explain its underlying performance and profitability. The detailed reconciliations of these non-IFRS measures are provided below.

# Our Financial Performance

## Operating and Financial Review

### Income Statement

The company's maiden full-year revenue of \$50.6 million was underpinned by the sale of first lithium products in H2 FY23 – a shipment of Direct Shipping Ore (DSO) and a shipment of spodumene concentrate.

In January 2023, Core received \$20.1 million payment for a 15,000-tonne DSO cargo for US\$951/tonne, representing the Company's first revenue event. This was followed by shipment of Core's 5,423 maiden cargo of spodumene concentrate in May, generating revenue of \$30.5 million.

The Company recorded a net profit after tax (NPAT) of \$10.8 million, and earnings before interest, tax, depreciation and amortisation (EBITDA) of \$14.0 million.

The impairment expenses of \$1.6 million relates to costs associated with evaluating the downstream processing opportunity. Given the current focus is the production of lithium concentrate and the exploration and development program to support that objective, it was considered prudent to write down these costs during the period.

Other operating expenses includes fixed costs of \$4.7 million associated with mining and processing costs incurred during the 2022/23 wet season when the Grants pit flooded, together with royalties payable to the Northern Territory government of \$0.8 million and to Lithium Royalty Corporation of \$1.1 million.

Finance costs of \$2.3 million relate to the prepayment of cash received from Yahua for the first two lithium concentrate shipments, together with financing charges associated with right of use assets.

Due to the transition into production and operations, the company has also recorded a deferred tax benefit, primarily relating to tax losses that are expected to be recouped against taxable profits in the future.

The Company has shown the non-IFRS summary profit and loss statement in Table 2 to help explain its underlying performance and profitability.

**Table 2 – Summary Income Statement<sup>1</sup>**

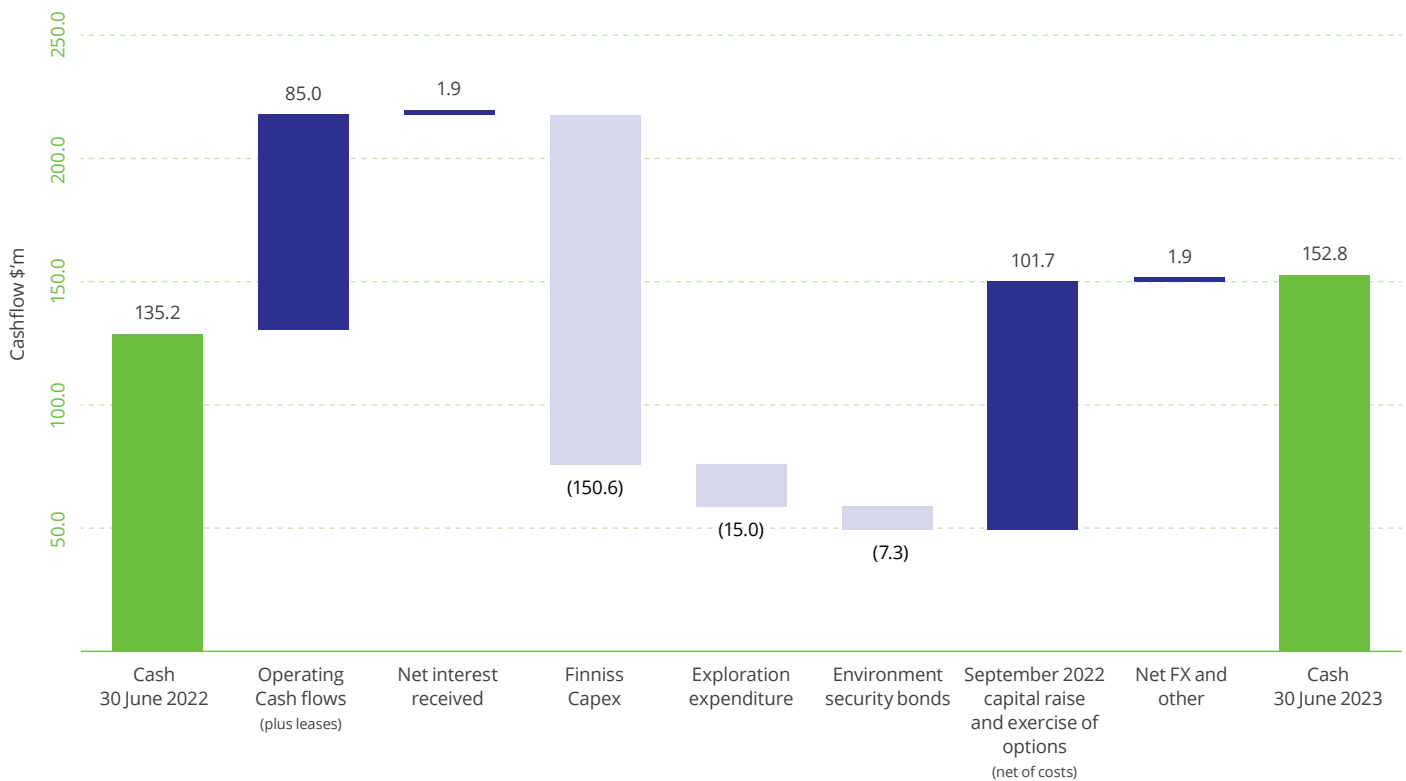
|  | FY23<br>\$000's |
|--|-----------------|
| Sales                                    | 50,598          |
| Cash costs of sales <sup>2</sup>         | (15,932)        |
| Corporate expenses <sup>3</sup>          | (14,220)        |
| Other operating expenses                 | (6,599)         |
| Foreign currency gain                    | 122             |
| <b>EBITDA</b>                            | <b>13,969</b>   |
| Impairment expenses                      | (1,616)         |
| Depreciation & Amortisation <sup>4</sup> | (3,892)         |
| <b>EBIT</b>                              | <b>8,461</b>    |
| Finance costs                            | (2,269)         |
| Interest income                          | 3,036           |
| <b>Profit before tax</b>                 | <b>9,228</b>    |
| Income tax benefit                       | 1,582           |
| <b>NPAT</b>                              | <b>10,810</b>   |

1. The Company has shown the summary profit and loss statement above in order to explain underlying performance and profitability and it is noted that EBITDA and EBIT are non-IFRS measures and are not audited.
2. Cash costs of sales of \$15.9 million excludes depreciation and amortisation and is therefore lower than the cost of sales shown in the Statement of profit and loss and comprehensive income in the Financial Statements.
3. Corporate expenses of \$14.2 million excludes depreciation and amortisation and is therefore lower than the general and administration expenses shown in the Statement of profit and loss and comprehensive income in the Financial Statements.
4. Depreciation & Amortisation reflects the amount charged to the profit & loss statement. There was an additional \$7.3 million in Depreciation & Amortisation which was included in inventory at balance date and will be charged to Cost of Sales when the inventory is sold.



## Cashflow

Significant cashflow movements are summarised in the graph below.



Significant cash inflows and outflows during the year included net inflows from operations of \$85 million reflect payments from customers of \$135 million offset by payments to suppliers, leases and employees of \$50 million.

Included in the \$135 million above is \$21 million for the maiden DSO shipment and \$114 million from two concentrate shipments under the Yahua pre-payment arrangement ("prepaid concentrate sales"). As payment was received prior to delivery these payments have been recognised in the cashflow statement. However, at 30 June 2023 13,077 tonnes of the prepaid concentrate sales was yet to be delivered and as such payment for only the portion of sales delivered is recognised in the Profit and Loss Statement and in the Statement of Financial Position these amounts are recognised as financial liabilities.

Total cash outflows of \$151 million for plant, equipment, and mine development assets reflect the completion of the capital expenditure for the Finniss project and \$15 million was spent on exploration activities, principally focused on the Finniss operation.

Outflows of \$7 million for environmental bonds held in trust until the end of the mine life.

Net financing inflows of \$102 million comprised a \$100 million equity raising Placement during the first half of the financial year, as well as inflow from the exercise of options held in the company.

# Operating Performance

## Operating and Financial Review

### Mining

Core commenced ore mining on 3 October 2022 after uncovering first ore at the Grants pit.

The Company stockpiled ore on the Run of Mine (ROM) pad ahead of completion of the crushing plant, which was commissioned in November 2022.

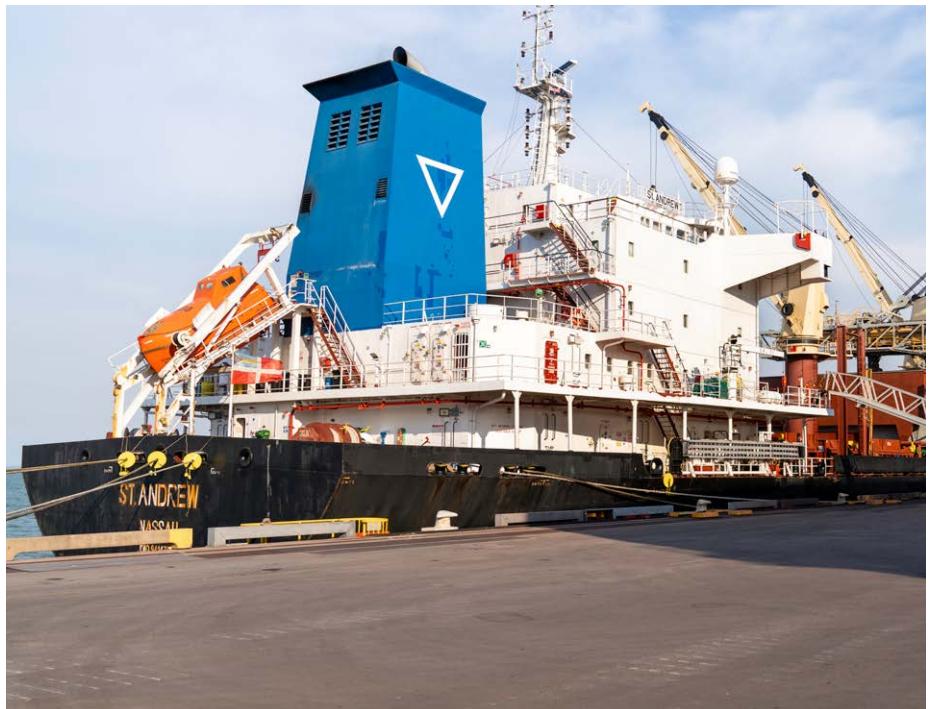
Following commissioning of the crushing plant, Core prepared a maiden cargo of Direct Shipping Ore cargo (DSO) which was successfully tendered using a digital exchange platform and sold to a Chinese customer in December 2022. The DSO sale was Core's first revenue event and gave the Company the opportunity to commission all logistics to the Port of Darwin ahead of maiden concentrate production.

In late-December, due to above average rainfall, significant volumes of water accumulated in the base of the Grants pit, resulting in the suspension of mining operations. The Grants pit was successfully dewatered, and, in late-March, mining activities resumed.

A review of the FY23 wet season saw \$11 million of capital investment to improve water management infrastructure.

Mining performance remained below expected levels in part due to further inclement weather in April but continued largely uninterrupted in May and June.

Mining through weathered material led to adjustments to the mine design and plan, including shallower angled walls in the pit. Upgraded wall stability monitoring was put in place with the drilling of horizontal bores to depressurise walls and the installation of a radar scanner.



The first shipment of spodumene concentrate left the Port of Darwin in April 2023.

## Processing

Core completed construction of the DMS plant in February 2023 and achieved spodumene concentrate production shortly thereafter.

The spodumene concentrate presented well and to customer specification, with a grade between 5.4% and 5.6%.

In the final quarter of FY23, integrated pit and plant operations were achieved. The DMS plant operated on a campaign basis for an aggregate of around 14 weeks, allowing the Company to commence performance testing processing parameters.

**The Company produced a total of 18,274 tonnes of spodumene concentrate during the reporting period.**

Recoveries of 48% were lower than predicted by test work in the 2021 Definitive Feasibility Study, with a greater proportion of fines reporting to tailings than anticipated.

Work commenced to improve the recoveries, including adjusting screen sizing before the crusher, reagent (FeSi) volume and timing adjustments, further metallurgical test-work to inform adjustment to ore size distribution created in the crushing process and the commissioning of a mica classifier.

In the medium to long-term, Core is also assessing longer lead-time options, including the installation of a filter press or belt press to recover fines before deposition in the storage facility and or the installation of a floatation plant.

In the short term, to address the volumes of fines lost to the concentrate, Core has initiated the sale of a lithium fines product and is assessing the viability of further DSO sales to generate revenue and mitigate bottlenecks while near-to-long-term solutions are assessed and implemented.

## FY24 guidance and FY25 outlook

Based on early operational data, the Company undertook a budgeting and forecasting process. On 24 July, Core published maiden production guidance for the 12 months ending 30 June 2024.

| Guidance  | FY24           |
|---|----------------|
| <b>Production (subject to weather conditions)</b> |                |
| Production (tonnes)                               | 80,000–90,000  |
| Sales (tonnes)                                    | 90,000–100,000 |
| Sale of fines (tonnes)                            | 85,000–95,000  |
| <b>Costs and Capital expenditure</b>              |                |
| C1 costs (\$/t)                                   | 1,165–1,250    |
| Site sustaining capital                           | \$20–\$25m     |
| Deferred Stripping                                | \$45–\$50m     |
| <b>Growth expenditure</b>                         |                |
| BP33 Early Works                                  | \$45–\$50m     |
| Exploration and study expenditure                 | \$35–\$40m     |

The production forecast is lower than was anticipated in the 2021 DFS estimate. The main drivers of the lower production are lower lithia recoveries, a revised mine plan which has seen the layback of the pit walls and more conservative mining assumptions.

Whilst at this stage definitive guidance for FY25 cannot be provided, Core expects monthly mining and processing rates to be above FY24 levels whilst the Company continues mining in the Grants open pit.

However, assuming no improvement in recoveries, overall production in FY25 is expected to be below FY24, due to a three-month gap in ore feedstock supply from the mine and processing plant capacity constraints, which result in a ROM pad stockpile building at the conclusion of FY25.

Core is evaluating options to optimise this production outlook by increasing the ROM pad stockpile over time, such that the processing plant can have more reliable ore feedstock after considering mine scheduling and the wet season, increasing the DMS plant throughput and/or DSO sales to bring forward revenue into FY25.

# Operating Performance

## Operating and Financial Review

### Sales and Marketing

#### Maiden sale – Direct Shipping Ore

Core initiated preparations for sale of first DSO following commencement of mining in early October. Due to the high level of interest in Finnis ore, Core elected to use a digital exchange platform to conduct a tendering process for the sale.

The 15,000 dmt (dry metric tonnes) DSO cargo, with an average grade of 1.4%  $\text{Li}_2\text{O}$ , was tendered on a Cost Insurance and Freight (CIF) basis to several pre-screened participants active in the lithium-ion battery supply chain. The product offered for sale was the post-crushing DSO material to a P100 size of 6.3mm.

On 5 January, the Company reported that the 15,000-tonne parcel was sold for US\$951/dmt to a customer in Fangcheng, China. Core received a payment of US\$20.1 million.

The DSO sale enabled Core to commission all logistics processes and procedures in place between the Finnis mine site and the Port of Darwin.

#### First concentrate sales Additional sales agreements with Sichuan Yahua

On 23 March, Core announced it had reached agreements with Sichuan Yahua for the sale of its first 18,500t of concentrate produced, in addition to the existing longer term offtake agreement. Pricing for both was linked to the Fastmarkets (spodumene 6% CIF China) price with no floor or ceiling, and were sold on an FOB basis.

The parcel was made up of concentrate produced from commissioning ore following completion of construction at the Finnis DMS plant and a second was produced from ore mined following the wet season pause to mining operations.

In April, Core delivered the first cargo consisting of the maiden 3,500 tonne parcel and an extra 2,000 tonnes to Yahua, in line with these agreements. Post the end of the period, Core completed shipment of the second parcel of 13,100 tonnes in July.

#### Lithium fines

To address the lower recoveries from the DMS plant in the near-term, Core identified the potential for lithium fines to become a saleable by-product. This material is generated during ore crushing and the processing of ore by the DMS plant.

Post year-end an initial parcel of 15,000t of 1.2%  $\text{Li}_2\text{O}$  fines material was transported to the Port of Darwin for sale, with pricing linked to the battery grade lithium carbonate price, and adjusted for grade and value-in-use.

Based on market prices in July 2023, the margin from the forecast fines sales for FY24, is expected to reduce C1 operating costs by approximately A\$180–220/t of spodumene concentrate as a credit.

The Company does not expect to incur any incremental mining or processing costs associated with the fines production. Additional operating costs for material movement, storage, haulage to port, ship loading and shipping will be incurred. Northern Territory and LRC Royalties are also payable on fines sales.

#### Tesla Matter

On 1 March 2022, Core entered a binding termsheet with electric vehicle manufacturer Tesla for the sale of up to 110,000 tonnes of spodumene concentrate. The termsheet was due to expire on 29 August 2022, however Tesla and Core mutually agreed to extend the termination date to 26 October 2022.

The date for concluding a definitive product purchase agreement with Tesla passed on 26 October 2022 without reaching a definitive agreement.

In June 2023, the Group received notice of a potential legal claim concerning the parties' failure to execute a definitive agreement.

Both parties are endeavouring to resolve the matter without litigation.



# Growth

## Operating and Financial Review

### Project Pipeline and Studies

The main focus of our study and exploration work is now to refine and develop the project pipeline in the Finnis district within trucking distance of the processing plant and infrastructure.

This includes reviews of the studies for Grants underground, BP33 underground and Carlton deposit and with plans to progress study work for Lees-Booths and Hang Gong options after the 2023 dry season resource drilling campaign.

### Project Pipeline and sustaining growth

Strong pipeline of organic growth opportunities to drive Core's next phase of growth.

Near-term priority

| Project   | Exploration                  | Resource Definition                              | Development         | Production/Extension              |
|---|------------------------------|--|---------------------|-----------------------------------|
| <b>Grants</b><br>Resources: 2.9Mt @1.47 Li <sub>2</sub> O                             |                              |  |                     | Progress open pit expansion study |
| <b>Grants Underground</b><br>Resources included in Grants                             |                              |  | Progress study work |                                   |
| <b>BP33</b><br>Resources: 10.1Mt @1.48 Li <sub>2</sub> O                              |                              | Complete DFS/Early works targeting FID Q1 CY2024 |                     |                                   |
| <b>Carlton</b><br>Resources: 6.2Mt @1.38Li <sub>2</sub> O                             |                              | Complete study work                              |                     |                                   |
| <b>Hang Gong</b><br>Resources: 3.5Mt @1.16 Li <sub>2</sub> O                          |                              | Progress Study work/ further drilling            |                     |                                   |
| <b>Lees-Booths</b><br>Resources: 2.7Mt @1.11 Li <sub>2</sub> O                        |                              | Progress Study work/ further drilling            |                     |                                   |
| <b>Sandras, Ah Hoy, Bilatos, Penfolds</b><br>Resources: 5.3Mt @1.01 Li <sub>2</sub> O | Drilling to expand resource  |  |                     |                                   |
| <b>Finniss district Shoobridge, Anningie-Barrow Creek</b>                             | Exploration drilling planned |  |                     |                                   |

# Growth

## Operating and Financial Review

### BP33 Underground Project

BP33 is the second proposed mine at Finniss and, if approved, a possible cornerstone asset of the business. BP33 is located approximately 5km away from the Grants open pit, crusher and DMS plant.

In March 2023, Core reported that the BP33 Mineral Resource had more than doubled to 10.1Mt @ 1.48% Li<sub>2</sub>O.<sup>1</sup>

On 11 May, the Northern Territory Government granted mining authorisation and approved the Mine Management Plan for BP33, representing a key step in the approvals process.

On 19 May, the Board approved a \$45–\$50 million early works program that includes a covered box cut, improved access and associated surface works for water management.

Core awarded the contract for the early works and civil construction to Northern Australia Civil (NAC), a Darwin-based contractor with prior box-cut development experience, which has commenced early works activities.

The Company has also submitted the required management plans and associated detailed designs required under the conditions of Mining Authorisation and the Environmental Approval and has secured the Northern Territory Government's approval to commence the excavation of the box-cut.

In parallel to the early works program, Core is undertaking a feasibility study to capture the recent learnings from the Grants operation and the impact of a significantly larger BP33 Resource.

Core is working with a range of specialist consultants with experience in lithium, the Northern Territory and underground mining to inform a final investment decision for BP33. Examples of work packages within the study include detailed metallurgical and backfill test work, further geotechnical and ground water assessment and analysis, mining method and mine sequencing optimisation, regional power infrastructure, operational readiness, and updated cost estimates.

Subject to a potential early wet season, modelled geotechnical and groundwater impacts, the early works activities and updated feasibility study are expected to be complete by the end of Q1 CY24. This accelerated program will enable the next phase of capital works to commence immediately subject to a positive Final Investment Decision which is targeted for Q1 CY24.

The next phase of development works would include decline development, early stope development, ventilation infrastructure, water management, power infrastructure and further civil site works.

Final capital expenditure, development and production timing for the BP33 underground mine cannot be reliably determined before the Company completes the necessary studies, that include the additional BP33 mineral resources and work packages associated with a potentially extended mine life.

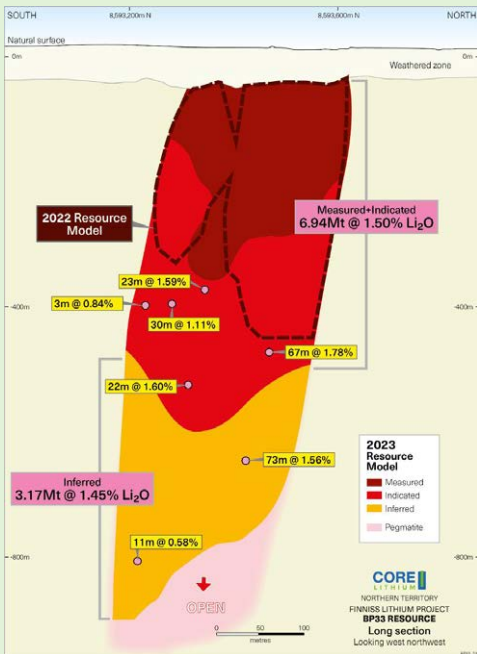


BP33 aerial view early September 2023.  
Box-cut excavation commences.

1. Refer "BP33 Mineral Resource more than Doubled" on 6 March 2023. Core Lithium confirms that the Company is not aware of any new information or data that materially affects the Mineral Resource Estimates cross referenced in this report and confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. Measured Mineral Resource 2.85Mt @ 1.46% Li<sub>2</sub>O/Indicated Mineral Resource 4.09Mt @ 1.53% Li<sub>2</sub>O.

**Key BP33 workstreams underway ahead of FID include:**

- Upgrade of inferred resources through infill drilling program
- Expanded geotechnical and hydrogeological studies
- Updated ventilation and power studies
- Expanded metallurgical test work program and backfill study
- Mining method and mine design update to incorporate significantly larger ore body
- Optimisation of mine production schedule with bias toward early production
- Design update of infrastructure and systems with potential long-term provincial value including surface material handling, tailings storage facility and power networks
- Execution planning and critical operational readiness activities, including early contractor engagement model for key contracts



**FY24 exploration and study program**

FY24 exploration and study spend is expected to be approximately \$35–40 million.

The majority of exploration expenditure will be allocated to extending and defining existing near-mine resources in the northern area of the Finnis tenement, all of which are open at depth.

Remaining funds will be used to identify and test new targets via a combination of geochemistry, geophysics and drilling at Finnis and Shoobridge, and geochemistry and geophysics at Anninge-Barrow Creek.



# Growth

## Operating and Financial Review

### Exploration

#### Finniss Lithium District Exploration

Northern Territory  
100% CXO owned

Exploration programs during the year have resulted in a significant increase in Mineral Resources along with the identification of new discoveries, demonstrating the significant growth potential to further expand mine life and production capacity within the lease area. Approximately \$16 million was spent on exploration in the FY23 period.

The 39,600m RC and diamond drilling program completed in 2022, was the largest program undertaken by the Company to date. The program was conducted at both known deposits and at new prospects within the Bynoe Pegmatite Field.

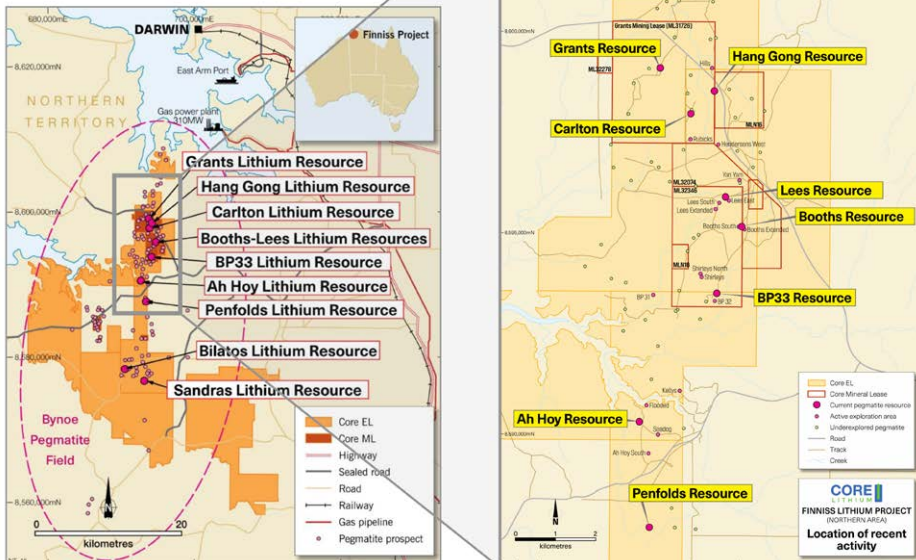
The Mineral Resource Estimate (MRE) increased to 30.6Mt @ 1.31% Li<sub>2</sub>O (Table 1). This represents a 62% increase on the previous MRE of 18.9Mt @ 1.32% Li<sub>2</sub>O. Approximately 63% of the MRE is in the higher confidence Measured and Indicated categories.

Two new prospects at Bilatos and Penfolds delivered maiden resource estimates, demonstrating the growth potential that exists in the southern and less explored portions of the project. New discoveries with thick intersections of spodumene mineralisation were also made at Seadog and Blackbeard.

The growth potential of the Finniss Lithium Project was enhanced with the successful trial of Ambient Noise Tomography (ANT) technology, which offers the potential for the first time to identify large pegmatite deposits with a geophysical technique. Project wide implementation of this survey is underway, and a range of new target areas are expected to be identified for drill testing.

Core has commenced its 2023 drilling campaign, initially targeting near-mine deposits within trucking distance of the plant.

Image Caption





### 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 Finnis 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.

Pegmatites in the area were mined for their Sn-Ta as far back as the 1882. They are considered analogous to those in the Bynoe pegmatite district and complementary to Core’s lithium portfolio.

Core is the first company to explore this pegmatite field for lithium mineralisation. A co-funded ANT survey was carried out during the year, which has contributed to the geological understanding. Targets have been identified, with geochemical and drilling programs scheduled to commence in 2023.

### Anningie Barrow Creek

Northern Territory  
100% CXO owned

Core’s Anningie and Barrow Creek Lithium Projects encompass eight exploration licences covering approximately 2,000km<sup>2</sup> in and around the Anningie and Barrow Creek Tin Tantalum Pegmatite fields in the north Arunta Region of the NT.

These pegmatite are considered highly prospective for lithium, but have yet to be drill tested. Core has completed reconnaissance exploration to date, confirming the lithium potential of these pegmatite fields.

Stakeholder engagement re-commenced following a hiatus in activity, and it is planned to return to the project with regional soil and geophysical programs in 2023.

### Other Projects

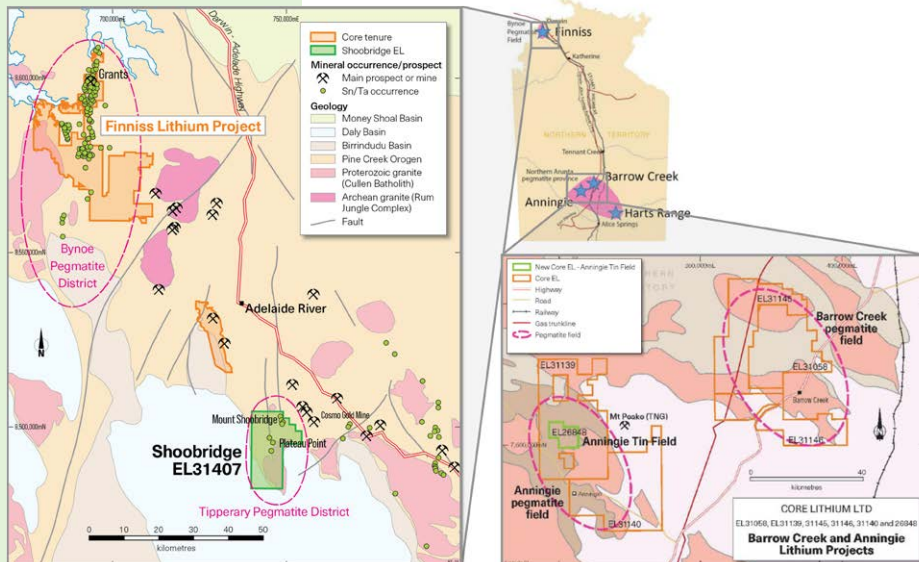
Core holds a portfolio of tenements in the Northern Territory and South Australia which are prospective for a variety of commodities, including base metals, Rare Earth Elements, gold and uranium.

Napperby is an advanced uranium project in the central Northern Territory with an Inferred Mineral Resource comprising 9.54Mt at 382ppm U<sub>3</sub>O<sub>8</sub> for 8.03Mlb of contained U3O8 at a 200ppm – U<sub>3</sub>O<sub>8</sub> cut-off (see Mineral Resource statement in this report for full details).

The Yerelina and Mt Freeling Projects (SA) have the potential to host large stratiform base metal deposits in association with the known calcareous and reef limestone host facies where historically, high grade silver-lead-zinc mineralisation was mined, but very little modern exploration has been undertaken.

The Blueys-Inkheart Project hosts near surface lead-silver mineralisation within the Bitter Springs Formation. Core believes there is potential for further mineralisation to be found over a larger area within the Bitter Springs Formation.

Image Caption



# Corporate

## Operating and Financial Review

### Our team



**Gareth Manderson**  
*Chief Executive Officer*

Strategy leadership and value creation

30 years' experience building high-performing teams and leading mining and processing businesses



**Doug Warden**  
*Chief Financial Officer*

Financial management and governance

More than 30 years' experience leading finance, strategy and business development for ASX-listed mining companies



**Mike Stone**  
*Chief Operating Officer*

Safe operational performance and project delivery

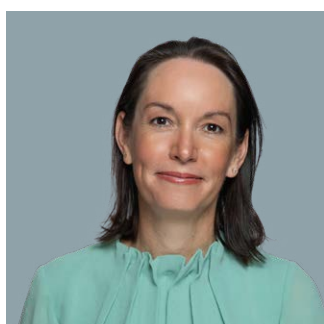
More than 22 years' experience across multiple commodities – in open pit and underground operations



**Samantha Rees**  
*EGM People and Culture*

Building high-performing organisation and culture

Registered psychologist with more than 25 years' experience in human resources and organisational effectiveness



**Melissa Winks**  
*EGM Sustainability*

Industry leading ESG practices, HSE and stakeholder engagement

More than 20 years' experience in sustainability: ESG, HSE, Communities, Indigenous Engagement, and Approvals



**Pierre Malan**  
*EGM Development and Exploration*

Growth, high-impact exploration targeting organic growth and project development

More than 30 years' experience leading operations and developing complex projects from exploration through to execution



**Paul Benjamin**  
*EGM Commercial and Marketing*

Commercial strategy, effective sales and marketing of our products

More than 25 years' experience developing and managing commercial and strategic relationships in global battery materials markets

## Registered Office Relocation

In January, Core announced the decision to relocate its corporate office to Perth, Western Australia.

Perth is the corporate centre of Australia's lithium industry and will provide the business with better access to mining services providers, particularly those with lithium industry experience. Perth also provides access to a deep pool of mining and project delivery talent, and retains a direct and regular route to the Finnis Lithium Operation, via Darwin in the Northern Territory.

The Perth Office was officially registered on 6 July, and closure of the Adelaide office occurred in June 2023. Core offered all Adelaide-based employees the option to relocate to Perth.

## \$100 million equity raising

On 30 September 2022, Core announced a fully-underwritten institutional placement to raise \$100 million.

This provided the Company with the flexibility to pursue growth options, accelerate resource growth, accelerate construction of the DMS plant, advance development of the BP33 underground mine and provide working capital to complete construction activities.

The placement was completed on 3 October and was well supported by new and existing domestic and global institutional investors.

Core issued 97.1 million shares at \$1.03 per share.

Canaccord Genuity (Australia) Limited acted as Lead Manager, Underwriter and Bookrunner to the Placement. Core's financial adviser was Azure Capital and its legal adviser was Allens.

## Events subsequent to the end of the period

\$100 million equity raising and a \$20 million SPP.

On 16 August 2023, subsequent to the end of this reporting period, Core announced a fully underwritten institutional placement to raise \$100 million before costs, and offered existing eligible shareholders the opportunity to participate in a share purchase plan (SPP) to raise up to an additional \$20 million before costs.

In conjunction with Core's cash at hand at the time of the raising, funds raised were allocated for the BP33 early works program, plant optimisation works and sustaining capital, an expanded exploration program and studies, and for corporate purposes and working capital.

The placement was completed on 17 August, and was supported by existing and new domestic and offshore institutional investors.

The placement of 250 million new shares and the SPP were offered at a price of \$0.40 per new share.

Macquarie Capital (Australia) and Canaccord Genuity (Australia) acted as Joint Lead Managers, Underwriters and Joint Bookrunners to the Placement.

Also in August 2023 launched a share purchase plan (SPP) to provide eligible shareholders with the opportunity to acquire up to \$30,000 worth of Core ordinary shares (Shares).

Core raised approximately \$11.4 million from the issue of 28.4 million shares under the SPP. Funds raised via the SPP will be used for working capital purposes.



# Risk Management

## Operating and Financial Review

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During FY23, Core Lithium undertook a strategic refresh of the enterprise risk profile and supporting framework. The intent of the refresh was to reflect the change in operating state from explorer and developer to active miner, processor and exporter of lithium products. Embedding the risk management framework early in the Company's maturity will enable the development and maintenance of an appropriate risk culture identifying the threats and opportunities of managing and mitigating risk to be embedded and approached consistently across the organisation as part of risk-reward decision making.

Updating Core Lithium's strategic risk profile is underpinned by guiding principles and differentiates between strategic and operational risk. Strategic risks are risks that create the greatest threat to achieving an organisation's visions, values and strategy, while operational risks are uncertainties and hazards a company faces when it attends to day to day business activities. The focus on the work to date has been the identification, definition and measurement criteria of strategic risk.

The program of deliverables have been phased over stages to reflect the suite of activity being undertaken as the risk framing matures and enables active participation from the senior leadership team and board. Work is now well progressed. A bespoke likelihood and consequence matrix that reflects Core's unique position as an emerging miner of smaller scale pits, excelling in safe and stable production in a seasonal environment has been developed. Preliminary, qualitative statements of risk appetite and key risk indicators which provide a quantitative measure of risk appetite and provide the important 'guard rails' for management to operate within have been developed with input from the senior leadership team. Carefully selected KRI's to indicate both leading and lagging indicators of business performance and organisational health that reflect the dynamic nature of the industry incorporating local and global influences are being refined.

A number of risks have been identified as threats to the viability of the business and included in the enterprise risk profile update.

These risks can be categorised below:

- Operational
- Health, Safety, Sustainability and Environmental risk
- Strategy and Innovation
- Growth and development
- Financial
- People and Culture

Set out below are key enterprise risks with an overview of how they are currently managed. The risks are not listed in order of importance, nor are they intended to be an exhaustive list of all the known and unknown risks and uncertainties associated with the business.

| Context  | Potential Impacts   | Mitigating Factors  |
|--|---|---|
| <b>Health and Safety</b>   |   |   |
| <p>As a resources company we recognise that we are exposed to inherent hazards that cannot be completely eliminated.</p> <p>We manage these hazards in a way that will not compromise the physical and psychological health, safety and wellbeing of our people and community. We will assess, plan and execute these activities to reduce these risks to as low as reasonably practicable.</p>  | <ul style="list-style-type: none"> <li>• Fatality</li> <li>• Permanent disability (physical or psychological)</li> <li>• Injury/illness</li> <li>• Reputational damage</li> <li>• Financial loss</li> <li>• Legal and other regulatory consequences</li> </ul>  | <ul style="list-style-type: none"> <li>• H&amp;S management system</li> <li>• Critical risk management</li> <li>• Induction, training, permitting and licencing</li> <li>• Competency verification</li> <li>• Emergency response capability</li> <li>• Auditing and review of processes and controls</li> </ul> |
| <b>Legal and Regulatory Compliance</b>   |   |   |
| <p>We acknowledge the need for practices and procedures to ensure that our operations do not breach any regulatory and legal requirements. We manage this by monitoring legal requirements in the jurisdictions we operate, and accessing appropriate expertise, ensuring we have checks and balances in place within our contracts.</p>   | <ul style="list-style-type: none"> <li>• Reputational damage</li> <li>• Loss of operating licence</li> <li>• Financial loss</li> <li>• Legal and other regulatory consequences</li> <li>• Significant Operational delays</li> <li>• Loss of stakeholder trust and confidence</li> </ul>   | <ul style="list-style-type: none"> <li>• HSEC Management System</li> <li>• Licence conditions</li> <li>• Monitoring and governance</li> <li>• Third party assurance and oversight</li> <li>• Access to subject matter experts and technical consultants</li> </ul>  |
| <b>Social Licence to Operate</b>   |   |   |
| <p>We are not willing to take actions that would compromise our relationship with communities. However, we recognise that societal expectations can change more rapidly than our ability to align our operations, but we manage this through regular community communication and by ensuring that we fulfill any promises made to the community.</p>   | <ul style="list-style-type: none"> <li>• Reputational damage</li> <li>• Loss of operating licence</li> <li>• Financial loss</li> <li>• Legal and other regulatory consequences</li> <li>• Significant operational delays</li> <li>• Loss of stakeholder trust and confidence</li> </ul>   | <ul style="list-style-type: none"> <li>• Regular community and stakeholder communications, interactions and engagements</li> <li>• Community feedback line</li> <li>• Community investment program</li> <li>• Community and stakeholder engagement plan</li> </ul>  |
| <b>Environment including Climate change</b>  |   |   |
| <p>We are not willing to take actions that would compromise or lead to direct or indirect adverse outcomes on the environment and/or host communities. Our ability to manage and mitigate our impacts may harm our ability to obtain future operating licences, agreements and access to future operations. We seek to make genuine environmental commitments that we are able to fulfill based on the maturity of our organisation. Climate change may increase the risk to people, assets, infrastructure and operating practices due to severe weather events including cyclone, fire and extreme heat as well as water related risks associated with too much or too little water.</p> | <ul style="list-style-type: none"> <li>• Reputational damage</li> <li>• Loss of operating licence</li> <li>• Financial loss</li> <li>• Legal and other regulatory consequences</li> <li>• Loss of stakeholder trust and confidence</li> <li>• Loss of production, property and assets</li> <li>• Significant operational delays</li> <li>• Inability to service contractual obligations</li> <li>• Inability to attract and retain workers</li> </ul> | <ul style="list-style-type: none"> <li>• HSE Management System</li> <li>• Licence conditions</li> <li>• Monitoring and governance</li> <li>• Third party assurance and oversight</li> <li>• Emergency response planning and scenario practice</li> </ul>  |

# Risk Management

## Operating and Financial Review

| Context  | Potential Impacts  | Mitigating Factors   |
|--|--|--|
| <p><b>Operational Delivery</b></p> <p>We acknowledge that operational risk may delay or impede the production and subsequent delivery of spodumene concentrate into the offtake agreements. We manage this by engaging contractor partners with experience and capability in mining, processing, transportation and logistics, completing detailed production planning, and establishing production monitoring processes. This also includes the deployment of water management infrastructure and operational practises to manage the Northern Territory wet season.</p>  | <ul style="list-style-type: none"> <li>• Reputational damage</li> <li>• Financial Loss</li> <li>• Loss of production</li> <li>• Inability to fulfill offtake agreement contracts</li> </ul>  | <ul style="list-style-type: none"> <li>• Production planning, reporting and management processes</li> <li>• Geotechnical scanning and monitoring</li> <li>• Water management infrastructure improvements, water inventory monitoring and wet season preparation activities</li> <li>• Mine productivity and processing improvement plans</li> <li>• Engagement of specialist mining, processing and logistics companies</li> </ul>                                 |
| <p><b>Operational Systems and Process</b></p> <p>We are not prepared to take actions that compromise the stable and predictable performance of operations. However, we accept there is a level of variability in mining and processing (e.g. grade, recovery, weather) that cannot always be economically managed in a timely manner. We seek to reduce variability through risk management, effective planning and operating discipline. We will actively seek opportunities that require a significant increase in our capacity, preparedness and test our business resilience, business continuity and crisis capability.</p> | <ul style="list-style-type: none"> <li>• Injury, illness permanent disability or fatality</li> <li>• Reputational damage</li> <li>• Financial loss</li> <li>• Loss of production, property and assets</li> <li>• Significant operational delays</li> <li>• Inability to service contractual obligations</li> <li>• Inability to attract and retain workers</li> <li>• Impact to share price</li> </ul> | <ul style="list-style-type: none"> <li>• Budgeting and forecasting process</li> <li>• Life of mine, grade and metallurgical planning and scheduling</li> <li>• Mine and processing performance monitoring and reporting practices</li> <li>• Contractor management practices, procedures and oversight</li> <li>• Operational systems and process</li> <li>• Access to technical and subject matter experts for optimisation and continuous improvement</li> </ul> |
| <p><b>Geotechnical Risk</b></p> <p>We acknowledge that geotechnical risk may sometimes delay ore extraction due to the material of the wall and ground conditions. We manage this by following practices and procedures that reduce these risks to as low as reasonably practicable and seek to monitor effectiveness utilising technological best practice with external assurance and support.</p>   | <ul style="list-style-type: none"> <li>• Fatality</li> <li>• Reputational damage</li> <li>• Financial loss</li> <li>• Loss of production, property and assets</li> <li>• Significant operational delays</li> <li>• Inability to service contractual obligations</li> </ul>   | <ul style="list-style-type: none"> <li>• Use of radar technology to monitor and inform wall stability</li> <li>• Geotechnical resources and drilling data</li> <li>• Mine planning and forecasting</li> <li>• Implementation of procedures, practices and protocols</li> <li>• Access to subject matter experts and technical expertise</li> <li>• Education and awareness</li> </ul>  |
| <p><b>Employee attraction and retention</b></p> <p>We recognise the need to be a lean, resilient and innovative organisation. We are a new company in the lithium space. We attract people because of this. We are not willing to take risks that will limit or slow our progress in achieving our aspired workplace environment or how our people connect to our purpose. We respect, value and leverage diverse culture and experiences, ideas and thoughts to foster performance and collaboration across our business.</p>   | <ul style="list-style-type: none"> <li>• Reputational damage</li> <li>• Financial loss</li> <li>• Loss of production, property and assets</li> <li>• Significant operational delays</li> <li>• Inability to service contractual obligations</li> <li>• Inability to attract and retain workers</li> </ul>  | <ul style="list-style-type: none"> <li>• Implementation of Total Rewards package aligned with industry best practice</li> <li>• Industry benchmarking and comparison data</li> </ul>   |
| <p><b>Anti-corruption and Ethical misconduct</b></p> <p>We will design and implement processes that lead our people to behave appropriately. We take the time to establish and cultivate an environment that leads people to perform above expected behaviour.</p>   | <ul style="list-style-type: none"> <li>• Reputational damage</li> <li>• Financial loss</li> <li>• Legal and other regulatory consequences</li> <li>• Inability to attract and retain workers</li> </ul>  | <ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Contractual practices and procedures</li> <li>• Financial systems and controls</li> <li>• Review and audits</li> </ul>   |

| Context  | Potential Impacts  | Mitigating Factors   |
|--|--|--|
| <b>Financial Resilience</b>  |  |  |
| <p>As a resource company we recognise that we are subject to a high level of inherent risk in the event of sustained low process of lithium and/or a rising Australian Dollar. Volatility in lithium pricing creates revenue uncertainty and requires careful management of business performance to ensure operating cash margins are maintained, should the Australian dollar lithium price fall. Failure to achieve production and cost guidance could have an adverse impact on the Group's cash flows, profitability and financial condition.</p>  | <ul style="list-style-type: none"> <li>• Reputational damage</li> <li>• Financial loss (eg) future earnings, financial conditions and results</li> <li>• Legal and other regulatory consequences</li> <li>• Impact to share price</li> </ul>   | <ul style="list-style-type: none"> <li>• Regular monitoring and reporting of financials</li> <li>• Maintain strong balance sheet with no debt</li> <li>• Focus and systems for cost control</li> </ul>   |
| <b>Cybersecurity</b>   |  |  |
| <p>We accept that our business is exposed to cyber breach, across our IT architecture (on premise and in cloud). We have cybersecurity policies and protocols that identify controls and governance in place to manage these risks.</p>  | <ul style="list-style-type: none"> <li>• Reputational damage</li> <li>• Financial loss</li> <li>• Legal and other regulatory consequences</li> <li>• Impact to share price</li> <li>• Loss of production</li> <li>• Loss of information, data and records</li> </ul>   | <ul style="list-style-type: none"> <li>• Network security designs and architecture</li> <li>• Network backups and disaster recovery process</li> <li>• Training and awareness</li> <li>• Network penetration testing</li> <li>• Auditing and third party verification</li> <li>• Cybersecurity policy and standards</li> </ul>   |
| <b>Growth and Development</b>  |  |  |
| <p>We are not willing to accept actions that compromise our aggressive life of mine strategy from exploration to mine closure. We acknowledge Mineral resources and Ore Reserves are estimates, and no assurances can be given that the estimated reserves and resources are accurate or that Lithia containing products can be produced. Actual mineralisation or geological conditions maybe different from those predicted. No assurances can be given that any part or all of the Groups Mineral Resources constitute or will be converted into Ore Reserves. Market price fluctuations as well as increased capital costs may render the Ore Reserves uneconomic.</p> <p>Exploration can be highly speculative and may take a number of years from initial drilling until production is possible and relies on many inputs outside of our control (eg) market price, production costs, capital costs, general inflationary pressures and currency exchange rates. There is a risk that depletion of Ore Reserves will not be offset by discoveries or acquisitions or that divestitures of assets will lead to a lower Ore Reserves base.</p> | <ul style="list-style-type: none"> <li>• Reputational damage</li> <li>• Financial loss (eg) future earnings, financial conditions and results</li> <li>• Legal and other regulatory consequences</li> <li>• Impact to share price</li> <li>• Loss of production capacity</li> <li>• Loss of total ore reserves volume</li> </ul> | <ul style="list-style-type: none"> <li>• Regular monitoring and reporting of financials</li> <li>• Focus and system for cost control</li> <li>• Exploration program and continued investment</li> </ul>  |
| <b>Mining risks and insurance risks</b>  |  |  |
| <p>As a resources company we are exposed to inherent hazards that cannot be eliminated, these include environmental hazards, unusual or unexpected geological hazards, pit wall failures, weather conditions most of which are beyond the groups control. These hazards can have a material effect on operational results, liquidity and financial performance. To help manage these risks, insurance is maintained in amounts that are considered reasonable.</p>   | <ul style="list-style-type: none"> <li>• Reputational damage</li> <li>• Financial loss (eg) future earnings, financial conditions and results</li> <li>• Legal and other regulatory consequences</li> <li>• Impact to share price</li> <li>• Loss of production capacity</li> <li>• Impact to share price</li> </ul>             | <ul style="list-style-type: none"> <li>• Insurance program</li> <li>• Asset maintenance and integrity</li> <li>• HSEC Management systems</li> <li>• Third party assurance and oversight</li> <li>• Monitoring and governance</li> <li>• Auditing and review of processes and controls</li> <li>• Access to subject matter experts and technical consultants</li> <li>• Emergency response planning and preparedness</li> </ul> |

# Sustainability

“We embrace our role in the energy transition and acknowledge our responsibility to sustainably manage our operations to contribute to a lower carbon future. As we grow in maturity, Core’s focus is on safe, reliable, and sustainable operations that consider the wellbeing of our people, the environment and the community in which we operate.”

**Andrea Hall**

Chair of Risk and Sustainability Committee





# Sustainability Highlights



Environment

Weed, land and water management practices undertaken with support of the Kenbi Rangers

Capital allocation to upgrade and improve water management infrastructure post the learnings of our first operational wet season

Trialed the use of drone technologies to increase efficiency and safety during sediment control activities

Ongoing improvements of systems, procedures and technologies to better understand how to reduce our impacts



Social

Critical risk management deployed

Health and safety systems have evolved, monitoring and processes systems deployed

Stakeholder and community engagement strategy developed

Community Grants program launched and first round of grants awarded

Total rewards framework launched for employees

Core Central information system deployed

Darwin festival sponsorship

Community newsletters distributed across region

Diversity increased at board and executive level



Governance

Inclusion of modern slavery clause in our supplier standard terms and conditions

Strategic risk refresh underway

Payroll practices review completed

Charter developed for sustainability and risk committee

# Sustainability

Core strives to be a responsible and sustainable participant of Australia's mining sector. We aim to be a company that contributes positively to responding to climate change both through our products and our practices.



As we mature, we aim to implement sustainable practices through all stages of our operations, from extraction through to processing and distribution. Our objective is to conduct our operations minimising environmental and social impacts and delivering positive outcomes for our stakeholders and the local communities where we operate.

Lithium has a fundamental role in shaping the global energy future, with battery storage key to the decarbonisation pathways the world will pursue.

We are excited to be part of that journey through mining and processing spodumene concentrate, material used to produce the lithium hydroxide that is essential to battery production.

We are embracing our role in the energy transition and acknowledge our responsibility to sustainably manage our operations to contribute to a lower carbon future.

## Our Sustainability Program Journey

During the reporting year, our primary focus has been on the Finnis Lithium Project throughout its early stages of initial production and plant commissioning, ensuring it is a safe and stable operation.

We recently completed our first spodumene concentrate exports. While we have been delivering on our operational milestones and commissioning activities, the team has also been focused on our organisational design and developing the systems and processes needed to scale and support our maturing business.

During the reporting year we refreshed the senior management team, including the appointment of an Executive General Manager Sustainability, and established the Board Sustainability and Risk Committee.

The new team evaluated the legacy ESG program and agreed our approach needed adjusting to practically develop a program that fits Core's relative maturity and, importantly, its risk profile. We refer to the new program as the Sustainability Program, and ESG initiatives will also be referenced interchangeably.

A priority during the year has been progressing our strategic risk refresh program, which is a significant input to Core's Sustainability Program through identifying material sustainability-related risks.

Core aims to be a reputable supplier of sustainably and ethically sourced Australian minerals. We seek to develop an authentic and practical sustainability program that is both strategic and robust. It will have the appropriately defined approaches for managing our sustainability risks informed by data and monitoring systems for continuous improvement. Our intent is to make voluntary disclosures in the near term, and to make ambitious and genuine commitments that we can meet consistent with our maturity.

## Our Approach

Core conducted a materiality assessment in 2022 which identified ten initial areas on which to focus our ESG initiatives. While these material areas have evolved during the reporting period, they reflect the current status and focus for the company and form the basis for reporting. As part of the Sustainability Program development, the Sustainability and Risk Committee will review our material topics with consideration of our risk profile, emerging sustainability-related risks and topics impacting our industry, and stakeholder perspectives. This will ensure that our program is focused on the current sustainability issues that are most material to our maturing business.

## Our Progress

### Climate Change

The Finnis Lithium Project will make an important contribution to the global effort to address climate change through reducing emissions, with the spodumene concentrate we produce essential for the technologies required to achieve it.

Now that we have demonstrated our ability to extract and export critical minerals within short timeframes, we recognise our responsibility to produce our materials with the lowest possible carbon footprint.

The Finnis Lithium Project is currently powered by onsite diesel generators. Where practicable, we will identify and implement energy efficiency measures and explore opportunities for renewable energy infrastructure to reduce our Scope 1 and 2 greenhouse gas emissions over the life of the mines.

Climate change was identified as a material threat to the business following the risk refresh in 2023. We aim to voluntarily disclose our climate-related risks in the near term by responding to a suitable framework, such as the recommendations from the Task Force on Climate Related Disclosures or the International Sustainability Standards Board's IFRS S2 Climate Disclosure Standards.

#### For FY24 we plan to

- Identify opportunities for renewable energy implementation and evaluate pathways to reduce carbon emissions over the project life
- Develop climate-related management and reporting capabilities to prepare to make disclosures in line with the incoming Australian climate-related disclosure standards
- Validate emissions baseline on Life of Mine forecast dataset

### Biodiversity

One of Australia's greatest assets is its biodiversity, and this has been central to our design of the Finnis Lithium Project, located within the Darwin Coastal Bioregion.

Before we started our operations, we undertook extensive studies spanning ecology, heritage, soils and land capability, waste rock characterisation, surface and groundwater, rehabilitation, and mine closure, to ensure we understood our risks and residual impacts to biodiversity value and could put in place measures to mitigate and address them.

Our approved Mine Closure Plan outlines the actions we are taking to preserve biodiversity values in the areas where we operate. The plan is periodically revised and updated as our mining activity develops. In the design of our management practices, we are actively thinking of ways we can do things better through trialling new technologies and methods to enhance biodiversity outcomes in the rehabilitation of the site. During the year, we commenced rehabilitation trials for closure preparedness at the Finnis Lithium Project.

### Environmental Management

We acknowledge the impact of our operations on the environment and believe that environmental management is more than meeting what is asked of us. In our Sustainability Program design, we seek to make genuine environmental commitments that we can fulfill based on the maturity of our organisation.

Our mining and processing activities are governed by robust regulations and our environmental management policy ensures we reduce our operational impact through sound operational practices, monitoring and reporting.

Significant progress was made during the year in establishing systems and procedures for environmental management. Core has established weed, land, and water management practices in close partnership with the Kenbi Rangers, and together we have undertaken various operational activities including prescribed burning, using traditional Indigenous burn-off techniques.



# Sustainability

## Water and Effluents Management

By maintaining effective water management in our operations, we are minimising our impact and safeguarding invaluable water resources. We closely monitor our water consumption and we seek to maintain suitable levels of water inventory to manage throughout both the wet and the dry seasons.

Core's operations in the monsoonal region pose significant water related risks in both the wet and dry seasons that need to be sensitively and proactively managed. Our operational water management plan and systems are designed with these local climatic extremes in mind, ensuring we have measures in place to avoid and mitigate impacts on water environmental quality.

Water is used in our operations for dust suppression, ablutions, and potable water, washing down site vehicles and equipment, and ore processing operations. Water is sourced from a combination of the existing Observation Hill Dam, water from process recycling, and wet season inventory captured within water storage facilities. Core does not currently extract ground water from bores for use in our operations. Our water management plan ensures that we maximise recycled water by capturing and reusing stormwater that falls on the mine site and recycling water from processing activities. We seek to continually improve our water use efficiency and management to reduce our demand on external water sources and we monitor and report our water use in accordance with our licence conditions.

Core has a waste discharge licence in accordance with the *Water Act 1992* to discharge mine affected water that meets the required water quality criteria. Our systems are designed to minimise discharge and ensure water quality meets the accepted guidelines to protect aquatic ecosystems, recreational, cultural and aesthetic values of waterways downstream from the mine.

Our first operational wet season and review in 2022/23 resulted in improvements to our water management infrastructure and processes. We also trialled new methods of using drone technology in water monitoring and treatment practices to reduce loading in sediment basin water. We have increased our capital spend to improve the efficiency of our sediment basins and increase the available storage capacity of the mine water dams. Core is also installing an additional network of pumps and pipes to proactively manage and distribute water onsite to optimal storage locations. By managing water on site in this way, we will be able to identify and separate water based on water quality, store water appropriately for dry season usage, in line with best practices and ANCOLD Guidelines.

### For FY24 we plan to

- Enhance water reporting for consumption, recycling and water balance
- Optimisation of water usage and reuse within mining/processing circuit
- Complete the construction of the 2023 approved capital works program for water management infrastructure at Grants

## Waste and Hazardous Materials



**85,000t to 95,000t of fines material set to be recovered and sold in FY24**

We acknowledge our duty to proficiently manage waste in our operations, and we are actively implementing practices to minimise our operational footprint.

Core currently uses open pit mining and intends to adopt underground mining in the future, which will see a reduced footprint from operations.

We have an extensive waste rock characterisation program in place involving laboratory analysis of samples to detect the presence of acid forming materials, or other materials that require special management. We also use long-term kinetic testing programs to assess how the waste rock will react to environmental conditions when placed in stockpiles. We are taking a continuous improvement approach to waste rock management informed by testing materials as we mine, and our aim is to reduce the risk of offsite impact or long-term legacy from our waste stockpiles.

During the year, one of our ongoing site improvement projects has involved the recovery of commercial lithium materials from by-product materials to further reduce our impact.

### For FY24 we plan to

- Undertake an assessment of fines and water storage facilities to ensure safe management and operability



## Health and Safety



### CRM implemented

Our core value is safety. For us, it's about providing an environment and culture that enables working safely in good mental and physical health and ensuring our people are travelling safely to and from work.

We recognise there are inherent hazards that cannot be eliminated. However, while we accept that health and safety incidents do occur, we operate on the guiding principle that all accidents are preventable, and we actively manage and mitigate risks to reduce them as low as reasonably practicable. We manage safety by identifying and mitigating risks through the implementation of systems, processes, and training and by capital and operating investment in plant and equipment to keep it well maintained.

This year, Core implemented its Critical Risk Management (CRM) program which has been adopted widely across the mining industry. The program prioritises the identification of fatality risk and implementing and verifying critical controls and their effectiveness. CRM has been implemented to both employees and contractors. An occupational health monitoring program was established to inform our control processes for potential health exposure hazards including dust, noise, and silica. Core has contracted Care Flight a Darwin based aeromedical service for emergency medical response services to our operations.

Engagement and training in health and safety was a priority during the year as we focused on safe, stable operations to commission and ramp up the operational activity at the Finnis Lithium Project. We introduced additional safety management controls, including an operating system for daily leadership routines and the Take 5 pre-task job hazard assessment. We also rolled out emergency response protocols and training across our workforce.

There was one recordable injury during the year, a minor hand laceration. Vehicle collision and rollover has been identified as the highest operational critical safety risk. There were several loss of control events involving heavy machinery in FY23. No injuries were sustained however the events have heightened our focus on hazard awareness and control effectiveness particularly during the wet season.

#### For FY24 we plan to

- Review and update our Health and Safety Policy
- Further develop and implement our HSEC management system and Health and safety risk management focussing on our critical risk and control effectiveness program
- Operationalise a routine audit and review program to validate the sustainability of learnings post incidents should they occur
- Implement a regular schedule for assurance activities including auditing and compliance against agreed ways of working

## Employee Attraction and Engagement



### More than 360 people employed at the Finnis operations and elsewhere in Australia

The way that we reward people can change not only the face of Core Lithium but also the face of our communities and we recognise that people are more than just what they do in their professional lives.

As a producer of the critical minerals, we will also be an employer for the future, providing contemporary work practices that deliver ambitious performance outcomes and foster inclusivity, with work being recognised as just one single part of a well-lived life. Being an employer of the future means that we need to develop and create meaningful jobs, guide our people to understand how they can best contribute to Core's success, and reward them for the outcomes that they achieve as a business and individually by being transparent and fair.

The Finnis Lithium Project currently employs more than 300 people on site including our contracting partners. A further 60 people work in support functions across Australia. We are taking a fresh look at workforce practices to ensure that how we design our people processes aligns to the culture we need for success. As we have scaled up our operations, we have focused on establishing the necessary systems to support our growing workforce.

During the year, we implemented Core Central, a Human Resources Information System, to increase transparency and to enable ease of access individual and company information, and to see business performance data in real time. We have approved and are implementing a Total Rewards Framework that incentivises high performance with a focus on output delivered rather than hours worked. Core has undertaken a payroll practices review to ensure we meet all legislative requirements in how we pay our people. We are also designing a holistic people performance process, to ensure that our people are clear on where they need to focus to deliver on Core's commitments to shareholders.

#### For FY24 we plan to

- Promote employee wellness through benefits and role design, including flexible work arrangements

# Sustainability

## Diversity and Inclusion



**32% female employees**

Achieving a workplace where people can bring their different ideas and perspectives to solve business challenges is fundamental to our ability to perform at our best and deliver on our commitments to shareholders.

We respect, value, and leverage diverse cultures, experiences, and perspectives to foster performance and collaboration and unlock our workforce's full potential to manage risks better. Our goal is to design systems of work that embed this across the organisation.

In implementing Core's diversity policy during the year, we are initially prioritising gender diversity, as we set out our approach to managing diversity. The Board is committed to this policy with a particular focus on the representation of women in director and senior leadership roles. The Board has set the following measurable objectives, with targets to be achieved by 30 June 2024:

- At least 30 per cent of directors are women.
- Increase numbers of women in all levels of the Company that do not currently have a representation of at least 20 per cent.

During the year, Core increased diversity at the Board level to 20 per cent with the appointment of Andrea Hall as a Non-Executive Director. Core also appointed two women to its expanded executive team, with Samantha Rees, EGM People and Culture and Melissa Winks, EGM Sustainability joining the organisation. Alicia Sherwood was also appointed General Manager of Operations in March 2023.

Overall, the Core organisation increased its gender diversity from 21 per cent to 32 per cent at the end of the financial year. We are committed to embedding and realising a supportive, diverse, and inclusive team. This includes working with our contracting partners to create a workplace where we all can thrive.

## Local Community Impacts and Engagement



**12 recipients of community grants**

Most of our staff are local Darwin residents, and we are proud to be a part of the community and a long term-partner of the Northern Territory.

We are creating opportunities, engaging locally with our stakeholders, and are focused on building mutually beneficial relationships with the communities we share.

We understand that community expectations are at the heart of our social license to operate, and we proactively seek to manage risks and opportunities through regular community engagement and by ensuring that we fulfill our commitments.

Engaging with our local communities was a key task during the year following the implementation of our stakeholder engagement strategy. We have met with key local stakeholders to establish and maintain connections within our local community, identify opportunities to engage and support activity, inform of our community investment program development, and keep people up to date on Core and our projects through the launch of our quarterly community newsletter.

We were also proud to establish and launch our community grants program to support community groups in the Darwin region. In the reporting period, we funded 12 recipients to undertake sporting, educational and other community-led initiatives. We were also pleased to be able to provide corporate sponsorship to the Darwin Festival.

### For FY24 we plan to

- Evolve the community investment program and identify further opportunities for partnerships



## Human Rights and Modern Slavery

Core is dedicated to upholding a stringent policy against modern slavery, ensuring that our operations and supply chains are free from any forced labour or exploitation.

During the year, Core introduced a modern slavery clause in our supplier contract terms and conditions to safeguard the human rights of those involved in our operations and supply chain.

While Core is comfortable that our employment practices eliminate the risk of modern slavery practices within our operations, we acknowledge that there is a risk that we could contribute to modern slavery practices through our actions in our supply chain. We aim to complete a risk profile and gap assessment of our suppliers against the Global Slavery Index to improve our understanding of our supplier base, identify any risks, and ensure we only procure from businesses whose products and services have been ethically sourced and are free of modern slavery.

As part of our ongoing efforts, Core also aims to roll out employee training to educate employees on modern slavery risks. We aim to implement a human rights policy and release our first modern slavery statement in the next financial year.

### For FY24 we plan to

- Implement Human Rights Policy
- Undertake modern slavery supplier screening
- Publish Modern Slavery Statement and action plan

## Indigenous Relationships, Opportunities and Cultural Heritage

Core actively seeks opportunities to consult and engage with traditional owners and local indigenous people in the region to address local issues, create training and contracting opportunities and provide local employment. Core has a longstanding partnership with the Kenbi rangers and Ironbark Aboriginal Corporation.

Employment and contracting opportunities extend to our contracting partners and we are pleased to see their continued support for local Indigenous people.

### For FY24 we plan to

- Further develop our indigenous relationships and business opportunities

## Corporate Governance

The Board believes that high standards of corporate governance are a prerequisite for creating sustainable value for shareholders. While it is a priority, we are taking time to design our governance framework with additional policies, work processes and behavioural expectations that will lead and allow Core and our people to reach desired standards of behaviour.

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

The Board is accountable for Core's overall corporate governance performance, including sustainability oversight. A key development during the year was establishing the Sustainability and Risk Committee, responsible for the ongoing review and management of sustainability-related risks and opportunities which may materially impact the company. The Committee is also responsible for the approval of Core's risk and sustainability policies; related reporting and disclosure of material risk and sustainability issues; and monitoring the company's performance in relation to risk and sustainability-related matters. The Board assigns the responsibility of the risk structure, adaptation and response to emerging risks, and advocacy for the Sustainability Program and initiatives to the Chief Executive Officer. The EGM Sustainability reports into the Chief Executive Officer and is responsible for designing and implementing the Sustainability Program that includes the development of standards, initiatives, and disclosures.

### For FY24 we plan to

- Establish regular cadence for the Risk and Sustainability Committee
- Establish management KPI's for Sustainability Program delivery and performance
- Embed risk management framework, risk appetite statements and KRI's
- Evaluate our materiality assessment against the company's risk profile



# Sustainability

## Stakeholder Engagement

Since the commencement of the Finnis Lithium Project, we have established and maintained connections with a wide range of stakeholders and aim to keep them regularly informed.

As part of this year's review of our stakeholder engagement approach, we developed a Stakeholder Engagement Strategy to build on our previous and ongoing stakeholder engagement for the Finnis Lithium Project. The engagement plan is regularly updated to ensure it remains relevant and appropriate both for Core and the local community and our stakeholders. To keep track of all consultation efforts with stakeholder organisations and individuals, all stakeholder interactions are recorded in a centralised stakeholder relationship manager platform.

During the year, our stakeholder engagement was focussed on the following:

| Stakeholder Group                                    | Approach  | Main topics discussed  |
|--|---|--|
| <b>Core Board</b>                                    | <ul style="list-style-type: none"> <li>• Updates through Chief Executive Officer</li> <li>• Scheduled updates via board papers</li> <li>• Attendance in Darwin for NT Resources week</li> <li>• Attendance onsite for mine opening celebrations and board meeting April 2023</li> </ul>               | <ul style="list-style-type: none"> <li>• Project approvals</li> <li>• Community engagement</li> <li>• Government engagement</li> </ul>   |
| <b>Core Management</b>                               | <ul style="list-style-type: none"> <li>• Presentations at community information sessions</li> <li>• NT Resources Week (attended, sponsored, presented)</li> <li>• Finnis Lithium Mine open event October 2022</li> <li>• Face to face interactions with internal and external stakeholders</li> </ul> | <ul style="list-style-type: none"> <li>• Project and operational update including health, safety, environmental and community outcomes – project and operational approvals</li> <li>• Heavy vehicle safety and road conditions</li> </ul>  |
| <b>Core employees</b>                                | <ul style="list-style-type: none"> <li>• Internal communications (email, intranet, face to face meetings and town halls)</li> <li>• Social media</li> <li>• Community newsletter</li> <li>• Finnis Lithium Mine open event October 2022</li> <li>• First concentrate celebrations</li> </ul>          | <ul style="list-style-type: none"> <li>• Project and operational updates including health, safety, environmental and community outcomes</li> <li>• Company performance and plans</li> <li>• Strategy</li> </ul>  |
| <b>Shareholders</b>                                  | <ul style="list-style-type: none"> <li>• Investor updates (email and webinar)</li> <li>• Investor roadshows and conferences</li> <li>• ASX Announcements</li> <li>• Social media</li> <li>• Finnis Lithium Mine open event October 2022</li> </ul>  | <ul style="list-style-type: none"> <li>• Company performance and plans</li> <li>• Strategy</li> </ul>  |
| <b>Key contractors</b>                               | <ul style="list-style-type: none"> <li>• Internal communications (email, intranet, face to face meetings and town halls)</li> <li>• Social media</li> <li>• Community newsletter</li> <li>• Finnis Lithium Mine open event October 2022</li> <li>• First concentrate celebrations</li> </ul>          | <ul style="list-style-type: none"> <li>• Project and operational update</li> <li>• Company performance and plans</li> <li>• Heavy vehicle safety and road conditions</li> <li>• Community engagement</li> <li>• Strategy</li> </ul>  |
| <b>Northern Territory Government and Departments</b> | <ul style="list-style-type: none"> <li>• Multiple briefings and stakeholder meetings</li> <li>• Email information and factsheets</li> <li>• Written responses to stakeholder consultation</li> </ul>  | <ul style="list-style-type: none"> <li>• Project and operational update</li> <li>• Economic and employment opportunities/growth for the Northern Territory</li> <li>• Managing environmental and social impacts</li> <li>• Emergency response plans, bush fire and backburning management</li> <li>• Legislative and licensing requirements</li> <li>• Feedback on regulatory reform and consultation</li> </ul> |
| <b>Local government and councils</b>                 | <ul style="list-style-type: none"> <li>• Email information and factsheets</li> <li>• Community meetings</li> <li>• Presentations at community information sessions (Wagait Community, Dundee Breach Community, Belyuen Community)</li> </ul>  | <ul style="list-style-type: none"> <li>• Project update</li> <li>• Managing environmental and social impacts</li> <li>• Community impacts</li> <li>• Feedback and grievances</li> <li>• Employment</li> <li>• Community grants program</li> </ul>  |



| Stakeholder Group  | Approach  | Main topics discussed  |
|--|---|--|
| <b>Local schools</b>                                       | <ul style="list-style-type: none"> <li>Email information and factsheets</li> <li>In person meetings with school leaders</li> <li>Engagement with students on mining employment and career opportunities</li> </ul>  | <ul style="list-style-type: none"> <li>Project update</li> <li>Community grants program</li> <li>Funding for School activity</li> </ul>  |
| <b>Aboriginal groups</b>                                   | <ul style="list-style-type: none"> <li>Sharing information and factsheets</li> <li>Working relationship through existing contracts (Kenbi Rangers)</li> <li>Attendance at local council meeting</li> </ul>  | <ul style="list-style-type: none"> <li>Ensuring consistent and transparent consultation</li> <li>Identifying and ensuring protection of sacred sites</li> <li>Jobs, contracting/services, and training opportunities</li> <li>Sponsorship opportunities</li> <li>Land access arrangements</li> </ul> |
| <b>Local community</b>                                     | <ul style="list-style-type: none"> <li>24/7 1800 hotline and email address</li> <li>Community meetings</li> <li>Email information, consultation and distributed fact sheet hardcopy at key locations</li> <li>Quarterly community newsletter emailed to stakeholders, on Core website and available in hardcopy at key locations</li> <li>Core Community Grants Program launched April 2023</li> </ul>  | <ul style="list-style-type: none"> <li>Impacts on community (environmental, traffic, infrastructure)</li> <li>Economic development and opportunities for community</li> </ul>  |
| <b>Community, environment and land groups</b>              | <ul style="list-style-type: none"> <li>Stakeholder briefings and meetings</li> <li>Quarterly community newsletter emailed to stakeholders, on Core website and available in hardcopy at key locations</li> <li>Email information and fact sheets</li> <li>Core Community Grants Program launched April 2023</li> </ul>  | <ul style="list-style-type: none"> <li>Environmental management and closure and rehabilitation</li> <li>License conditions</li> <li>Weed management and catchment improvement activities</li> </ul>  |
| <b>Business and industry (companies and associations)</b>  | <ul style="list-style-type: none"> <li>Finniss Lithium Mine open event October 2022</li> <li>Hosted Korean media delegation in June 2023</li> <li>Hosted Indonesian delegation July 23</li> <li>NT Resources Week in August 2022 (Core was a major sponsor, Board and Management attended and presented)</li> <li>NT Women in Resources Awards (Core management attended) June 2023</li> <li>Participation on key advisory and industry groups</li> </ul> | <ul style="list-style-type: none"> <li>Project update</li> <li>Building the local capacity to provide services and supplies</li> <li>Feedback as part of consultation on industry matters and regulatory reform</li> </ul>   |
| <b>Pastoral lease Landholders holders and Pastoralists</b> | <ul style="list-style-type: none"> <li>In person meetings and phone discussions with pastoralists and lease holders</li> <li>Working relationships (eg drill pad preparation and rehabilitation)</li> </ul>   | <ul style="list-style-type: none"> <li>Ensuring consistent and transparent consultation</li> <li>Interactions with landholder activities</li> <li>Land access protocols</li> </ul>   |

Core has established a complaints and grievances framework that allows the public to raise grievances, complaints or concerns about any matter relating to the Company, including contractor-related complaints, to resolve matters before they escalate. Complaints and grievances can be lodged either by individuals or as part of a collective and can be anonymous.

### Our next steps and strategic priorities

Core's focus in 2024 will be the design of an integrated organisational and sustainability strategy and the development of strategic programs to guide the delivery of our activities.

These plans will lead us to the next level of performance for shareholders, employees, and the communities where we operate.

We are committed to continually improving our performance and learning from our people, our partners, the community, and industry to make a positive impact.

# Corporate Governance Statement

## About this statement

Our corporate governance framework, policies and practices, as described in this Statement, are designed to deliver our strategy and enable us to effectively manage risks and assure compliance. We are committed to doing business in accordance with high standards of corporate governance expected by our shareholders, communities, and wider society, and promote stakeholder confidence and trust.

In an environment of rising expectations about the role of companies in society, we understand the need to consider our strategy through an informed view of evolving societal trends and values. The Board has adopted a system of internal controls, a risk management framework and corporate governance policies, standards and practices, which are designed to support and promote the responsible management and conduct of Core's business.

This Corporate Governance Statement describes Core's key corporate governance policies and practices during the FY23 reporting period through to the date of this report. The work of our Board and its Committees in FY23, as discussed in the following pages, reflects our continued oversight of the integration of environmental, social and governance considerations into our strategic discussions, business decisions, risk management and governance framework.

Our governance practices are aligned with the recommendations of the ASX Corporate Governance Council's Principles and Recommendations (ASX Principles and Recommendations) available at <https://www2.asx.com.au/>.

Further information about Core's key governance practices and governance materials including our charters, policies and standards are available on the Corporate Governance section of our website at <https://corelithium.com.au/corporate-governance>.

References in this statement to "reporting period" are to the financial year ended 30 June 2023.

This Corporate Governance Statement is current as at 21 September 2023 and has been approved by the Board.

## Highlights

**32%**  
 Female  
 Total workforce gender balance

**25%**  
 Female  
 Board gender balance

**28%**  
 Female  
 Senior executive gender balance

**96%**  
 Directors' board meeting attendance

**100%**  
 Director independence

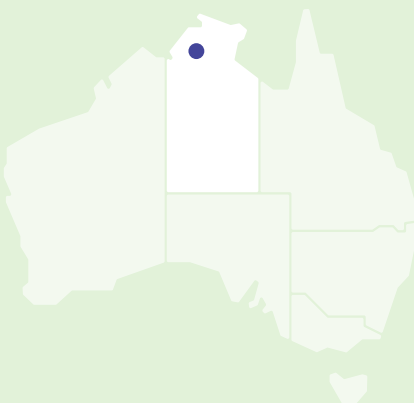
**96%**  
 Remuneration report support in 2022 AGM

## Company overview

### Australia's newest lithium producer

Core Lithium is an Australian hard-rock lithium mining company that owns and operates the Finnis Lithium Operation on the Cox Peninsula, south-west and 88km by sealed road from the Darwin Port, Northern Territory. Core's vision is to **generate sustained value for shareholders from critical minerals exploration and mining projects** underpinned by strong environmental, safety and social standards.

### Finniss Lithium Project Northern Territory



## The Core Lithium Board

A highly credentialed Board with a diversity of background, skills and perspectives is essential to create an environment that enables effective support and delivery of good governance.

Core aspires to have a Board comprised of individuals, appointed on merit, with diverse experience and expertise and continues to consider the expansion of skills and diversity of its membership, as and where appropriate.

### Greg English

#### *Non-Executive Chair*

Mr English has served as Core Lithium's Chair since 10 September 2010. He is an independent director who is not and has not previously held the role of Managing Director or CEO of the Company.

### Heath Hellewell

#### *Non-Executive Director*

Mr Hellewell has been a Non-executive Director at Core Lithium since 15 September 2014. He is an independent director and chair of the Nomination and Remuneration Committee.

### Malcolm McComas

#### *Non-Executive Director*

Mr McComas has been a Non-executive Director at Core Lithium since 17 October 2019. He is an independent director and chair of the Audit and Risk committee.

### Andrea Hall

#### *Non-Executive Director*

Ms Hall has been a Non-executive Director at Core Lithium since 18 May 2023. She is an independent director.

All members of Core's Board qualify as "independent" for the purpose of ASX Recommendation 2.3, and are independent of management and free of any business or other relationship which could materially interfere or could reasonably be perceived to interfere materially with the Director's independent exercise of their judgement.

As the business develops, changes to and/or further appointments to the Board may be warranted and the Board will consider the need to appoint additional independent directors.

The experience of the Directors is included in their biographies in the Directors' Report section of Core's FY23 Annual Report (pages 55–56) as well as on the Board and Management Team page on the Company website.



# Our management and oversight foundations

## Corporate Governance Statement

The role of the Core Lithium Board is to maintain and build Core's capacity to deliver sustainable total shareholder return in a manner consistent with its values.

### Key responsibilities

The full roles and responsibilities are set out in the Board Charter and include:

- Oversight of control and accountability systems designed to ensure appropriate health, safety, environment and community obligations standards are met
- Appointing and removing executive management and, determining their terms and conditions of engagements including the remuneration framework
- Monitoring and assessing management's development, implementing strategies, business plans, budgets and objectives, and ensuring sufficient resources are available for those purposes
- Ensuring systems are in place to facilitate the effective management of the principal risks to the Company
- Ensuring adequate reporting systems and internal controls (both financial and operational), codes of conduct and legal compliance systems are in place, and monitoring them
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures
- Protecting the Company's financial position and its ability to meet its debts and other obligations
- Ensuring that the Company's accounts comply with relevant accounting standards and present a true and fair view
- Approving business plans and budgets and monitoring performance against them
- Approving and monitoring the progress of capital expenditure, capital management and material acquisitions and divestments
- Overseeing the continuous disclosure process to ensure timely and balanced disclosures and ensuring that the Company has an effective process for communicating with shareholders, other stakeholders and the public
- Approving and monitoring financial and other reporting

- Annually assessing the independence of Directors (having regard to the ASX Corporate Governance Principles and Recommendations with respect to independence)
- Approving the issue of shares or other securities in Core
- Monitoring the effectiveness of governance practices generally

**The roles and responsibilities of the Core Lithium Board, management, and matters expressly reserved to the Board, and matters delegated to management – among other things – are set out in our Board Charter which can be viewed on the Core Lithium website.**

### The Board Chair

During the reporting period, the Board was Chaired by Greg English – an independent director who is not and has not previously held the role of Managing Director or CEO of the Company.

The role of the Chair is set out in the Board Charter and includes:

- Approving the agenda of matters to be considered by the Board and convening Board meetings as necessary or appropriate
- Managing the conduct, frequency and length of Board meetings so as to ensure that the Board maintains an in-depth understanding of Core's performance and the opportunities and strategic issues it faces
- Facilitating constructive and respectful communications between Directors and between the Board and management
- Annually implementing a review of the performance of the Board as a whole

### Election and appointment/reappointment of Board members

Core Lithium has an established protocol to verify a potential Board member's character, including relevant experience, education, criminal record and bankruptcy history.

Before the appointment of a person as a senior executive, and before putting forward a candidate for election as a director to shareholders, the Company undertakes a series of checks it believes are appropriate and necessary to inform its decision, and endeavours to provide shareholders with all of the relevant material information in its possession that informed its decision on the election/re-election of a Director.

In line with Core's policies and practices, the Company has and will continue to undertake relevant and appropriate checks to ensure the character, experience, education, and financial and criminal record of all future Board members are suited to its aims and purposes.

### Directors' induction and professional development

All new directors are provided with an induction including meetings with the Chief Executive Officer and senior executives/management as appropriate and provided with appropriate information including Company and Board policies and other material documents.

All directors are expected to maintain the skills required to effectively discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and, if this involves industry seminars and approved education courses, where appropriate, this is paid for by the Company.

### Individual, written agreements with directors and senior executives

Each director and senior executive at Core Lithium has entered an individual written agreement with the Company that sets out the key terms and conditions of their appointment including their duties, rights and responsibilities.

# Board committees

## Appointments

During the reporting period, Core appointed the following Non-Executive Director:

- **Andrea Hall** (18 May 2023)

Core undertook a 10-month executive search to ensure the leadership team was equipped with the skillsets and capabilities to drive the business through the next phase of growth.

During the reporting period, Core appointed the following senior executives:

- **Gareth Manderson** – CEO (8 August 2022)
- **Doug Warden** – CFO (17 April 2023)
- **Mike Stone** – COO (5 December 2022)
- **Sam Rees** – EGM, People and Culture (7 November 2022)
- **Melissa Winks** – EGM, Sustainability (9 January 2023)

Subsequent to the reporting period, Core appointed the following senior executives:

- **Paul Benjamin** – EGM, Commercial and Marketing (30 June 2023)
- **Pierre Malan** – EGM, Growth and Development (1 August 2023)

## Company Secretary

During the reporting period, Jarek Kopias served as Company Secretary. Mr Kopias has served as Company Secretary since 2011.

The Company Secretary advises, is accountable, and has a direct line of reporting to the Company Chair. The Company Secretary supports the Chair, the Board and its committees to manage the Company's day-to-day governance, assist the Board through monitoring and ensuring applicable policies, procedures and charters are followed, and to coordinate timely completion and dissemination of Board agendas and papers.

The Company Secretary also assists with all matters to do with the proper functioning of the Board – including advising on governance matters and assisting with induction and professional development of directors.

## Audit and Risk Committee

Core Lithium's Audit and Risk Committee is comprised of its four Non-Executive Directors. The committee is chaired by independent director, Malcolm McComas, who is not the Board's Chair.

### Audit and Risk Committee

*Number of meetings: 3*

| Individual director attendance |        |
|--------------------------------|--------|
| Malcolm McComas                | 3 of 3 |
| Greg English                   | 3 of 3 |
| Heath Hellewell                | 3 of 3 |
| Stephen Biggins                | 2 of 2 |

Roles and responsibilities of the Audit and Risk Committee include:

- Assisting the Board in its oversight of the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements and corporate policies and controls, the process for the external auditor's selection, retention, qualifications, objectivity and independence
- Assisting the Board by reviewing the financial information that will be provided to the shareholders and others, the systems of internal controls that management and the Board have established, and the audit process
- Reviewing the Company's risk management framework at least annually to satisfy itself that it continues to be sound and to determine whether there have been any changes in the material business risks the Company faces and to ensure that they remain within the risk appetite set by the Board.

## Nomination and Remuneration committee

The Board's Nomination and Remuneration Committee is chaired by independent Non-Executive Director Heath Hellewell and is comprised of the board's other independent non-executive directors.

### Nomination and Remuneration Committee

*Number of meetings: 3*

| Individual director attendance |        |
|--------------------------------|--------|
| Heath Hellewell                | 3 of 3 |
| Greg English                   | 3 of 3 |
| Malcolm McComas                | 3 of 3 |

The Committee carries out reviews to determine appropriate remuneration levels across the Company. The Committee seeks to retain professional services as it requires, at reasonable market rates, and seeks external advice and market comparisons where necessary.

The Company's policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives is set out in the Remuneration Report contained in the 2023 Annual Report.

The Company has an equity-based remuneration scheme. The Company's Securities Trading Policy provides that participants in the scheme must not enter into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested equity interest.

## Sustainability and Risk committee

The Sustainability and Risk committee is chaired by independent Non-Executive Director Andrea Hall and is comprised of the board's other independent Non-Executive Directors. The committee was established following the end of the reporting period.

# Board, committee and individual director performance

## Corporate Governance Statement

Core Lithium is committed to the responsible evaluation of the Board's, its committees and individual director's performance.

Annual self-assessment evaluations are conducted and managed by the Company Secretary at the direction of the Chair.

From time to time, and as deemed necessary, the Company, at the direction of the Chair, may undertake to have its performance evaluation process facilitated externally by an appropriately qualified service provider.

The review of the Board's performance also addresses the ability for directors to access continuing education to update and enhance their skills and knowledge as they relate to the Company's strategy and objectives.

During the reporting period the Board undertook an evaluation of its membership, developed a new skills matrix and recruited an additional independent non-executive director, Andrea Hall.

### Assessing senior executive performance

The Board recognises the need for flexibility in defining performance objectives to reflect the current status of the company as an emerging lithium producer, and the development of its projects. Where appropriate, the Board sets performance benchmarks and assesses the achievement of individual performance objectives.

The Chief Executive Officer reviews the performance of the senior executives on a regular basis, and at least once annually, to assess criteria such as achievement and performance towards the Company's objectives.

### The right skillset and experience

The Board regularly evaluates the mix of skills, experience and diversity at the Board level. Core established a new skills matrix in FY23 to assess the demonstrable skills and experience of the directors across several criteria deemed relevant to their position on the board.

#### 1 Knowledgeable

A Director has knowledge and an understanding of the area, and as part of their Non-Executive and/or current or past Executive roles has experience delivering objectives.

#### 2 Skilled

A Director has expertise and knowledge in the area with some level of responsibility and oversight in the area as part of their current or past Executive roles.

#### 3 Highly Skilled

A Director has deep expertise and knowledge in the area and has a track record of successfully delivering objectives in the area as part of their current or past Executive roles with full responsibility and oversight.



| Skills and Experience                | Includes   | Rating 1/2/3 |
|--------------------------------------|--|--------------|
| <b>Leadership and Governance</b>     |  |              |
| Board of Director Experience         | Held a non-executive director role in a listed company and/or a medium sized complex organisation.   | 3 1          |
| Leadership                           | Held a senior executive role in a large/medium sized complex organisation.   | 3 1          |
| Governance, Legal and Regulatory     | Experience in governance of listed and/or mining organisations, legal and regulatory compliance, and stakeholder management.   | 3 1          |
| <b>Industry</b>                      |  |              |
| Mining and resources                 | Experience in managing exploration, development and operations (including underground mining and/or capital projects) in the mining and resources industry or professional qualifications in geology, metallurgy, mining and/or engineering.   | 2 1 1        |
| Capital projects                     | Experience in delivering both greenfields and brownfields multiple capital projects.   | 1 3          |
| Marketing/Commodity                  | Experience in marketing, commercial management, markets and commercial relationships.  | 1 1 2        |
| <b>Commercial Capability</b>         |  |              |
| Corporate Strategy                   | Experience in executing strategic business outcomes.   | 3 1          |
| Corporate Development                | Experience in business development, investment decisions and corporate transactions.   | 2 2          |
| Transformation                       | Personal capabilities in managing organisations through change and periods of challenge. This includes experience in constructive challenge to new ideas and coaching executives to achieve more ambitious outcomes (aligned to the corporate strategy or corporate goals). Experience in designing and embedding enterprise systems of work and new operating models. | 1 2 1        |
| Risk Management                      | Experience in identifying, assessing and managing systemic, existing and emerging financial and non financial risks, and understanding, implementing and overseeing risk management frameworks and controls.   | 2 1 1        |
| <b>Finance</b>                       |  |              |
| Financial Acumen/ Capital Management | Proficiency in financial accounting and reporting, corporate finance and capital management/markets, internal controls, treasury and associated risk management and understanding the key financial drivers of the business.   | 3 1          |
| Accounting and Audit                 | Professional qualifications in accounting and finance disciplines and/or experience in overseeing a corporate finance function.  | 2 2          |
| <b>People and Culture</b>            |  |              |
| People and Remuneration              | Experience in overseeing people management, workplace culture and remuneration frameworks.   | 2 2          |
| Health and Safety                    | Experience in complex workplace health and safety (physical, mental and psycho-social) risks and management.   | 1 1 2        |
| <b>Sustainability</b>                |  |              |
| Social Responsibility                | Experience in managing the social impact of the business on communities, including local communities, traditional owners and pastoralists.   | 2 2          |
| Environment and Climate Change       | Experience in managing the environmental impacts of the business and climate change threats and opportunities, including low-carbon transition.  | 2 2          |

# A culture underpinned by lawful, ethical and responsible action

## Corporate Governance Statement

Sustainable and responsible business practices are an important long-term driver of performance and shareholder value. The Company has in place an ongoing review of its safety and environmental risks and reports on this aspect to the Board on a monthly basis.

### Core purpose

To be a safe, responsible miner and operator, and long-term partner of the communities in which we operate.

### Core vision

Core Lithium's vision is to become a leading Australian hard rock lithium miner and producer, delivering long-term shareholder value through the production and sale of spodumene concentrate needed for the global decarbonisation effort.

### Core values

#### *People*

Our people are our greatest asset

#### *Safety*

The safety and health of our people, the environment and community come first

#### *Community*

We are proud members of the communities in which we operate

#### *Integrity*

We are committed to acting with integrity, transparency and the responsible treatment of employees

#### *Partnership*

We are committed to fair dealing with partners and contractors, and positive interaction with the community

Core Lithium's Code of Conduct sets out the standards of behaviour expected of all its employees, directors, officers, contractors and consultants.

Core Lithium has a Whistleblower Policy. Any material incidents reported under that policy are reported to the board.

Core Lithium has an Anti-bribery and Corruption Policy. Any material incidents reported under that policy are reported to the board.





# Inclusion and Diversity

Core Lithium believes that decision-making is enhanced through diversity and supports and encourages diversity at all levels of the organisation. The Company values diversity and difference, and prioritises acting without prejudice and treatment of all people with fairness and respect.

Achieving a workplace where people can bring different ideas and perspectives to solve business challenges is fundamental to Core's ability to perform at its best and deliver on commitments to shareholder value.

## Gender diversity

Core Lithium strives to provide the best possible opportunities for current and prospective employees of all backgrounds, across all levels of the business, and in a way that reflects the values, principles and spirit of our Diversity Policy while contributing to overall shareholder value.

## Gender diversity

Core Lithium strives to provide the best possible opportunities for current and prospective employees of all backgrounds, across all levels of the business, and in a way that reflects the values, principles and spirit of our Diversity Policy while contributing to overall shareholder value.

The Board reviews, at least annually, the relative proportion of women and men appointed or employed within the Company group against key metrics, and has set, measurable gender diversity objectives aligned with Core's size and status as emerging lithium producer.

## Gender diversity report

|                           | Total positions | Held by women |
|---------------------------|-----------------|---------------|
| Board                     | 4               | 1             |
| Senior executives         | 7               | 2             |
| Other employees           | 66              | 21            |
| <b>Total organisation</b> | <b>77</b>       | <b>24</b>     |

### Objective 1

Minimum female **30%** Board representation at all times by 31 December 2023

FY23 female board representation:

25%

### Objective 2

Minimum **20%** female representation across total workforce by 31 December 2023

FY23 female workforce:

32%

# Shareholder communications

## Timely and balanced disclosure

The Company uses the facility in ASX Online to automatically disseminate all lodged announcements.

The Company ensures that investor presentations are released on the ASX Market Announcements Platform ahead of each presentation.

Core Lithium's Continuous Disclosure and Communications Policy outlines the processes it follows to ensure compliance with its continuous disclosure obligations and the corporate governance standards applied by the Company in its communications to the market.

## Integrity of financial reports

Before approving financial statements for a financial period, the CEO and CFO must declare to the board that, in their opinion, financial records have been properly maintained, and that statements comply with accounting standards and give a true and fair view of the Company's financial position and performance.

Any periodic corporate report released to the market by the Company that is not reviewed or audited by an external auditor undergoes a review by the Company's CFO.

## Communicating with shareholders

The Investor Centre on Core Lithium's website [www.corelithium.com.au](http://www.corelithium.com.au) is the primary way in which the Company communicates rapidly with shareholders, and the source of meaningful and current information.

The Company gives security holders the option to receive communications from, and send communications to, the Company and its security registry electronically, as provided for in the Company's Shareholder Communications Policy.

Core encourage shareholders to communicate with the Company via email.

The Continuous Disclosure and Communication Policy also sets out the Company's policies and processes in order to facilitate and encourage participation at meetings of security holders.

- The Company encourages shareholders to cast their proxies prior to a General Meeting if they are unable to attend the meeting
- The Company ensures that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands

- The Company gives security holders the option to receive communications from, and send communications to, the Company and its security registry electronically, as provided for in the Company's Shareholder Communications Policy

The Continuous Disclosure and Communication Policy sets out the policies and processes the Company has in place to facilitate and encourage participation at meetings of security holders. The Company encourages shareholders to cast their proxies prior to a General Meeting if they are unable to attend the meeting.

The Continuous Disclosure and Communications Policy outlines the processes followed by the Company to ensure communication with shareholders and the investment community is effective, consistent and adheres to the principles of continuous disclosure.

# Recognising and managing risk

## Corporate Governance Statement

### Taking and managing risks are central to any successful business building shareholder value.

Core Lithium undertakes mineral exploration, development and production activities and, as such, faces risks inherent to its business, including economic, environmental and social sustainability risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term.

Core is committed to understanding and managing risk and establishing an organisational culture that ensures risk management is included in all activities, decision making and business processes.

The Board is responsible for the identification of significant areas of business risk, and for implementing procedures to assess, monitor and manage such risks.

The Board's policies regarding the establishment and maintenance of appropriate ethical standards were developed to:

- Ensure compliance in legal, statutory and ethical matters
- Monitor the business environment, identify potential opportunities and risk areas therein
- Monitor systems established to ensure prompt and appropriate responses to Stakeholder complaints and/or enquiries

In the reporting period, the Company commenced production at the Finnis Lithium Operation and is establishing risk management processes appropriate for the business's transition from developer to miner and producer. The Board as a whole addresses individual risks as required on an ongoing basis.

Due to its size and status as an emerging lithium producer, the company does not have a formal internal risk audit function. However, the Board meets on a regular basis and reviews and monitors the parameters under which such risks will be managed.

The Company's Risk Management Policy sets the framework for risk management and review of the risk management framework, and the Company has in place an ongoing review of its safety and environmental risks and reports on this aspect to the Board on a monthly basis.

The ongoing mitigation and management of key business risks is addressed by the Board as a whole.

Operational, financial, legal, compliance, strategic and reputational risks continue to be managed primarily by the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer as a part of the day-to-day management of the Company's affairs. Where appropriate, these risks are managed with the support of relevant external professional advisers.



# Tenement Schedule

As at 30 June 2023

| Tenement Number           | Tenement Name                    | Status  | Equity |
|---------------------------|----------------------------------|---------|--------|
| <b>Northern Territory</b> |                                  |         |        |
| 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%   |
| MLN16                     | Bynoe                            | 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%   |
| ML 29912                  | Saffums                          | Granted | 100%   |
| ML 29914                  | Labelle                          | Granted | 100%   |
| ML 29985                  | Angers                           | Granted | 100%   |
| ML 31654                  | Annie                            | Granted | 100%   |
| MLN813                    | Bilatos                          | Granted | 100%   |
| MLN1148                   | Centurion                        | Granted | 100%   |
| EL 32392                  | Ivy                              | Granted | 100%   |
| EL 32396                  | Murray Creek                     | Granted | 100%   |
| EL 31407                  | Shoobridge                       | Granted | 100%   |
| <b>South Australia</b>    |                                  |         |        |
| EL 6574                   | Fitton                           | Granted | 100%   |
| EL 6038                   | Mt Freeling                      | Granted | 100%   |
| EL 6111                   | Yerelina                         | Granted | 100%   |
| EL 6445                   | Wyatt Bore                       | Granted | 100%   |

\* Relinquished subsequent to 30/6/2023.

# Mineral Resource and Ore Reserves Statement

As the result of a major resource development drilling program undertaken from July 2022 to December 2022, the total resource tonnage for Core's Finnis Lithium Operation has increased by 62%. With significant increases to known deposits and additional new deposits included in the Mineral Resource Estimate.

| 30 June 2023 |              | Lithium Mineral Resource (Finniss Lithium Project, Northern Territory) |                       |                        |                        |
|--------------|--------------|--|-----------------------|------------------------|------------------------|
| Deposit      | Category     | Tonnes (Mt)  | Li <sub>2</sub> O (%) | Li <sub>2</sub> O (kt) | LiCO <sub>3</sub> (kt) |
| Grants       | Measured     | 1.80   | 1.50                  | 27.0                   | 67                     |
|              | Indicated    | 0.61   | 1.49                  | 9.1                    | 22                     |
|              | Inferred     | 0.37   | 1.27                  | 4.7                    | 12                     |
|              | <b>Total</b> | <b>2.78</b>  | <b>1.47</b>           | <b>40.8</b>            | <b>101</b>             |
| BP33         | Measured     | 2.85   | 1.46                  | 41.6                   | 103                    |
|              | Indicated    | 4.09   | 1.53                  | 62.6                   | 155                    |
|              | Inferred     | 3.17   | 1.45                  | 46.0                   | 114                    |
|              | <b>Total</b> | <b>10.11</b>   | <b>1.48</b>           | <b>150.2</b>           | <b>373</b>             |
| Carlton      | Measured     | 2.20   | 1.38                  | 30.4                   | 75                     |
|              | Indicated    | 2.69   | 1.39                  | 37.4                   | 92                     |
|              | Inferred     | 1.29   | 1.37                  | 17.7                   | 44                     |
|              | <b>Total</b> | <b>6.18</b>  | <b>1.38</b>           | <b>85.5</b>            | <b>211</b>             |
| Hang Gong    | Indicated    | 1.51   | 1.18                  | 17.8                   | 44                     |
|              | Inferred     | 1.95   | 1.14                  | 22.2                   | 55                     |
|              | <b>Total</b> | <b>3.46</b>  | <b>1.16</b>           | <b>40.0</b>            | <b>99</b>              |
| Lees         | Indicated    | 0.88   | 1.24                  | 10.9                   | 27                     |
|              | Inferred     | 0.35   | 1.05                  | 3.7                    | 9                      |
|              | <b>Total</b> | <b>1.23</b>  | <b>1.19</b>           | <b>14.6</b>            | <b>36</b>              |
| Booths       | Indicated    | 0.80   | 1.05                  | 8.4                    | 21                     |
|              | Inferred     | 0.70   | 1.06                  | 7.4                    | 18                     |
|              | <b>Total</b> | <b>1.50</b>  | <b>1.05</b>           | <b>15.8</b>            | <b>39</b>              |
| Ah Hoy       | Indicated    | 0.67   | 1.16                  | 7.8                    | 19                     |
|              | Inferred     | 0.38   | 1.17                  | 4.4                    | 11                     |
|              | <b>Total</b> | <b>1.05</b>  | <b>1.16</b>           | <b>12.2</b>            | <b>30</b>              |
| Sandras      | Indicated    | 1.17   | 0.92                  | 10.8                   | 27                     |
|              | Inferred     | 0.57   | 0.82                  | 4.7                    | 12                     |
|              | <b>Total</b> | <b>1.73</b>  | <b>0.89</b>           | <b>15.4</b>            | <b>38</b>              |
| Penfolds     | Inferred     | 0.57   | 1.04                  | 5.9                    | 15                     |
|              | <b>Total</b> | <b>0.57</b>  | <b>1.04</b>           | <b>5.9</b>             | <b>15</b>              |
| Bilatos      | Inferred     | 1.92   | 1.03                  | 19.9                   | 49                     |
|              | <b>Total</b> | <b>1.92</b>  | <b>1.03</b>           | <b>19.9</b>            | <b>49</b>              |
| Finniss      | Measured     | 6.85   | 1.45                  | 99.3                   | 245                    |
|              | Indicated    | 12.42  | 1.33                  | 165.2                  | 408                    |
|              | Inferred     | 11.27  | 1.21                  | 136.7                  | 338                    |
|              | <b>Total</b> | <b>30.54</b>   | <b>1.31</b>           | <b>401.2</b>           | <b>991</b>             |

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

All resources are reported at a 0.5% Li<sub>2</sub>O cut off.

Net decrease at Grants due to mining depletion.

Li<sub>2</sub>O x 2.47 = LiCO<sub>3</sub>.

30 June 2022

## Lithium Mineral Resource (Finniss Lithium Project, Northern Territory)

| Deposit        | Category               | Tonnes (Mt)  | Li <sub>2</sub> O (%) | Li <sub>2</sub> O (kt) | LiCO <sub>3</sub> (kt) |
|----------------|------------------------|--------------|-----------------------|------------------------|------------------------|
| Grants         | Measured               | 1.96         | 1.5                   | 29.5                   | 74.0                   |
|                | Indicated              | 0.6          | 1.5                   | 9.0                    | 22.3                   |
|                | Inferred               | 0.33         | 1.35                  | 4.4                    | 10.9                   |
|                | <b>Total</b>           | <b>2.89</b>  | <b>1.49</b>           | <b>42.9</b>            | <b>107.2</b>           |
| BP33           | Measured               | 1.5          | 1.52                  | 23.0                   | 56.9                   |
|                | Indicated              | 1.19         | 1.5                   | 17.0                   | 42.0                   |
|                | Inferred               | 0.55         | 1.54                  | 8.0                    | 19.8                   |
|                | <b>Total</b>           | <b>3.24</b>  | <b>1.51</b>           | <b>48.0</b>            | <b>118.7</b>           |
| Sandras*       | Inferred               | 1.3          | 1                     | 13.0                   | 32.1                   |
|                | <b>Total</b>           | <b>1.3</b>   | <b>1</b>              | <b>13.0</b>            | <b>32.1</b>            |
| Carlton        | Measured               | 0.63         | 1.31                  | 8.0                    | 19.8                   |
|                | Indicated              | 1.2          | 1.21                  | 15.0                   | 37.1                   |
|                | Inferred               | 1.19         | 1.33                  | 16.0                   | 39.6                   |
|                | <b>Total</b>           | <b>3.02</b>  | <b>1.28</b>           | <b>39.0</b>            | <b>96.5</b>            |
| Hang Gong      | Indicated              | 1.19         | 1.3                   | 15.3                   | 37.8                   |
|                | Inferred               | 0.83         | 1.19                  | 9.9                    | 24.5                   |
|                | <b>Total</b>           | <b>2.02</b>  | <b>1.2</b>            | <b>25.2</b>            | <b>62.3</b>            |
| Booths & Lees* | Inferred (Lees)        | 0.43         | 1.3                   | 5.4                    | 13.4                   |
|                | Inferred (Lees South)  | 0.35         | 1.2                   | 4.3                    | 10.6                   |
|                | Inferred (Booths Link) | 1.47         | 1.06                  | 15.7                   | 38.8                   |
|                | <b>Total</b>           | <b>2.25</b>  | <b>1.13</b>           | <b>25.4</b>            | <b>62.8</b>            |
| Finniss        | Measured               | 4.09         | 1.48                  | 60.5                   | 150.7                  |
|                | Indicated              | 4.18         | 1.36                  | 56.3                   | 139.2                  |
|                | Inferred               | 6.45         | 1.19                  | 76.7                   | 189.7                  |
|                | <b>Total</b>           | <b>14.72</b> | <b>1.32</b>           | <b>193.5</b>           | <b>479.6</b>           |

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

Grants, BP33, Carlton and Lees use a 0.75% Li<sub>2</sub>O cut-off, whereas Hang Gong and Booths/Lees use a 0.7% Li<sub>2</sub>O cut-off, and Sandras uses a 0.6% Li<sub>2</sub>O cut-off.

# Mineral Resource and Ore Reserves Statement

With an increased Mineral Resource, work undertaken on updating the Ore Reserves resulted in a 43% increase in the Ore Reserve. This was primarily due to increases in the underground Ore Reserves at BP33 and Carlton after review of new mine designs, assumptions and economic criteria. Additionally, the Grants open pit Proved Ore Reserve was reduced by 0.2Mt due to mining depletion during the financial year.

| 30 June 2023             |                 | Lithium Ore Reserve (Finniss Lithium Project, Northern Territory) |                       |                      |
|--------------------------|-----------------|---|-----------------------|----------------------|
| Deposit                  | Category        | Tonnes (Mt)   | Li <sub>2</sub> O (%) | Contained metal (kt) |
| <i>Open Pit</i>          |                 |   |                       |                      |
| Grants                   | Proved          | 1.7   | 1.5                   | 24.6                 |
|                          | Probable        | 0.3   | 1.4                   | 4.2                  |
|                          | <b>Total</b>    | <b>2.0</b>  | <b>1.4</b>            | <b>28.8</b>          |
| Hang Gong                | Proved          | –   | –                     | –                    |
|                          | Probable        | 1.1   | 1.2                   | 13.2                 |
|                          | <b>Total</b>    | <b>1.1</b>  | <b>1.2</b>            | <b>13.2</b>          |
| Total Open Pit           | Proved          | 1.7   | 1.4                   | 24.6                 |
|                          | Probable        | 1.4   | 1.3                   | 17.4                 |
|                          | <b>Total</b>    | <b>3.1</b>  | <b>1.3</b>            | <b>42.0</b>          |
| <i>Underground</i>       |                 |   |                       |                      |
| Grants                   | Proved          | 0.0   | 1.0                   | 0.2                  |
|                          | Probable        | 0.2   | 1.5                   | 3.4                  |
|                          | <b>Total</b>    | <b>0.3</b>  | <b>1.4</b>            | <b>3.6</b>           |
| BP33                     | Proved          | 1.7   | 1.4                   | 24.4                 |
|                          | Probable        | 2.2   | 1.4                   | 31.6                 |
|                          | <b>Total</b>    | <b>3.9</b>  | <b>1.4</b>            | <b>56.0</b>          |
| Carlton                  | Proved          | 2.0   | 1.2                   | 24.0                 |
|                          | Probable        | 1.4   | 1.2                   | 16.2                 |
|                          | <b>Total</b>    | <b>3.4</b>  | <b>1.2</b>            | <b>40.2</b>          |
| Total underground        | <b>Proved</b>   | <b>1.9</b>  | <b>1.3</b>            | <b>25.7</b>          |
|                          | <b>Probable</b> | <b>2.3</b>  | <b>1.2</b>            | <b>27.8</b>          |
|                          | <b>Total</b>    | <b>7.5</b>  | <b>1.3</b>            | <b>99.8</b>          |
| Total all mining methods | <b>Proved</b>   | <b>5.4</b>  | <b>1.4</b>            | <b>73.2</b>          |
|                          | <b>Probable</b> | <b>5.2</b>  | <b>1.3</b>            | <b>68.6</b>          |
|                          | <b>Total</b>    | <b>10.6</b>   | <b>1.3</b>            | <b>141.8</b>         |

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

| 30 June 2022             |              | Lithium Ore Reserve (Finniss Lithium Project, Northern Territory) |                       |                      |
|--------------------------|--------------|---|-----------------------|----------------------|
| Deposit                  | Category     | Tonnes (Mt)   | Li <sub>2</sub> O (%) | Contained metal (kt) |
| <i>Open Pit</i>          |              |   |                       |                      |
| Grants                   | Proved       | 1.8   | 1.5                   | 26.4                 |
|                          | Probable     | 0.3   | 1.4                   | 4.7                  |
|                          | <b>Total</b> | <b>2.1</b>  | <b>1.4</b>            | <b>31</b>            |
| Hang Gong                | Proved       | -   | -                     | -                    |
|                          | Probable     | 1.1   | 1.2                   | 13.3                 |
|                          | <b>Total</b> | <b>1.1</b>  | <b>1.2</b>            | <b>13.3</b>          |
| Total Open Pit           | Proved       | 1.8   | 1.5                   | 26.4                 |
|                          | Probable     | 1.4   | 1.3                   | 17.9                 |
|                          | <b>Total</b> | <b>3.2</b>  | <b>1.4</b>            | <b>44.3</b>          |
| <i>Underground</i>       |              |   |                       |                      |
| Grants                   | Proved       | 0   | 1                     | 0.2                  |
|                          | Probable     | 0.2   | 1.5                   | 3.4                  |
|                          | <b>Total</b> | <b>0.3</b>  | <b>1.4</b>            | <b>3.6</b>           |
| BP33                     | Proved       | 1.3   | 1.4                   | 18.4                 |
|                          | Probable     | 1   | 1.4                   | 13.8                 |
|                          | <b>Total</b> | <b>2.3</b>  | <b>1.4</b>            | <b>32.2</b>          |
| Carlton                  | Proved       | 0.6   | 1.2                   | 7.1                  |
|                          | Probable     | 1   | 1                     | 10.7                 |
|                          | <b>Total</b> | <b>1.6</b>  | <b>1.1</b>            | <b>17.8</b>          |
| Total underground        | Proved       | 1.9   | 1.3                   | 25.7                 |
|                          | Probable     | 2.3   | 1.2                   | 27.8                 |
|                          | <b>Total</b> | <b>4.2</b>  | <b>1.3</b>            | <b>53.6</b>          |
| Total all mining methods | Proved       | 3.8   | 1.4                   | 52.1                 |
|                          | Probable     | 3.7   | 1.2                   | 45.8                 |
|                          | <b>Total</b> | <b>7.4</b>  | <b>1.3</b>            | <b>97.9</b>          |

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

| 30 June 2023     |   | Inferred Uranium Mineral Resource (Napperby Uranium Project, Northern Territory) |   |  |
|------------------|---|--|---|--|
| Ore tonnage (Mt) | Grade (U <sub>3</sub> O <sub>8</sub> ppm) | Metal (U <sub>3</sub> O <sub>8</sub> t)  | Metal (U <sub>3</sub> O <sub>8</sub> Mlb) | Vanadium (V <sub>2</sub> O <sub>5</sub> ppm) |
| 9.54             | 382                                       | 3,643  | 8.03                                      | 236  |

Inferred Mineral Resource Estimate for Napperby Uranium Deposit at 200ppm U<sub>3</sub>O<sub>8</sub> cut-off.  
The Napperby Uranium Mineral Resource is unchanged from that reported for the year ended 30 June 2022.

# Competent Person Statements

## Finniss

The information in this report that relates to the estimation and reporting of Mineral Resources for the Finniss Lithium Project was first reported by the Company on 18 April 2023.

The information in this report that relates to the Estimation and Reporting of Mineral Resources at Finniss is based on, and fairly represents, information and supporting documents compiled by Dr Graeme 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 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 report that relates to the estimation and reporting of Ore Reserves for the Finniss Lithium Project was first reported by the Company on 12 July 2022.

The information in this report that relates to the Estimation and Reporting of open pit and underground Ore Reserves at Finniss is based on, and fairly represents, information and supporting documents compiled and supervised by Mr Blair Duncan. Mr Duncan is a Fellow 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.

## Napperby Uranium

The information in this report that relates to the estimation and reporting of Mineral Resources for the Napperby Uranium Deposit was first reported by the Company on 12 October 2018.

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

## Internal Controls on Exploration results, Mineral Resource and Ore Reserve estimates

The Company ensures that all Exploration results, Mineral Resource and Ore Reserve estimates are subject to appropriate levels of governance and internal controls. Exploration results are collected and managed internally by a competent qualified geologist. Core relies on drilling results from accredited laboratories in providing assay results used for Exploration 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 Company 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 Exploration Results, Mineral Resources and Ore Reserves continue to apply.

## 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

Core's Directors have pleasure in submitting their report on the Company and its subsidiaries ("the Group"), for the year ended 30 June 2023.

## 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 Chair (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 Chair of Core.

As Chair 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 Chair on 1 June 2015.

### Other directorships held in listed companies in the last three years

Non-Executive Director of Neurizer Ltd (formerly Leigh Creek Energy Ltd) (ASX: NRZ). Appointed 22 September 2015 and resigned 22 June 2021.

### Interest in shares

As at the date of this report, 9,640,000 Ordinary Shares held directly and by an entity in which Mr English has a beneficial interest.

### Interest in options/performance rights

Nil

# Directors' Report



## 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 IGO Limited 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 Director 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*

5,075,000 shares held by an entity in which Mr Hellewell has a direct interest.

### *Interest in options/performance rights*

Nil



## 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 Chair since 1 May 2012.

Non-Executive Chair 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*

None

### *Interest in shares*

As at the date of this report, 3,723,400 Ordinary Shares held by an entity in which Mr McComas has a beneficial interest.

### *Interest in options/performance rights*

Nil



### **Andrea Hall**

BCom., FCA

#### *Non-Executive Director*

Andrea is an experienced Non-Executive Director and is currently a member of the board of ASX listed entity, Evolution Mining Limited (EVN) and mining services firm Perenti Group Ltd (PRN). Further, she sits on the board of the AFL Fremantle Dockers, the Insurance Commission of Western Australia and the Commonwealth Superannuation Corporation.

Andrea's career has spanned more than 35 years in the financial services industry, including 7 years as a risk consulting partner at KPMG. She brings a strong skill set to the Board that includes risk management, finance, external and internal audit and corporate and operational governance. In addition to working with and sitting on boards within the mining sector, Andrea has worked with industry segments including transport, healthcare, insurance, property and with government. She is also a member of the Risk and Sustainability Committee of Evolution Mining Limited, a member of the People and Remuneration Committee at Perenti Group Ltd.

#### *Other current directorships of listed companies*

Non-Executive Director and Chair of the Audit Committee of Evolution Mining Limited (ASX:EVN) appointed 1 October 2017.

Non-Executive Director and Chair of the Audit and Risk Committee of Perenti Group Ltd (ASX:PRN) appointed 15 December 2019.

#### *Other directorships held in listed companies in the last three years*

Non-Executive Director of Pioneer Credit Limited (ASX:PNC) appointed 7 November 2016 and resigned 24 February 2023.

#### *Interest in shares*

As at the date of this report, 105,000 Ordinary Shares held by an entity in which Ms Hall has a beneficial interest.

#### *Interest in options/performance rights*

Nil

## **Company Secretary**



### **Jaroslaw (Jarek) Kopias**

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

#### *Company Secretary (appointed 21 June 2011)*

Jarek Kopias is a Certified Practising 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' Report

## 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 12 to 18 and the Company's key risks are addressed on pages 26 to 29. These sections form part of the Operating and Financial Review.

## 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<br>COMMITTEE MEETINGS | NOMINATION AND<br>REMUNERATION<br>COMMITTEE |
|--------------------------|---------------------------|--------------------------------------|---|
| Directors                | Meetings attended (of 21) | Meetings attended (of 3)             | Meetings attended (of 3)                    |
| G English <sup>1</sup>   | 21                        | 3                                    | 3   |
| H Hellewell <sup>2</sup> | 21                        | 3                                    | 3   |
| M McComas <sup>3</sup>   | 18                        | 3                                    | 3   |
| S Biggins <sup>4</sup>   | 10                        | 2                                    | –   |
| A Hall <sup>5</sup>      | 3                         | –                                    | –   |
| Number of meetings held  | 21                        | 3                                    | 3   |

1. Chair of the Board.

2. Chair of the Nomination and Remuneration Committee.

3. Chair of the Audit and Risk Committee.

4. Resigned as director on 16 October 2022. Mr S. Biggins was eligible to attend 10 Board Meetings, 2 Audit and Risk Committee Meetings and 0 Nomination and Remuneration Committee Meetings.

5. Appointed as a director on 18 May 2023. Ms A. Hall was eligible to attend 3 Board Meetings, 0 Audit and Risk Committee Meetings and 0 Nomination and Remuneration Committee Meetings.

As at 30 June there were no other committees other than the Audit and Risk Committee and the Nomination and Remuneration Committee. All other matters usually delegated to committees are handled by the board as a whole. The Risk and Sustainability Committee was established post 30 June 2023.

## Unissued shares under option

There were no unissued ordinary Shares of Core under option at the date of this report.

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 |
|---------------------|-------------|-------------|------------------|------------------------|
| 27/01/2023          | 30/06/2024  | 31/01/2027  | 198,599          | –                      |
| 27/01/2023          | 30/06/2024  | 31/01/2027  | 198,599          | –                      |
| 27/01/2023          | 30/06/2024  | 31/01/2027  | 264,797          | –                      |
| 27/01/2023          | 30/06/2025  | 31/01/2028  | 198,599          | –                      |
| 27/01/2023          | 30/06/2025  | 31/01/2028  | 198,599          | –                      |
| 27/01/2023          | 30/06/2025  | 31/01/2028  | 264,797          | –                      |
| 1/03/2023           | 30/06/2024  | 31/01/2027  | 48,072           | –                      |
| 1/03/2023           | 30/06/2024  | 31/01/2027  | 48,072           | –                      |
| 1/03/2023           | 30/06/2024  | 31/01/2027  | 64,096           | –                      |
| 1/03/2023           | 30/06/2025  | 31/01/2028  | 48,072           | –                      |
| 1/03/2023           | 30/06/2025  | 31/01/2028  | 48,072           | –                      |
| 1/03/2023           | 30/06/2025  | 31/01/2028  | 64,096           | –                      |
| 31/05/2023          | 30/06/2024  | 31/01/2027  | 90,572           | –                      |
| 31/05/2023          | 30/06/2024  | 31/01/2027  | 90,572           | –                      |
| 31/05/2023          | 30/06/2024  | 31/01/2027  | 120,761          | –                      |
| 31/05/2023          | 30/06/2025  | 31/01/2028  | 75,133           | –                      |
| 31/05/2023          | 30/06/2025  | 31/01/2028  | 75,133           | –                      |
| 31/05/2023          | 30/06/2025  | 31/01/2028  | 100,178          | –                      |
| 3/07/2023           | 30/06/2024  | 31/01/2027  | 25,313           | –                      |
| 3/07/2023           | 30/06/2024  | 31/01/2027  | 25,313           | –                      |
| 3/07/2023           | 30/06/2024  | 31/01/2027  | 33,751           | –                      |
| 3/07/2023           | 30/06/2025  | 31/01/2028  | 40,606           | –                      |
| 3/07/2023           | 30/06/2025  | 31/01/2028  | 40,606           | –                      |
| 3/07/2023           | 30/06/2025  | 31/01/2028  | 54,141           | –                      |
|                     |             |             | <b>2,416,549</b> |                        |

Subsequent to 30 June 2023 a total of 967,474 performance rights lapsed as performance conditions were not met. No performance rights were exercised into ordinary shares.

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.

### Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group that occurred other than those disclosed on page 58.

### 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 17 August 2023, the Group completed an equity raising via an Institutional Placement to raise \$100 million.

On 8 September 2023, the Group loaded the inaugural spodumene concentrate delivery under the Group's long-term offtake agreement with Ganfeng Lithium.

On 15 September 2023, the share purchase plan (SPP) component of the equity raise closed, with 28.4 million shares issued raising \$11.4 million.

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.

# 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 Executive Officer and Non-Executive Director remuneration
- D. Executive Officer employment arrangements
- E. Share-based remuneration
- F. Other information

### A. Remuneration essentials

The directors of Core Lithium Ltd present to shareholders the Group's Remuneration Report in accordance with the *Corporations Act 2001* (Cth) and its regulations for the year ended 30 June 2023 ('financial year' or 'FY23').

#### Who does this report cover?

This report sets out the remuneration arrangements for the Group'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 Executive Officers or Non-Executive Directors.

The KMP of the Group are the Board of Directors and Executive Officers, these are set out below. As noted in company announcements through the year, there were key changes to various KMP incumbents, given the evolution of Core Lithium from an explorer to an operator. Start and end dates for various roles are noted for transparency.

#### Non-Executive KMP

|                 |   |
|-----------------|---|
| Greg English    | Non-Executive Chair                                 |
| Andrea Hall     | Non-Executive Director <i>appointed 18 May 2023</i> |
| Heath Hellewell | Non-Executive Director                              |
| Malcolm McComas | Non-Executive Director                              |
| Jarek Kopias    | Company Secretary                                   |

#### Executive KMP

##### Current

|                  |  |
|------------------|--|
| Gareth Manderson | Chief Executive Officer (CEO) <i>appointed 8 August 2022</i>   |
| Doug Warden      | Chief Financial Officer (CFO) <i>appointed 17 April 2023</i>   |
| Mike Stone       | Chief Operating Officer (COO) <i>appointed 5 December 2022</i> |

##### Former

|                 |  |
|-----------------|--|
| Stephen Biggins | Managing Director  |
| Simon Iacopetta | Chief Financial Officer (CFO) <i>resigned 12 February 2023</i> |
| Andrew Forman   | Interim CFO from 12 February 2023 to 16 April 2023             |
| Blair Duncan    | Chief Operating Officer (COO) <i>resigned 30 December 2022</i> |

All Non-Executive Directors are members of the Audit and Risk Committee. All Non-Executive Directors with the exception of Ms. Hall are members of the Nomination and Remuneration Committee. Ms. Hall was appointed to the Nomination and Remuneration Committee in September 2023.

## **Remuneration governance and framework**

### ***Nomination and Remuneration Committee***

In accordance with best practice corporate governance, a Nomination and Remuneration Committee has been in place since December 2021. The Nomination and Remuneration Committee meets at least two times a year or more frequently as required. A quorum is considered 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 Group'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 and other employees;
- equity based remuneration plan for KMP and other employees;
- superannuation arrangements for KMP and other employees;
- incentive plans (including equity-based plans);
- the Group's remuneration and incentive policies; and
- whether there is any gender or other bias in remuneration practices.

### ***Use of remuneration consultants and other advisors***

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

### ***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; and
- communication between the remuneration consultants and Key Management Personnel is restricted and noted to minimise the risk of undue influence on the remuneration consultant.

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 Group engaged Korn Ferry as external consultants to perform a review of peer companies to provide guidance in relation to the Group's remuneration policy and reward levels for the Chief Executive Officer and Executive Officer positions. Korn Ferry were paid \$23,500 for the executive remuneration recommendations and benchmarking reports.

Korn Ferry's advice was in relation to market benchmarking, as per their Global Database of remuneration information, and as such, there were no explicit recommendations to the Board on KMP remuneration.

### ***Voting and comments made at the Group's Annual General Meeting ('AGM')***

At the 2022 AGM, 96% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022.

# Directors' Report

## Remuneration Report (Audited)

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

#### Remuneration strategy

The Group seeks to attract and retain high-performing individuals, both in executive and other roles, and incentivise them to outperform. The approach to remuneration is to provide executives with a market-competitive Total Fixed Remuneration (TFR) and to reward outperformance through performance-linked, 'at-risk' remuneration. Accordingly, the fixed remuneration is broadly positioned at the market median of relevant market competitors, with the opportunity to earn upper quartile total remuneration for delivering outperformance.

The remuneration strategy demonstrates the links between remuneration and business strategies and their impact on Core's actual remuneration arrangements. The overriding business objective is to build value for all stakeholders (including shareholders).

The proportion of fixed and at-risk remuneration varies, and it depends on the role and grading of executives and the performance of the Group. Senior positions have a more significant proportion of at-risk remuneration. The at-risk component of remuneration is governed by the Core Lithium Incentive Plan and is comprised of both Short term Incentives (STI) and Long term Incentives (LTI).

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

1. The remuneration strategy, setting the terms and conditions for the Chief Executive Officer and Key Management Personnel, was developed by the Board. The Board annually reviews the packages of Key Management Personnel by reference to the Group's performance, the Executive Officer'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 individuals and reward them for performance that seeks to align with shareholder interests.
3. Key Management Personnel are also entitled to participate in the Incentive Plan as approved by shareholders at the 2022 AGM held on 24 November 2022.
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.

The objective of the Group's remuneration strategy is to ensure reward for performance is competitive and appropriate for the results delivered. This 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 Executive Officers and Non-Executive Director remuneration is separate.

#### Executive Officer remuneration

##### *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 50% for other Executive Officers | Maximum. 50% of fixed remuneration for the CEO and 50% for other Executive Officers   |
| Influenced by job size, role requirements, market benchmarks, individual skills, qualifications, experience, and performance | Based on the achievement of set performance objectives, linked to business outcomes | Vesting conditions include individual performance targets, absolute shareholder return, increase in shareholder value relative to an industry peer group and reserve growth per share |
| Reviewed annually on a cycle aligned to the financial year   | Performance generally measured over 12 months                                       | Performance generally measured longer than 12 months  |



### Fixed remuneration

An Executive Officer's fixed remuneration comprises base salary and employer superannuation contributions and other benefits as the Group and the individual agree provided that no extra cost is incurred by the Group 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 against set objectives, 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)

Variable performance-based remuneration strengthens the link between pay and performance. This scheme aims to make a large proportion of the total reward package subject to meeting various targets linked to Core's business objectives.

The STI plan component is delivered in the form of a performance-based cash bonus if objectives for the financial year are achieved. The STI remuneration framework, which has a short-term focus over a 12-month performance period, adopted performance measures based on group targets concerning safety, sustainability, environment, community, production optimisation and financial strength, and resource growth. In addition, the Executive Officers had individual or role-specific targets, measured as part of the Executive Officers' overall annual performance evaluations.

The STI opportunity offered to each executive KMP as a percentage of Total Fixed Remuneration is defined by the individual's role and reward grade. The STI opportunity is market benchmarked and reviewed by the Board and Nomination and Remuneration Committee annually.

During the 2023 performance year, holistic performance objectives were adopted for Executive Officers. These objectives were chosen by the Board for their ability to drive executive focus on short and medium term business continuity and performance related not only to commercial success but also Core's social license to operate.

|  | CEO  | COO   | CFO                    |
|--|--|---|------------------------|
|  | Percentage of STI  | Percentage of STI   | Percentage of STI      |
| <b>Business Objectives – Common to all KMP</b> | <b>80%</b>   | <b>80%</b>  | <b>80%</b>             |
| Safety Systems                                 | 10%  | 10%   | 10%                    |
| Environment                                    | 10%  | 10%   | 10%                    |
| Community                                      | 10%  | 10%   | 10%                    |
| Resource Growth                                | 10%  | 10%   | 10%                    |
| People   | 20%  | 20%   | 20%                    |
| Production                                     | 20%  | 20%   | 20%                    |
| <b>Individual Goals</b>                        | <b>20%</b>   | <b>20%</b>  | <b>20%<sup>1</sup></b> |
|  | Mobilise new corporate structure; Progress BP33 project; Progress growth pipeline. | Design and implement effective Contract Management Operating Model; Progress BP33 project |                        |

1. Individual goals for Mr D. Warden align with the CEO goals, given his appointment occurred close to the end of the financial year.

# Directors' Report

## Remuneration Report (Audited)

### Long term incentive (LTI)

The Board believes that the Core LTI program will focus and motivate executives to achieve longer term performance outcomes, ensure that business decisions consider the Group's long-term performance and create an immediate ownership mindset among the executives.<sup>1</sup> This aligns them with shareholders' interests by linking a substantial portion of their potential total reward to the Group's shareholder returns. In addition to this, LTI offerings are consistent with contemporary remuneration governance standards and guidelines and market competitive when compared to peer organisations.

1. Note that Reserves Growth is reflected in the Long Term Incentive performance measures.

To successfully vest, two performance conditions are to be met:

1. The Group meets the LTI scheme performance conditions; and
2. The executive KMP meeting the service conditions under the Core Lithium Incentive Plan.

These performance conditions cover periods beyond 12 months and are reviewed at least annually.

### Non-Executive Director remuneration

In remunerating Non-Executive Directors, the Group aims to attract and retain qualified and experienced directors, including:

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

### Performance opportunity for shareholder wealth

In considering the Group's performance and benefits for shareholder wealth to date, the Board considered the following indices in respect of the current financial year and the previous five (5) financial years:

| ITEM                                      | 2023          | 2022          | 2021          | 2020        | 2019        |
|---|---------------|---------------|---------------|-------------|-------------|
| Net profit/(loss) for the year (\$)       | 10,809,764    | (7,465,674)   | (2,912,254)   | (4,386,412) | (2,404,217) |
| Earnings/(loss) per share (cents)         | 0.59          | (0.47)        | (0.27)        | (0.55)      | (0.36)      |
| Shareholders' Equity (\$)                 | 354,921,536   | 238,724,755   | 71,314,461    | 33,567,860  | 29,863,066  |
| Number of issued shares – end of year     | 1,858,516,794 | 1,732,611,716 | 1,174,117,254 | 969,692,791 | 778,191,657 |
| Share price – end of the year (cents)     | 90.0          | 95.5          | 24.0          | 4.5         | 4.0         |
| Market capitalisation – end of year (\$m) | 1,672.7       | 1,654.6       | 281.8         | 43.6        | 31.1        |

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

Details of the nature and amount of each element of the remuneration of the Group's KMP are shown below:

| 2023   | SHORT-TERM BENEFITS |                      |   | POST-EMPLOYMENT BENEFITS |                    |                              | OTHER LONG-TERM BENEFITS                        | SHARE BASED PAYMENTS                           | Total \$         | At risk %  |
|--|---------------------|----------------------|---|--------------------------|--------------------|------------------------------|---|--|------------------|------------|
|  | Salary and fees \$  | Contract payments \$ | Annual Leave entitlement <sup>10</sup> \$ | Bonus <sup>9</sup> \$    | Super-annuation \$ | Termination <sup>11</sup> \$ | Long service leave entitlement <sup>10</sup> \$ | Options and performance rights <sup>7</sup> \$ |                  |            |
| <b>Non-Executive Directors</b>                 |                     |                      |   |                          |                    |                              |   |  |                  |            |
| G English                                      | 180,492             | -                    | -   | -                        | 18,952             | -                            | -   | -  | 199,444          | -          |
| H Hellewell <sup>8</sup>                       | -                   | 110,000              | -   | -                        | -                  | -                            | -   | -  | 110,000          | -          |
| M McComas <sup>8</sup>                         | -                   | 110,000              | -   | -                        | -                  | -                            | -   | -  | 110,000          | -          |
| A Hall   | 12,552              | -                    | -   | -                        | 1,381              | -                            | -   | -  | 13,933           | -          |
| <b>Managing Director</b>                       |                     |                      |   |                          |                    |                              |   |  |                  |            |
| S Biggins (Former) <sup>12</sup>               | 293,297             | -                    | -   | -                        | 11,565             | -                            | -   | -  | 304,862          | -          |
| <b>Chief Executive Officer</b>                 |                     |                      |   |                          |                    |                              |   |  |                  |            |
| G Manderson <sup>1</sup>                       | 625,441             | -                    | 31,321                                    | 254,316                  | 53,267             | -                            | -   | 221,775  | 1,186,120        | 40%        |
| <b>Other Key Management Personnel</b>          |                     |                      |   |                          |                    |                              |   |  |                  |            |
| M Stone <sup>2</sup>                           | 248,205             | -                    | 23,057                                    | 103,165                  | 36,641             | -                            | -   | 118,991  | 530,059          | 42%        |
| D Warden <sup>3</sup>                          | 119,016             | -                    | 13,513                                    | 47,955                   | 17,772             | -                            | -   | 25,366   | 223,622          | 33%        |
| J Kopias <sup>8</sup>                          | -                   | 139,364              | -   | -                        | -                  | -                            | -   | -  | 139,364          | -          |
| <b>Other Key Management Personnel (Former)</b> |                     |                      |   |                          |                    |                              |   |  |                  |            |
| B Duncan <sup>4</sup>                          | 227,230             | -                    | -   | -                        | 25,292             | 80,769                       | -   | -  | 333,291          | -          |
| S Iacopetta <sup>5</sup>                       | 274,301             | -                    | -   | 123,200                  | 22,568             | -                            | -   | -  | 420,069          | 29%        |
| A Forman <sup>6</sup>                          | -                   | 99,907               | -   | -                        | 10,490             | -                            | -   | -  | 110,397          | -          |
| <b>Total</b>                                   | <b>1,980,534</b>    | <b>459,271</b>       | <b>67,891</b>                             | <b>528,636</b>           | <b>197,928</b>     | <b>80,769</b>                | <b>-</b>  | <b>366,132</b>                                 | <b>3,681,161</b> | <b>24%</b> |

- Mr G. Manderson was appointed as Chief Executive Officer effective 8 August 2022.
- Mr M. Stone was appointed as Chief Operating Officer effective 5 December 2022.
- Mr D. Warden was appointed as Chief Financial Officer effective 17 April 2023.
- Mr B. Duncan ceased employment as Chief Operating Officer effective 30 December 2022.
- Mr S. Iacopetta ceased employment as Chief Financial Officer effective 12 February 2023.
- Mr A. Forman was Interim Chief Financial Officer from 12 February 2023 to 16 April 2023.
- Expense recognised for performance rights and options granted to personnel in accordance with the vesting terms.
- Contract payments were made to Kopias Consulting – an entity associated with J Kopias, NeoGold Enterprises Pty Ltd – an entity associated with Heath Hellewell and McComas Capital Pty Ltd – an entity associated with Malcolm McComas.
- Short-term cash incentive bonuses at the discretion of the Board based on objectives achieved in for achievement of performance objectives during the reporting period. Refer to section B – Short Term Incentives above for details on performance objectives.
- Leave entitlements are calculated using the KMP's provision year on year, being the net accrued and taken during the year.
- Mr B. Duncan received a payment in lieu of notice.
- Mr S. Biggins resigned as Managing Director on 16 October 2022.

# Directors' Report

## Remuneration Report (Audited)

|   | SHORT-TERM BENEFITS |                      |  | POST-EMPLOYMENT BENEFITS | OTHER LONG-TERM BENEFITS | SHARE BASED PAYMENTS                           | Total \$      | At risk %        |  |
|---|---------------------|----------------------|--|--------------------------|--------------------------|--|---------------|------------------|--|
|   | Salary and fees \$  | Contract payments \$ | Annual Leave entitlement <sup>4</sup> \$ | Bonus <sup>3</sup> \$    | Superannuation \$        | Long service leave entitlement <sup>4</sup> \$ |               |                  | Options and performance rights <sup>1,5</sup> \$ |
| <b>2022</b>                                       |                     |                      |  |                          |                          |  |               |                  |  |
| <b>Non-Executive Directors</b>                    |                     |                      |  |                          |                          |  |               |                  |  |
| G English <sup>6</sup>                            | 127,318             | -                    | -  | -                        | 12,732                   | -  | -             | 140,050          | -  |
| H Hellewell <sup>2</sup>                          | -                   | 53,758               | -  | -                        | -                        | -  | -             | 53,758           | -  |
| M McComas <sup>2</sup>                            | -                   | 52,753               | -  | -                        | -                        | -  | -             | 52,753           | -  |
| <b>Managing Director</b>                          |                     |                      |  |                          |                          |  |               |                  |  |
| S Biggins   | 362,935             | -                    | 38,515                                   | 100,000                  | 23,568                   | 86,496   | 12,456        | 623,970          | 18   |
| <b>Other Key Management Personnel<sup>4</sup></b> |                     |                      |  |                          |                          |  |               |                  |  |
| B Duncan  | 394,432             | -                    | 26,564                                   | 85,000                   | 23,568                   | 24,613   | 37,147        | 591,324          | 20   |
| S Iacopetta                                       | 336,682             | -                    | 22,102                                   | 95,000                   | 23,568                   | 12,904   | 34,407        | 524,663          | 25   |
| J Kopias <sup>2</sup>                             | -                   | 95,917               | -  | -                        | -                        | -  | -             | 95,917           | -  |
| <b>Total</b>                                      | <b>1,221,367</b>    | <b>202,428</b>       | <b>87,181</b>                            | <b>280,000</b>           | <b>83,436</b>            | <b>124,013</b>                                 | <b>84,010</b> | <b>2,082,435</b> | <b>17</b>  |

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

### D. Executive Officers and employment arrangements

Remuneration and other terms of employment for the KMP are formalised in service or contract agreements. The major provisions of the agreements relating to remuneration are set out below. This includes both current and previous incumbents.

| Name                     | Position                                    | Base remuneration <sup>2</sup> | Unit of measure      | Term of agreement | Notice period <sup>1</sup> | Termination benefits  |
|--------------------------|---|--------------------------------|----------------------|-------------------|----------------------------|-----------------------|
| G Manderson <sup>3</sup> | Chief Executive Officer                     | \$692,957                      | Salary               | Permanent         | Four months                | None                  |
| B Duncan <sup>4</sup>    | Chief Operating Officer                     | \$420,000                      | Salary               | Permanent         | Three months               | \$80,769<br>Ex-Gratia |
| S Iacopetta <sup>5</sup> | Chief Financial Officer                     | \$350,000                      | Salary               | Permanent         | Three months               | None                  |
| J Kopias                 | Company Secretary                           | Variable                       | Hourly rate contract | As required       | One month                  | None                  |
| M Stone <sup>6</sup>     | Chief Operating Officer                     | \$439,000                      | Salary               | Permanent         | Three months               | None                  |
| D Warden <sup>7</sup>    | Chief Financial Officer                     | \$575,000                      | Salary               | Permanent         | Four months                | None                  |
| A Forman <sup>8</sup>    | Interim Chief Financial Officer (part-time) | Variable                       | Daily rate contract  | Contract          | One month                  | None                  |

- To be given by the employee or by the Group.
- Base remuneration is exclusive of superannuation benefits.
- Mr G. Manderson commenced 8 August 2022.
- Mr B. Duncan resigned with an end date of 30 December 2022.
- Mr S. Iacopetta resigned with an end date of 12 February 2023.
- Mr M. Stone commenced employment on 5 December 2022.
- Mr D. Warden commenced employment on 17 April 2023.
- Mr A. Forman commenced employment as a KMP from 12 February 2023 and ceased 16 April 2023, working two days per week.

## E. Non-Executive Directors fees

Non-Executive Directors receive a fixed remuneration to recompense for Board and Committee roles. 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 2023 financial year, a review of directors' fees was undertaken, and no fees were increased.

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 Group's Share Option Plan and Performance Share Plan. No share-based incentives were offered to the Non-Executive Directors during the 2023 financial year.

All Directors (including the Chair) 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 Group, in accordance with the Group's constitution.

## F. Share-based remuneration

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

| 2023<br>Performance<br>rights<br>granted | Number<br>granted | Grant<br>date | FAIR VALUE AT<br>GRANT DATE |                  | Vesting criteria            | Last<br>vesting<br>date | Expiry<br>date upon<br>vesting |
|--|-------------------|---------------|-----------------------------|------------------|-----------------------------|-------------------------|--------------------------------|
|  |                   |               | \$/right                    | Full value (\$)  |                             |                         |                                |
| G Manderson                              | 82,555            | 27/01/2023    | 0.62                        | 51,184           | Absolute shareholder return | 30/06/2023              | 31/01/2026                     |
| G Manderson                              | 82,555            | 27/01/2023    | 0.51                        | 42,103           | Relative shareholder return | 30/06/2023              | 31/01/2026                     |
| G Manderson                              | 110,074           | 27/01/2023    | 1.12                        | 123,283          | Reserve growth per share    | 30/06/2023              | 31/01/2026                     |
| G Manderson                              | 92,149            | 27/01/2023    | 0.71                        | 65,426           | Absolute shareholder return | 30/06/2024              | 31/01/2027                     |
| G Manderson                              | 92,149            | 27/01/2023    | 0.73                        | 67,268           | Relative shareholder return | 30/06/2024              | 31/01/2027                     |
| G Manderson                              | 122,864           | 27/01/2023    | 1.12                        | 137,608          | Reserve growth per share    | 30/06/2024              | 31/01/2027                     |
| G Manderson                              | 92,149            | 27/01/2023    | 0.76                        | 70,033           | Absolute shareholder return | 30/06/2025              | 31/01/2028                     |
| G Manderson                              | 92,149            | 27/01/2023    | 0.83                        | 76,464           | Relative shareholder return | 30/06/2025              | 31/01/2028                     |
| G Manderson                              | 122,864           | 27/01/2023    | 1.12                        | 137,608          | Reserve growth per share    | 30/06/2025              | 31/01/2028                     |
| M Stone                                  | 33,267            | 27/01/2023    | 0.62                        | 20,626           | Absolute shareholder return | 30/06/2023              | 31/01/2026                     |
| M Stone                                  | 33,267            | 27/01/2023    | 0.51                        | 16,966           | Relative shareholder return | 30/06/2023              | 31/01/2026                     |
| M Stone                                  | 44,357            | 27/01/2023    | 1.12                        | 49,680           | Reserve growth per share    | 30/06/2023              | 31/01/2026                     |
| M Stone                                  | 58,378            | 27/01/2023    | 0.71                        | 41,448           | Absolute shareholder return | 30/06/2024              | 31/01/2027                     |
| M Stone                                  | 58,378            | 27/01/2023    | 0.73                        | 42,616           | Relative shareholder return | 30/06/2024              | 31/01/2027                     |
| M Stone                                  | 77,837            | 27/01/2023    | 1.12                        | 87,177           | Reserve growth per share    | 30/06/2024              | 31/01/2027                     |
| M Stone                                  | 58,378            | 27/01/2023    | 0.76                        | 44,367           | Absolute shareholder return | 30/06/2025              | 31/01/2028                     |
| M Stone                                  | 58,378            | 27/01/2023    | 0.83                        | 48,454           | Relative shareholder return | 30/06/2025              | 31/01/2028                     |
| M Stone                                  | 77,837            | 27/01/2023    | 1.12                        | 87,177           | Reserve growth per share    | 30/06/2025              | 31/01/2028                     |
| D Warden                                 | 90,572            | 31/05/2023    | 0.55                        | 49,815           | Absolute shareholder return | 30/06/2024              | 31/01/2027                     |
| D Warden                                 | 90,572            | 31/05/2023    | 0.60                        | 54,343           | Relative shareholder return | 30/06/2024              | 31/01/2027                     |
| D Warden                                 | 120,761           | 31/05/2023    | 1.00                        | 120,761          | Reserve growth per share    | 30/06/2024              | 31/01/2027                     |
| D Warden                                 | 75,133            | 31/05/2023    | 0.63                        | 47,334           | Absolute shareholder return | 30/06/2025              | 31/01/2028                     |
| D Warden                                 | 75,133            | 31/05/2023    | 0.72                        | 54,096           | Relative shareholder return | 30/06/2025              | 31/01/2028                     |
| D Warden                                 | 100,178           | 31/05/2023    | 1.00                        | 100,178          | Reserve growth per share    | 30/06/2025              | 31/01/2028                     |
|  | <b>1,941,934</b>  |               |                             | <b>1,634,173</b> |                             |                         |                                |

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

# Directors' Report

## Remuneration Report (Audited)

### Shareholdings

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

| 2023         | Held at<br>30 June 2022 | Sale of<br>shares  | Options/<br>rights<br>exercised | Other<br>change <sup>1,2</sup> | Held at<br>30 June 2023 |
|--------------|-------------------------|--------------------|---------------------------------|--------------------------------|-------------------------|
| G Manderson  | -                       | -                  | -                               | -                              | -                       |
| S Biggins    | 5,076,000               | -                  | 2,708,333                       | (7,784,333)                    | -                       |
| M Stone      | -                       | -                  | -                               | -                              | -                       |
| B Duncan     | -                       | -                  | 1,250,000                       | (1,250,000)                    | -                       |
| D Warden     | -                       | -                  | -                               | -                              | -                       |
| S Iacopetta  | -                       | -                  | 1,200,000                       | (1,200,000)                    | -                       |
| J Kopias     | -                       | -                  | -                               | -                              | -                       |
| G English    | 6,265,000               | (1,700,000)        | 5,000,000                       | -                              | 9,565,000               |
| H Hellewell  | -                       | -                  | 5,000,000                       | -                              | 5,000,000               |
| M McComas    | 1,448,400               | (800,000)          | 3,000,000                       | -                              | 3,648,400               |
| A Hall       | -                       | -                  | -                               | 30,000                         | 30,000                  |
| <b>Total</b> | <b>12,789,400</b>       | <b>(2,500,000)</b> | <b>18,158,333</b>               | <b>(10,204,333)</b>            | <b>18,243,000</b>       |

1. Negative amounts reflect the number held at the date of ceasing to be a KMP.

2. Positive amounts reflect the number held at the date of becoming a KMP.

### Option holdings

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

| 2023 <sup>1</sup> | Held at<br>30 June 2022 <sup>2</sup> | Granted<br>during<br>year | Lapsed<br>during<br>year | Exercised<br>during<br>year <sup>3</sup> | Other<br>change <sup>3</sup> | Held at<br>30 June 2023 | Vested and<br>exercisable<br>at<br>30 June 2023 |
|-------------------|--------------------------------------|---------------------------|--------------------------|--|------------------------------|-------------------------|---|
| G English         | 5,000,000                            | -                         | -                        | (5,000,000)                              | -                            | -                       | -   |
| H Hellewell       | 5,000,000                            | -                         | -                        | (5,000,000)                              | -                            | -                       | -   |
| M McComas         | 3,000,000                            | -                         | -                        | (3,000,000)                              | -                            | -                       | -   |
| <b>Total</b>      | <b>13,000,000</b>                    | <b>-</b>                  | <b>-</b>                 | <b>(13,000,000)</b>                      | <b>-</b>                     | <b>-</b>                | <b>-</b>  |

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

2. These options had vested and were exercisable at 30 June 2022.

3. Options exercised during the period had an exercise price of 6 cents per option.

### Performance right holdings

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

| 2023         | Held at<br>30 June 2022 | Granted<br>during<br>year | Lapsed<br>during<br>year | Exercised<br>during<br>year | Other<br>change | Held at<br>30 June 2023 | Vested and<br>exercisable<br>at<br>30 June 2023 |
|--------------|-------------------------|---------------------------|--------------------------|-----------------------------|-----------------|-------------------------|---|
| S Biggins    | 7,250,000               | -                         | (4,541,667)              | (2,708,333)                 | -               | -                       | -   |
| B Duncan     | 2,500,000               | -                         | (1,250,000)              | (1,250,000)                 | -               | -                       | -   |
| S Iacopetta  | 2,200,000               | -                         | (1,000,000)              | (1,200,000)                 | -               | -                       | -   |
| G Manderson  | -                       | 889,508                   | -                        | -                           | -               | 889,508                 | -   |
| M Stone      | -                       | 500,077                   | -                        | -                           | -               | 500,077                 | -   |
| D Warden     | -                       | 552,349                   | -                        | -                           | -               | 552,349                 | -   |
| A Forman     | -                       | -                         | -                        | -                           | -               | -                       | -   |
| <b>Total</b> | <b>11,950,000</b>       | <b>1,941,934</b>          | <b>(6,791,667)</b>       | <b>(5,158,333)</b>          | <b>-</b>        | <b>1,941,934</b>        | <b>-</b>  |

*Performance conditions attached to Performance Rights on issue at 30 June 2023 held by KMP:*

| Performance condition                                      | Grant date | Performance period | Expiry date | Held at 30 June 2023 | Vesting outcome |
|--|------------|--------------------|-------------|----------------------|-----------------|
| CXO annualised Total Shareholder Return (TSR) <sup>1</sup> | 27/01/2023 | 30/06/2023         | 31/01/2026  | 115,822              | Unvested        |
| CXO TSR to peer group of 10 companies TSR <sup>2</sup>     | 27/01/2023 | 30/06/2023         | 31/01/2026  | 115,822              | Unvested        |
| CXO annualised reserve growth per share <sup>3</sup>       | 27/01/2023 | 30/06/2023         | 31/01/2026  | 154,431              | Unvested        |
| CXO annualised Total Shareholder Return (TSR) <sup>1</sup> | 27/01/2023 | 30/06/2024         | 31/01/2027  | 150,527              | Unvested        |
| CXO rTSR to peer group of 10 companies TSR <sup>2</sup>    | 27/01/2023 | 30/06/2024         | 31/01/2027  | 150,527              | Unvested        |
| CXO annualised reserve growth per share <sup>3</sup>       | 27/01/2023 | 30/06/2024         | 31/01/2027  | 200,701              | Unvested        |
| CXO annualised Total Shareholder Return (TSR) <sup>1</sup> | 27/01/2023 | 30/06/2025         | 31/01/2028  | 150,527              | Unvested        |
| CXO rTSR to peer group of 10 companies TSR <sup>2</sup>    | 27/01/2023 | 30/06/2025         | 31/01/2028  | 150,527              | Unvested        |
| CXO annualised reserve growth per share <sup>3</sup>       | 27/01/2023 | 30/06/2025         | 31/01/2028  | 200,701              | Unvested        |
| CXO annualised Total Shareholder Return (TSR) <sup>1</sup> | 31/05/2023 | 30/06/2024         | 31/01/2027  | 90,572               | Unvested        |
| CXO rTSR to peer group of 10 companies TSR <sup>2</sup>    | 31/05/2023 | 30/06/2024         | 31/01/2027  | 90,572               | Unvested        |
| CXO annualised reserve growth per share <sup>3</sup>       | 31/05/2023 | 30/06/2024         | 31/01/2027  | 120,761              | Unvested        |
| CXO annualised Total Shareholder Return (TSR) <sup>1</sup> | 31/05/2023 | 30/06/2025         | 31/01/2028  | 75,133               | Unvested        |
| CXO rTSR to peer group of 10 companies TSR <sup>2</sup>    | 31/05/2023 | 30/06/2025         | 31/01/2028  | 75,133               | Unvested        |
| CXO annualised reserve growth per share <sup>3</sup>       | 31/05/2023 | 30/06/2025         | 31/01/2028  | 100,178              | Unvested        |
| <b>Total</b>   |            |                    |             | <b>1,941,934</b>     |                 |

1. TSR performance condition is determined in accordance with the table below:

| CXO annualised TSR | Proportion of performance right that vest |
|--------------------|---|
| Greater than 30%   | 100%                                      |
| 10% to 30%         | Pro rata vesting from 50% to 100%         |
| 0% to 10%          | 50%                                       |
| 0% and below       | Nil                                       |

2. TSR performance condition is determined in accordance with the table below:

| CXO rTSR compared to peer group of 10 companies TSR | Proportion of performance right that vest |
|---|---|
| At the 75th percentile or higher                    | 100%                                      |
| Between the median and 75th percentile              | Pro rata vesting from 50% to 100%         |
| At the median                                       | 50%                                       |
| Below the median                                    | Nil                                       |

3. Reserve growth per share condition is determined in accordance with the table below:

| CXO annualised Reserve growth per share | Proportion of performance right that vest |
|---|---|
| Greater than 20%                        | 100%                                      |
| 10% to 20%                              | Pro rata vesting from 50% to 100%         |
| 0% to 10%                               | 50%                                       |
| Below 0%                                | 0%  |

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

| Company                          |
|----------------------------------|
| Pilbara Minerals Limited         |
| Mineral Resources Limited        |
| IGO Limited                      |
| Allkem Limited                   |
| Liontown Resources Limited       |
| Sayona Mining Limited            |
| Lake Resources N.L.              |
| Ioneer Ltd                       |
| Piedmont Lithium Inc.            |
| Global Lithium Resources Limited |

# Directors' Report

## Remuneration Report (Audited)

### 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.

Amounts paid to Director related entities:

| Related party  | Relationship to Key Management Personnel/Director | Services provided | 2023<br>\$ | 2022<br>\$ |
|----------------|---|-------------------|------------|------------|
| Piper Alderman | A business of which G English is a consultant     | Legal fees        | 719        | 10,207     |

The total amount of fees due to Piper Alderman as at 30 June 2023 was \$nil (2022 \$nil).

#### END OF REMUNERATION REPORT

### Rounding of amounts

Amounts in this report and the accompanying financial report have been rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191. The Company is an entity to which the instrument applies.

### 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 indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

### Non-audit services

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

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

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

Details of the amounts paid to the auditors of the Company and its related practices for audit and non-audit services provided during the reporting period are set out in note 23 to the Financial Statements.

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 (Cth) is included within 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](http://www.corelithium.com.au/corporate-governance).

Signed in accordance with a resolution of the Directors.



**Greg English**

*Non-Executive Chair*

29 September 2023

# Auditor's Independence Declaration



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## Auditor's Independence Declaration

### To the Directors of Core Lithium Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Core Lithium Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

J.L. Humphrey  
Partner – Audit & Assurance

Adelaide, 29 September 2023

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# Financial Report

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# Statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

|   | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|---|-------|----------------|----------------|
| Revenue from contracts with customers                 | 13    | 50,598         | -              |
| Cost of sales   | 14 a) | (19,653)       | -              |
| <b>Gross profit</b>                                   |       | <b>30,945</b>  | <b>-</b>       |
| Interest income                                       |       | 3,036          | 358            |
| Operating expense                                     | 14 b) | (6,599)        | -              |
| General and administration expense                    | 14 c) | (14,391)       | (7,719)        |
| Impairment of capitalised exploration expense         | 6 c)  | (1,616)        | -              |
| Finance costs   | 14 d) | (2,269)        | (100)          |
| Foreign currency gain/(loss)                          |       | 122            | (5)            |
| <b>Profit/(loss) before income tax expense</b>        |       | <b>9,228</b>   | <b>(7,466)</b> |
| Income tax benefit/(loss)                             | 15    | 1,582          | -              |
| <b>Net profit/(loss) for the year</b>                 |       | <b>10,810</b>  | <b>(7,466)</b> |
| Other comprehensive income                            |       | -              | -              |
| <b>Total comprehensive profit/(loss) for the year</b> |       | <b>10,810</b>  | <b>(7,466)</b> |
| <b>Earnings per share from continuing operations</b>  |       |                |                |
| Basic earnings/(loss) per share                       | 18    | 0.59           | (0.47)         |
| Diluted earnings/(loss) per share                     | 18    | 0.59           | (0.47)         |

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

# Statement of financial position

As at 30 June 2023

|   | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|---|-------|----------------|----------------|
| <b>ASSETS</b>                                 |       |                |                |
| <b>Current assets</b>                         |       |                |                |
| Cash and cash equivalents                     | 1     | 152,786        | 135,198        |
| Trade and other receivables                   | 2     | 6,745          | 2,555          |
| Other financial assets                        | 3     | 160            | 190            |
| Other assets                                  | 4     | 3,191          | 538            |
| Inventories                                   | 5     | 28,851         | 177            |
| <b>Total current assets</b>                   |       | <b>191,733</b> | <b>138,658</b> |
| <b>Non-current assets</b>                     |       |                |                |
| Other assets                                  | 4     | 11,802         | 12,514         |
| Exploration and evaluation assets             | 6     | 53,572         | 40,154         |
| Plant, equipment, and mine development assets | 7     | 241,174        | 70,528         |
| Deferred tax asset                            | 15    | 4,862          | –              |
| <b>Total non-current assets</b>               |       | <b>311,410</b> | <b>123,196</b> |
| <b>TOTAL ASSETS</b>                           |       | <b>503,143</b> | <b>261,854</b> |
| <b>LIABILITIES</b>                            |       |                |                |
| <b>Current liabilities</b>                    |       |                |                |
| Trade and other payables                      | 8     | 30,978         | 14,039         |
| Financial liabilities                         | 9     | 83,623         | –              |
| Other liabilities                             | 10    | 2,368          | 2,368          |
| Lease liabilities                             | 11    | 3,461          | 1,190          |
| Provisions                                    | 12    | 569            | 531            |
| <b>Total current liabilities</b>              |       | <b>120,999</b> | <b>18,128</b>  |
| <b>Non-current liabilities</b>                |       |                |                |
| Lease liabilities                             | 11    | 19,483         | 897            |
| Provisions                                    | 12    | 7,739          | 4,104          |
| <b>Total non-current liabilities</b>          |       | <b>27,222</b>  | <b>5,001</b>   |
| <b>TOTAL LIABILITIES</b>                      |       | <b>148,221</b> | <b>23,129</b>  |
| <b>NET ASSETS</b>                             |       | <b>354,922</b> | <b>238,725</b> |
| <b>EQUITY</b>                                 |       |                |                |
| Issued capital                                | 16    | 370,940        | 265,668        |
| Reserves                                      | 17    | 532            | 454            |
| Accumulated losses                            |       | (16,550)       | (27,397)       |
| <b>TOTAL EQUITY</b>                           |       | <b>354,922</b> | <b>238,725</b> |

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 2023

|   | Issued capital<br>\$'000 | Reserves<br>\$'000 | Accumulated losses<br>\$'000 | Total equity<br>\$'000 |
|---|--------------------------|--------------------|------------------------------|------------------------|
| <b>2023</b>   |                          |                    |                              |                        |
| Balance at beginning of year  | 265,668                  | 454                | (27,397)                     | 238,725                |
| Issue of shares – share placement   | 100,000                  | –                  | –                            | 100,000                |
| Issue of shares – Shares Purchase Plan (SPP)                                  | –                        | –                  | –                            | –                      |
| Issue costs   | (3,812)                  | –                  | –                            | (3,812)                |
| Deferred tax – current and prior for transaction costs                        | 3,282                    | –                  | –                            | 3,282                  |
| Performance rights and options issued to officers and employees at fair value | –                        | 707                | –                            | 707                    |
| Lapse of options and performance rights at fair value                         | –                        | (37)               | 37                           | –                      |
| Forfeit of performance rights at fair value                                   | –                        | (254)              | –                            | (254)                  |
| Exercise of options   | 5,641                    | (177)              | –                            | 5,464                  |
| Exercise of performance rights at fair value                                  | 161                      | (161)              | –                            | –                      |
| Transactions with owners  | 370,940                  | 532                | (27,360)                     | 344,112                |
| <b>Comprehensive income:</b>  |                          |                    |                              |                        |
| Total profit or loss  | –                        | –                  | 10,810                       | 10,810                 |
| Total other comprehensive income  | –                        | –                  | –                            | –                      |
| <b>Balance 30 June 2023</b>   | <b>370,940</b>           | <b>532</b>         | <b>(16,550)</b>              | <b>354,922</b>         |
|   |                          |                    |                              |                        |
| <b>2022</b>   |                          |                    |                              |                        |
| Balance at beginning of year  | 90,607                   | 653                | (19,944)                     | 71,316                 |
| Issue of shares – share placement   | 124,875                  | –                  | –                            | 124,875                |
| Issue of shares – Shares Purchase Plan (SPP)                                  | 25,000                   | –                  | –                            | 25,000                 |
| Issue costs   | (6,814)                  | –                  | –                            | (6,814)                |
| Performance rights and options issued to officers and employees at fair value | –                        | 172                | –                            | 172                    |
| Lapse of options and performance rights at fair value                         | –                        | (26)               | 13                           | (13)                   |
| Exercise of options   | 31,751                   | (96)               | –                            | 31,655                 |
| Exercise of performance rights at fair value                                  | 249                      | (249)              | –                            | –                      |
| Transactions with owners  | 265,668                  | 454                | (19,931)                     | 246,191                |
| <b>Comprehensive income:</b>  |                          |                    |                              |                        |
| Total profit or loss  | –                        | –                  | (7,466)                      | (7,466)                |
| Total other comprehensive income  | –                        | –                  | –                            | –                      |
| <b>Balance 30 June 2022</b>   | <b>265,668</b>           | <b>454</b>         | <b>(27,397)</b>              | <b>238,725</b>         |

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

# Statement of cash flows

For the year ended 30 June 2023

|   | Notes | 2023<br>\$'000   | 2022<br>\$'000  |
|---|-------|------------------|-----------------|
| <b>Operating activities</b>                                     |       |                  |                 |
| Receipts from customers including revenue received in advance   |       | 134,704          | –               |
| Interest received   |       | 3,032            | 358             |
| Payments to suppliers and employees                             |       | (45,842)         | (6,578)         |
| Interest paid   |       | (1,088)          | –               |
| <b>Net cash from/(used in) operating activities</b>             | 14(e) | <b>90,806</b>    | <b>(6,220)</b>  |
| <b>Investing activities</b>                                     |       |                  |                 |
| Payments for plant, equipment, and mine development assets      |       | (150,614)        | (51,392)        |
| Payments for capitalised exploration and evaluation expenditure |       | (14,995)         | (17,826)        |
| Proceeds from royalty sale                                      |       | 1,250            | –               |
| Government co-funding grants received                           |       | –                | 2,491           |
| Payments for other financial assets                             |       | –                | (110)           |
| Payments for environmental and security bonds                   |       | (7,258)          | (3,721)         |
| <b>Net cash used in investing activities</b>                    |       | <b>(171,617)</b> | <b>(70,558)</b> |
| <b>Financing activities</b>                                     |       |                  |                 |
| Proceeds from the issue of share capital                        |       | 100,000          | 149,876         |
| Proceeds from exercise of options                               |       | 5,464            | 31,655          |
| Payments of share issue transaction costs                       |       | (3,812)          | (6,814)         |
| Payments of lease liabilities                                   |       | (3,862)          | (849)           |
| <b>Net cash from financing activities</b>                       |       | <b>97,790</b>    | <b>173,868</b>  |
| <b>Net change in cash and cash equivalents</b>                  |       | <b>16,979</b>    | <b>97,090</b>   |
| Net foreign exchange difference                                 |       | 609              | –               |
| Cash and cash equivalents at the beginning of the year          |       | 135,198          | 38,108          |
| <b>Cash and cash equivalents at the end of the year</b>         | 1     | <b>152,786</b>   | <b>135,198</b>  |

*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 2023

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
2. Trade and other receivables
3. Other financial assets
4. Other assets
5. Inventories
6. Exploration and evaluation assets
7. Plant, equipment, and mine development assets
8. Trade and other payables
9. Financial liabilities
10. Other liabilities
11. Lease liabilities
12. Provisions
13. Revenue
14. Expenses
15. Income tax benefit/(expense)

## Capital

16. Issued capital
17. Reserves and share based payments
18. Earnings per share

## Company Structure

19. Investments in controlled entities
20. Parent entity information
21. Operating segments
22. Related party transactions

## Additional Disclosures

23. Auditors remuneration
24. Commitments and contingencies
25. Events arising since the end of the reporting date
26. Statement of significant accounting policies
27. Financial risk management and capital management



## Key Numbers

### 1 Cash and cash equivalents

Cash and cash equivalents include the following:

|  | 2023<br>\$'000 | 2022<br>\$'000 |
|--|----------------|----------------|
| Cash at bank   | 152,786        | 135,198        |
| <b>Total cash and cash equivalents</b>   | <b>152,786</b> | <b>135,198</b> |
| 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  | 152,786        | 135,198        |
| <b>Total per the Statement of Cash Flows</b>   | <b>152,786</b> | <b>135,198</b> |

Cash and cash equivalents in the statement of financial position comprise cash at bank. Cash and cash equivalents are stated at face value in the statement of financial position.

### 2 Trade and other receivables

Trade and other receivables include the following:

|  | 2023<br>\$'000 | 2022<br>\$'000 |
|--|----------------|----------------|
| GST receivable                           | 5,415          | 2,306          |
| Other receivables                        | 1,330          | 249            |
| <b>Total trade and other receivables</b> | <b>6,745</b>   | <b>2,555</b>   |

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.

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 assets include the following:

|                                     | 2023<br>\$'000 | 2022<br>\$'000 |
|-------------------------------------|----------------|----------------|
| Term deposits                       | 160            | 190            |
| <b>Total other financial assets</b> | <b>160</b>     | <b>190</b>     |

Short-term deposits are in place and are held as security for bank guarantees. These guarantees primarily relate to a bond for the corporate head office under a rent agreement and security bond over property referred to in the Call Option Deed, (refer to Note 24). As the maturity term when entering the deposits is 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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 4 Other assets

Other assets include the following:

|                           | 2023<br>\$'000 | 2022<br>\$'000 |
|---------------------------|----------------|----------------|
| <b>Current</b>            |                |                |
| Prepayments               | 3,191          | 538            |
|                           | 3,191          | 538            |
| <b>Non-current</b>        |                |                |
| Bonds <sup>1</sup>        | 11,802         | 12,514         |
|                           | 11,802         | 12,514         |
| <b>Total other assets</b> | <b>14,993</b>  | <b>13,052</b>  |

1. 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* for construction and mining activities at the Finnis Lithium Project.

## 5 Inventories

Inventories include the following:

|                                      | 2023<br>\$'000 | 2022<br>\$'000 |
|--------------------------------------|----------------|----------------|
| Product inventory – work in progress | 2,580          | –              |
| Product inventory – finished goods   | 24,059         | –              |
| Consumables                          | 2,212          | 177            |
| <b>Total inventories</b>             | <b>28,851</b>  | <b>177</b>     |

Recognition and measurement of inventories including ore stockpiles, lithium in circuit and spodumene concentrate are physically measured, or estimated, and valued at the lower of cost and net realisable value. Cost represents the weighted average cost which includes direct costs and an appropriate allocation of fixed and variable production overhead costs, including depreciation and amortisation.

Consumables and stores 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.

Ore stockpiles represent ore that has been mined or otherwise acquired and is available for further processing. If there is significant uncertainty as to whether the stockpiled ore will be processed, it is expensed. Where future processing of ore can be predicted with confidence, it is valued at the lower of cost and net realisable value. If ore is not expected to be processed within twelve months after reporting date, it is classified as a non-current asset. The Group determined that all ore stockpiles have a future economic benefit to the Group and accordingly ore is valued at lower of cost and net realisable value.

## 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 | 2023<br>\$'000 | 2022<br>\$'000 |
|--|-------|----------------|----------------|
| Opening balance                                      |       | 40,154         | 33,719         |
| Expenditure on exploration during the year           |       | 16,284         | 11,800         |
| Acquisition costs                                    | a)    | –              | 5,880          |
| Transfer to development assets                       | b)    | –              | (11,245)       |
| Impairment of capitalised evaluation expenditure     | c)    | (1,616)        | –              |
| Sale of future royalty on the Finnis Lithium Project | d)    | (1,250)        | –              |
| <b>Closing balance</b>                               |       | <b>53,572</b>  | <b>40,154</b>  |

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 Finnis Lithium Project.

- a) On 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. No acquisitions were made during the current year.
- b) No transfer of exploration and evaluation assets to mine development assets has occurred in the current year. In 2022 costs associated with the certain assets at the Finnis Lithium Project were transferred to mine development upon completion of the July 2021 Definitive Feasibility Study (DFS) with the project now moving into development and construction phase.
- c) Given the Group's focus is on the production of lithium concentrate rather than more advanced processing options, it was considered appropriate to impair the carrying value of evaluation expenditure related to advance processing.
- d) During the period, the Group received an additional \$1.25 million of funding as it met the conditions under the agreement with Lithium Royalty Corp (LRC). The initial royalty rate was 2.115% and has increased to 2.50% as a result of achieving the conditions linked to this payment. The Finnis Lithium Project assets are held as security for the transaction.

### 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 units of production basis. When an area of interest is abandoned or the Directors 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 units 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 Directors 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. The Group has recognised impairment loss amounting to \$1.6 million in relation to areas of interest as a result of the review where the Directors 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 the 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 have a negative impact on recoverable amount it could result in a requirement for impairment.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 7 Plant, equipment and mine development assets

|                                     | Plant and equipment <sup>1</sup><br>\$'000 | Right of use assets <sup>2</sup><br>\$'000 | Mine properties<br>\$'000 | Stripping activity assets<br>\$'000 | Total<br>\$'000 |
|-------------------------------------|--|--|---------------------------|-------------------------------------|-----------------|
| <b>Gross carrying amount</b>        |  |  |                           |                                     |                 |
| Opening balance                     | 746  | 3,391                                      | 50,194                    | 17,549                              | 71,880          |
| Additions                           | 777  | 27,578                                     | 82,168                    | 71,670                              | 182,193         |
| Transfer from exploration assets    | -  | -  | -                         | -                                   | -               |
| Disposals                           | (68)                                       | (477)                                      | -                         | -                                   | (545)           |
| <b>Balance 30 June 2023</b>         | <b>1,455</b>                               | <b>30,492</b>                              | <b>132,362</b>            | <b>89,219</b>                       | <b>253,528</b>  |
| <b>Depreciation and impairment</b>  |  |  |                           |                                     |                 |
| Opening balance                     | (237)                                      | (1,115)                                    | -                         | -                                   | (1,352)         |
| Depreciation <sup>1</sup>           | (186)                                      | (3,656)                                    | (1,346)                   | (6,034)                             | (11,222)        |
| Impairment                          | -  | -  | -                         | -                                   | -               |
| Disposals                           | 33   | 187  | -                         | -                                   | 220             |
| Balance 30 June 2023                | (390)                                      | (4,584)                                    | (1,346)                   | (6,034)                             | (12,354)        |
| <b>Carrying amount 30 June 2023</b> | <b>1,065</b>                               | <b>25,908</b>                              | <b>131,016</b>            | <b>83,185</b>                       | <b>241,174</b>  |

|                                     | Plant and equipment <sup>1</sup><br>\$'000 | Right of use assets <sup>2</sup><br>\$'000 | Mine properties<br>\$'000 | Stripping activity assets<br>\$'000 | Total<br>\$'000 |
|-------------------------------------|--|--|---------------------------|-------------------------------------|-----------------|
| <b>Gross carrying amount</b>        |  |  |                           |                                     |                 |
| Opening balance                     | 375  | 325  | -                         | -                                   | 700             |
| Additions                           | 400  | 3,066                                      | 38,949                    | 17,549                              | 59,964          |
| Transfer from exploration assets    | -  | -  | 11,245                    | -                                   | 11,245          |
| Disposals                           | (29)                                       | -  | -                         | -                                   | (29)            |
| <b>Balance 30 June 2022</b>         | <b>746</b>                                 | <b>3,391</b>                               | <b>50,194</b>             | <b>17,549</b>                       | <b>71,880</b>   |
| <b>Depreciation and impairment</b>  |  |  |                           |                                     |                 |
| Opening balance                     | (171)                                      | (222)                                      | -                         | -                                   | (393)           |
| Depreciation <sup>1</sup>           | (85)                                       | (893)                                      | -                         | -                                   | (978)           |
| Impairment                          | -  | -  | -                         | -                                   | -               |
| Disposals                           | 19   | -  | -                         | -                                   | 19              |
| Balance 30 June 2022                | (237)                                      | (1,115)                                    | -                         | -                                   | (1,352)         |
| <b>Carrying amount 30 June 2022</b> | <b>509</b>                                 | <b>2,276</b>                               | <b>50,194</b>             | <b>17,549</b>                       | <b>70,528</b>   |

1. Depreciation of plant and equipment and right of use assets which are used for exploration or mine properties activities is charged to exploration and evaluation and mine properties assets in the Statement of Financial Position.
2. Refer to Note 11 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 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 11 |

The asset's 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 properties**

Mine properties in production include the construction of tangible assets, namely site infrastructure and plant. Amortisation is recognised on a unit of production basis which results in an amortisation charge proportional to the depletion of the economically recoverable mineral resources (comprising proven and probable mineral reserves).

Mine properties in development 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 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.

### **Stripping activity assets and stripping activities**

The Group incurs waste removal costs (stripping costs) in the creation of improved access and mining flexibility in relation to ore to be mined in the future. The costs are capitalised as a stripping activity asset, where certain criteria are met under IFRIC Interpretation 20. Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components for the orebodies in each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. The cost of each component are amortised on a units of production basis in applying a stripping ratio.

### **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.

### **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 'mine 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.

### **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 mine restoration and rehabilitation obligations as well as the amount of depreciation and amortisation.

### **Key judgements, estimates and assumptions: Impairment of assets**

In accordance with AASB 136 Impairment of Assets, the Group assesses its assets or 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 determined as being the higher of the fair value less costs of disposal 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.

Management considers internal and external indicators in accordance with AASB 136.

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 because 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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 8 Trade and other payables

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

|                                       | 2023<br>\$'000 | 2022<br>\$'000 |
|---------------------------------------|----------------|----------------|
| <b>Current</b>                        |                |                |
| Trade payables                        | 3,407          | 2,240          |
| Accrued expenses                      | 24,751         | 10,465         |
| Other payables                        | 2,820          | 1,334          |
| <b>Total trade and other payables</b> | <b>30,978</b>  | <b>14,039</b>  |

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 at amortised cost using the effective interest rate method.

## 9 Financial liabilities

In April 2023, the Group entered into a prepaid revenue arrangement and received US\$61.4 million (A\$91.5 million) for the delivery of 15,000 tonnes of spodumene concentrate. Included in this contract was interest payable at commercial rates. This prepayment represented a provisional amount, with a quotation period price adjustment that was finalised post year end. This prepayment has been recognised as a financial liability at 30 June 2023. The Group delivered 1,923 tonnes into the contract prior to year end, refer to Note 13.

The financial liability represents the obligation to deliver 13,077 tonnes, as well as the settlement of the final quotation period price adjustment. This obligation was settled post year end with the delivery of 13,077 tonnes of spodumene concentrate and the repayment US\$18.6 million (A\$28.4 million) for the quotational period adjustment. This payment was due to the fall in the lithium spodumene price since the prepayment date.

### Financial liabilities

Financial liability recognised in the statement of financial position can be analysed as follows:

|                       | 2023<br>\$'000 | 2022<br>\$'000 |
|-----------------------|----------------|----------------|
| Financial liabilities | 83,623         | -              |
|                       | <b>83,623</b>  | <b>-</b>       |

Financial liabilities included revenue received in advance in relation to delivery of spodumene concentrate. Financial liabilities are initially measured at fair value, which includes any directly attributable transaction costs. Subsequent measurement depends on the nature of the financial liability.

## 10 Other liabilities

|                                   | 2023<br>\$'000 | 2022<br>\$'000 |
|-----------------------------------|----------------|----------------|
| Grant funding received in advance | 2,368          | 2,368          |
|                                   | <b>2,368</b>   | <b>2,368</b>   |

The Group was awarded Australian Federal Government funding totalling \$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 Darwin. Upon signing the agreement in July 2021, the Group received \$2.37 million in upfront funding to help fund studies and other related activity during the 3-year grant term. This is recognised as a liability by the Group in accordance with terms set out in the grant agreement.

## 11 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.

## Lease liabilities

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

|                    | 2023<br>\$'000 | 2022<br>\$'000 |
|--------------------|----------------|----------------|
| <b>Current</b>     |                |                |
| Lease liabilities  | 3,461          | 1,190          |
| <b>Non-Current</b> |                |                |
| Lease liabilities  | 19,483         | 897            |

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):

| 2023                                      | Buildings<br>\$'000 | Plant and<br>equipment<br>\$'000 | Vehicles<br>\$'000 | Total<br>\$'000 |
|---|---------------------|----------------------------------|--------------------|-----------------|
| Carrying amount as at 1 July 2022         | 443                 | 1,205                            | 629                | 2,277           |
| Additions                                 | 69                  | 26,904                           | 605                | 27,578          |
| Depreciation charge                       | (167)               | (2,901)                          | (589)              | (3,657)         |
| Disposals                                 | (290)               | –                                | –                  | (290)           |
| <b>Carrying amount as at 30 June 2023</b> | <b>55</b>           | <b>25,208</b>                    | <b>645</b>         | <b>25,908</b>   |

| 2022                                      | Buildings<br>\$'000 | Plant and<br>equipment<br>\$'000 | Vehicles<br>\$'000 | Total<br>\$'000 |
|---|---------------------|----------------------------------|--------------------|-----------------|
| Carrying amount as at 1 July 2021         | 102                 | –                                | –                  | 102             |
| Additions                                 | 469                 | 1,680                            | 917                | 3,066           |
| Depreciation charge                       | (129)               | (475)                            | (288)              | (892)           |
| <b>Carrying amount as at 30 June 2022</b> | <b>442</b>          | <b>1,205</b>                     | <b>629</b>         | <b>2,276</b>    |

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 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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 11 Lease liabilities (continued)

### Impact on the income statement

The application of AASB 16 Leases has resulted in the following amounts being recorded in the income statement:

|   | 2023<br>\$'000 | 2022<br>\$'000 |
|---|----------------|----------------|
| Depreciation of right-of-use assets             | 3,527          | 78             |
| Interest expense                                | 1,016          | 100            |
| <b>Total recognised in the income statement</b> | <b>4,543</b>   | <b>178</b>     |

Interest relating to right-of-use assets used in exploration & mining activities is not capitalised to exploration and evaluation assets or 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 expedient as outlined in the accounting standard. 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 involves 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.

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

The lease payments used to calculate the lease balances under AASB 16 Leases include 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 8.1%.



## 12 Provisions

Provisions can be analysed as follows:

|                                       | 2023<br>\$'000 | 2022<br>\$'000 |
|---------------------------------------|----------------|----------------|
| <b>Current</b>                        |                |                |
| Employee leave benefits               | 569            | 531            |
|                                       | <b>569</b>     | <b>531</b>     |
| <b>Non-current</b>                    |                |                |
| Employee leave benefits               | 30             | 72             |
| Demobilisation of right of use assets | 528            | 159            |
| Mine rehabilitation                   | 7,176          | 3,868          |
| Office restoration                    | 5              | 5              |
|                                       | 7,739          | 4,104          |
| <b>Total provisions</b>               | <b>8,308</b>   | <b>4,635</b>   |

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.

### Movement in mine rehabilitation provision

|   | Total<br>\$'000 |
|---|-----------------|
| Carrying amount as at 1 July 2022               | 3,868           |
| Additional provision recognised during the year | 3,143           |
| Unwinding of discount                           | 165             |
| <b>Carrying amount as at 30 June 2023</b>       | <b>7,176</b>    |

### 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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 12 Provisions (continued)

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 mine 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 (3.92% as at 30 June 2023), 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 mine restoration and rehabilitation provision is remeasured to reflect any of these changes.

## 13 Revenue

|                                       | 2023<br>\$'000 | 2022<br>\$'000 |
|---------------------------------------|----------------|----------------|
| Revenue from contracts with customers | 50,598         | -              |
| <b>Total revenue</b>                  | <b>50,598</b>  | <b>-</b>       |

### Revenue from contracts with customers

The Group generates revenue from the sales of both spodumene concentrate and direct shipping ore (DSO) sold to customers.

In accordance with AASB 15 Revenue from Contracts with Customers. Some customer contracts may contain provisional pricing terms, with the final pricing determined at a later time when the relevant pricing information is available.

The provisional pricing related to quality and quantity of the product is included in sales to customers under contracts. Provisional pricing related to market-based pricing indices are accounted for as an embedded derivative in accordance with AASB 9 Financial Instruments and disclosed separately as other revenue. Revenue is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities. The amount of revenue is not considered to be reliably measurable until all material contingencies relating to the sale have been resolved.

### Key judgement, estimates and assumptions: Revenue

#### *Identification of the enforceable contract*

The Group has offtake agreements with key customers that set out the general terms and conditions governing any sales that occur. Under these offtake agreements, the enforceable contracts have been determined to be each individual shipment.

#### *Identification of performance obligations for arrangements subject to Cost, insurance, and freight (CIF) terms*

For the Group's CIF customers, the Group is responsible for providing shipping services. While the Group does not actually provide nor operate the vessels, the Group has determined that it is the principal for these arrangements on the basis that it controls the specified services before they are provided to the customer. The terms of the Group's contract with the service provider gives the Group the ability to direct the service provider to provide the specified services on the Group's behalf.

The Group has concluded shipping services revenue is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The Group recognises revenue based on the time elapsed relative to the total expected time to complete the service.

#### *Principal versus agent considerations for shipping services*

As noted above, in some arrangements subject to CIF terms, the Group is responsible for providing shipping services. While the Group does not actually provide nor operate the vessels, the Group has determined that it is the principal in these arrangements because it controls the specified services before they are provided to the customer.

## 14 Expenses

### a) Cost of sales

Cost of sales recognised in the Statement of Profit or Loss are as follows:

|  | 2023<br>\$'000 | 2022<br>\$'000 |
|--|----------------|----------------|
| Mining costs <sup>1</sup>                          | 66,429         | 500            |
| Processing costs                                   | 17,180         | 195            |
| Port costs   | 2,895          | -              |
| Net inventory movement                             | (28,155)       | -              |
| Employee benefits expense                          | 4,076          | 2,066          |
| Depreciation and amortisation expense <sup>2</sup> | 3,892          | 780            |
| Mining cost deferral <sup>1</sup>                  | (46,664)       | (3,541)        |
|  | <b>19,653</b>  | <b>-</b>       |

1. Mining costs are shown as a gross expense with mining cost deferral representing costs associated with waste stripping that are deferred to mine properties in the Statement of Financial Position and amortised over the life of mine.
2. Depreciation & Amortisation reflects the amount charged to the profit & loss statement. There was an additional \$7.3 million in Depreciation & Amortisation which was included in inventory at balance date and will be charged to Cost of Sales when the inventory is sold.

### b) Operating expenses

Other operating expenses are analysed below:

|   | 2023<br>\$'000 | 2022<br>\$'000 |
|---|----------------|----------------|
| Mining and processing expenses <sup>1</sup> | 4,646          | -              |
| Royalties                                   | 1,953          | -              |
|   | <b>6,599</b>   | <b>-</b>       |

1. Production ceased in late December 2022 due to flooding of the Grants pit following higher than average rainfall. Mine operating costs incurred during the period of flooding have been separated from the cost of sales. Following the de-watering of the pit, mining recommenced in late March 2023.

### c) General and administration expense

Expenses recognised for general, and administration are analysed below:

|                               | 2023<br>\$'000 | 2022<br>\$'000 |
|-------------------------------|----------------|----------------|
| Salaries and wages expense    | 3,442          | 1,320          |
| Superannuation expense        | 586            | 295            |
| Director fees                 | 406            | 186            |
| Other employee benefits       | 916            | 1,664          |
| Consulting expenses           | 1,400          | 425            |
| Travel costs                  | 723            | 99             |
| Administration costs          | 6,293          | 3,428          |
| Non-site depreciation expense | 171            | 116            |
| Share-based payment expense   | 454            | 159            |
| Other expenses                | -              | 27             |
|                               | <b>14,391</b>  | <b>7,719</b>   |

### d) Finance costs

Finance costs recognised during the year:

|  | 2023<br>\$'000 | 2022<br>\$'000 |
|--|----------------|----------------|
| Interest expense                               | 1,088          | -              |
| Lease interest expense                         | 1,016          | 86             |
| Unwinding of rehabilitation provision discount | 165            | 14             |
|  | <b>2,269</b>   | <b>100</b>     |

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 14 Expenses (continued)

### e) Reconciliation of cash flows from operating activities

| OPERATING ACTIVITIES                                | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|---|-------|----------------|----------------|
| Profit/(Loss) after tax                             |       | 10,810         | (7,466)        |
| Share-based payments expense                        | 17    | 454            | 159            |
| Impairment of evaluation expenditure                | 6     | 1,616          | -              |
| Depreciation expense <sup>1</sup>                   |       | 3,892          | 116            |
| Loss on disposal of assets                          |       | -              | 9              |
| Interest expense on leased assets                   |       | 1,181          | 86             |
| Unrealised foreign exchange gain/(loss)             |       | (122)          | -              |
| Financial liability                                 |       | 83,623         | -              |
| Net change in working capital                       |       | (10,648)       | 876            |
| <b>Net cash from/(used in) operating activities</b> |       | <b>90,806</b>  | <b>(6,220)</b> |

1. Depreciation & Amortisation reflects the amount charged to the profit & loss statement. There was an additional \$7.3 million in Depreciation & Amortisation which was included in inventory at balance date and will be charged to Cost of Sales when the inventory is sold.

## 15 Income tax benefit/(expense)

|  | 2023<br>\$'000 | 2022<br>\$'000 |
|--|----------------|----------------|
| <b>a) The components of income tax expense comprise:</b>   |                |                |
| Deferred tax benefit/(expense)   | (2,929)        | -              |
| Initial recognition of deferred tax assets   | 4,511          | -              |
| <b>Total tax benefit/(expense)</b>   | <b>1,582</b>   | <b>-</b>       |
| <b>b) The prima facie tax loss before income tax is reconciled to the income tax (benefit)/expense as follows:</b> |                |                |
| Profit/(Loss) before tax   | 9,228          | (7,466)        |
| Income tax rate  | 30%            | 30%            |
| Prima facie tax benefit on loss from activities before income tax  | 2,768          | (2,240)        |
| Effect of expenditure that is not deductible in determining taxable profit   | 161            | 58             |
| Initial recognition of deferred tax assets   | (4,511)        | -              |
| Timing differences and tax losses not brought to account   | -              | (2,182)        |
| <b>Current income tax expense/(benefit)</b>  | <b>(1,582)</b> | <b>-</b>       |

### c) Deferred tax assets balances

|   | 1 July<br>2022<br>\$'000 | Opening balance<br>not recognised<br>\$'000 | Recognised in<br>the profit or loss<br>\$'000 | Recognised<br>in equity<br>\$'000 | 30 June<br>2023<br>\$'000 |
|---|--------------------------|---|---|-----------------------------------|---------------------------|
| <b>Deferred tax assets</b>                |                          |   |   |                                   |                           |
| Accruals                                  | -                        | 70  | (12)  | -                                 | 58                        |
| Finance lease liability                   | -                        | 626   | 6,257   | -                                 | 6,883                     |
| Business related costs                    | -                        | 169   | (103)   | -                                 | 66                        |
| Provision for rehabilitation              | -                        | 49  | 111   | -                                 | 160                       |
| Provision for employee entitlements       | -                        | 182   | (2)   | -                                 | 180                       |
| Provision for fringe benefits tax         | -                        | -   | 12  | -                                 | 12                        |
| Mine site establishment and refurbishment | -                        | 3   | 51  | -                                 | 54                        |
| Capital raising cost                      | -                        | 2,137                                       | (824)   | 1,143                             | 2,456                     |
| Unrealised forex loss                     | -                        | -   | 112   | -                                 | 112                       |
| Recognised tax losses                     | -                        | 25,066                                      | 49,502  | -                                 | 74,568                    |
| <b>Total deferred tax assets</b>          | <b>-</b>                 | <b>28,302</b>                               | <b>55,104</b>                                 | <b>1,143</b>                      | <b>84,549</b>             |
| <b>Deferred tax liabilities</b>           |                          |   |   |                                   |                           |
| Fuel tax credits                          | -                        | -   | (386)   | -                                 | (386)                     |
| Inventory                                 | -                        | (53)  | 27  | -                                 | (26)                      |
| Prepayment                                | -                        | (160)                                       | 160   | -                                 | -                         |
| Property, plant and equipment             | -                        | (128)                                       | (136)   | -                                 | (264)                     |
| Right of use assets                       | -                        | (683)                                       | (7,089)                                       | -                                 | (7,772)                   |
| Exploration assets                        | -                        | (11,030)                                    | (4,151)                                       | -                                 | (15,181)                  |
| Development assets                        | -                        | (9,600)                                     | (46,458)                                      | -                                 | (56,058)                  |
| Deferred tax liabilities                  | -                        | (21,654)                                    | (58,033)                                      | -                                 | (79,687)                  |
| <b>Deferred tax assets/(liabilities)</b>  | <b>-</b>                 | <b>6,648</b>                                | <b>(2,929)</b>                                | <b>1,143</b>                      | <b>4,862</b>              |

An assessment was undertaken as at 30 June 2023 which confirmed the Group 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.

### Unrecognised deferred tax assets

The Group has deferred tax assets in respect of deductible temporary differences, unused tax losses and unused tax credits which have not been recognised of \$nil (2022: \$6.6 million).

### Tax consolidation legislation

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.

Core Lithium Ltd recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Group.

### Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

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 liabilities are recognised for all taxable temporary differences except to the extent that the deferred tax liability arise from:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (or tax loss); and
- taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures when the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, including carry-forward tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible differences can be utilised except when:

- the deferred tax asset relating to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit (or tax loss); and
- the deductible temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures and it is not probable that the temporary difference will reverse in the foreseeable future.

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.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets and deferred tax liabilities are reassessed at each reporting date and are recognised to the extent that they satisfy the requirements for recognition.

Deferred tax assets and liabilities are offset only when the Group has a legally enforceable right and intention to offset current tax assets against the current tax liabilities and the deferred tax assets and deferred tax liabilities from the same taxation authority on the same taxable entity.

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.

At 30 June 2023, the Group has recognised previously unrecognised income tax losses as a result of emerging taxable income, as well as greater certainty that sufficient future taxable profits will be available to utilise tax losses in accordance with AASB112 Income Taxes and the Group's accounting policy. Income tax losses recognised at the start of the period totalled \$83.7m gross. The Group has recognised a net deferred tax asset (offset with deferred tax liabilities) of \$4.9m, which includes tax effected carried forward tax losses of \$75m.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## Capital

### 16 Issued capital

|  | Number of<br>shares  | \$'000         |
|--|----------------------|----------------|
| <b>2023</b>                              |                      |                |
| <b>a) Issued and paid up capital</b>     |                      |                |
| Fully paid ordinary shares               | 1,858,516,794        | 370,940        |
|  | <b>1,858,516,794</b> | <b>370,940</b> |
| <b>b) Movements in fully paid shares</b> |                      |                |
| Opening balance                          | 1,732,611,716        | 265,668        |
| Share placements                         | 97,087,379           | 100,000        |
| Exercise of unquoted options             | 23,409,366           | 5,802          |
| Exercise of unquoted performance rights  | 5,408,333            | –              |
| Issue costs                              | –                    | (530)          |
| <b>Balance as 30 June 2023</b>           | <b>1,858,516,794</b> | <b>370,940</b> |
| <b>2022</b>                              |                      |                |
| <b>a) Issued and paid up capital</b>     |                      |                |
| Fully paid ordinary shares               | 1,732,611,716        | 265,668        |
|  | <b>1,732,611,716</b> | <b>265,668</b> |
| <b>b) Movements in fully paid shares</b> |                      |                |
| Opening balance                          | 1,174,117,254        | 90,607         |
| Share placements                         | 393,738,374          | 124,875        |
| Share purchase plan                      | 80,646,015           | 25,000         |
| Exercise of unquoted options             | 76,411,741           | 31,751         |
| Exercise of unquoted performance rights  | 7,698,332            | 249            |
| Issue costs                              | –                    | (6,814)        |
| <b>Balance as 30 June 2022</b>           | <b>1,732,611,716</b> | <b>265,668</b> |

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.

### Capital management

Management manages the Group's 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.

## 17 Reserves and share based payments

### Nature and purpose of reserves

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

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

|   | 2023<br>\$'000 | 2022<br>\$'000 |
|---|----------------|----------------|
| <b>Reconciliation of share based payments reserve</b> |                |                |
| Opening balance                                       | 454            | 653            |
| Issue of options                                      | -              | -              |
| Issue of performance rights                           | 707            | 172            |
| Exercise of options                                   | (177)          | (96)           |
| Exercise of performance rights                        | (161)          | (249)          |
| Lapse of options and performance rights               | (291)          | (26)           |
| <b>Closing balance</b>                                | <b>532</b>     | <b>454</b>     |

|                                | Number of<br>options | 2023<br>\$'000 | Weighted<br>average<br>exercise<br>price |
|--------------------------------|----------------------|----------------|--|
| <b>Share option reserve</b>    |                      |                |  |
| Opening balance                | 28,591,726           | 215            | 0.221                                    |
| Exercised                      | (22,592,305)         | (171)          | 0.221                                    |
| Lapsed                         | (5,999,421)          | (44)           | 0.221                                    |
| <b>Balance at 30 June 2023</b> | <b>-</b>             | <b>-</b>       | <b>-</b>                                 |

|                                | Number of<br>options | 2022<br>\$'000 | Weighted<br>average<br>exercise<br>price |
|--------------------------------|----------------------|----------------|--|
| <b>Share option reserve</b>    |                      |                |  |
| Opening balance                | 105,003,467          | 310            | \$0.362                                  |
| Exercised                      | (76,411,741)         | (95)           | \$0.414                                  |
| <b>Balance at 30 June 2022</b> | <b>28,591,726</b>    | <b>215</b>     | <b>\$0.221</b>                           |

|  | Number of<br>perform-<br>ance<br>rights | 2023<br>\$'000 |
|--|---|----------------|
| <b>Performance rights reserve</b>                  |   |                |
| Opening balance                                    | 14,329,438                              | 239            |
| Issued to Key Management Personnel as remuneration | 1,941,934                               | 366            |
| Issued to employees as remuneration                | 820,517                                 | 341            |
| Exercised  | (5,408,333)                             | (161)          |
| Forfeiture/Lapsed                                  | (8,561,105)                             | (253)          |
| <b>Balance at 30 June 2023</b>                     | <b>3,122,451</b>                        | <b>532</b>     |

|  | Number of<br>perform-<br>ance<br>rights | 2022<br>\$'000 |
|--|---|----------------|
| <b>Performance rights reserve</b>                  |   |                |
| Opening balance                                    | 22,791,666                              | 342            |
| Issued to Key Management Personnel as remuneration | 750,000                                 | 84             |
| Issued to employees as remuneration                | 1,129,438                               | 88             |
| Exercised  | (7,698,332)                             | (249)          |
| Lapsed   | (2,643,334)                             | (26)           |
| <b>Balance at 30 June 2022</b>                     | <b>14,329,438</b>                       | <b>239</b>     |

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 17 Reserves and share based payments (continued)

### Share-based employee remuneration

As at 30 June 2023 the Group maintained a Share Option Plan and Performance Share Plan for employee, director and consultant remuneration.

There were nil options (2022: nil) and 1,941,934 performance rights (2022: 750,000) granted to KMP and 820,517 performance rights (2022: 1,129,438) issued to other employees as remuneration during the year.

### Share-based payments

The Group has provided payment 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 Group 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 the extent to which the vesting period has expired.

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: Reserves and 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 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 table below. 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.

### Fair value of performance rights granted

The fair value at grant date of performance rights issued with market based conditions have been determined using a valuation methodology approximating a Monte Carlo pricing model. This 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 as the exercise price is nil.



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 <sup>4</sup>                | 2023            | 2022            |
|---|-----------------|-----------------|
| Exercise price  | Nil             | Nil             |
| Performance right life  | 0.42–2.43 years | 0.64–3.43 years |
| Underlying share price  | \$0.930–\$1.120 | \$0.275–\$1.140 |
| Expected share price volatility (weighted average) <sup>1</sup> | N/A             | N/A             |
| Risk-free interest rate <sup>2</sup>                            | 3.1%–4.0%       | 0.79%–1.15%     |
| Weighted average fair value <sup>3</sup>                        | \$0.828         | \$0.1775        |
| Weighted average contractual life                               | 1.41 years      | 1.7 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 market 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 and 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 (\$)  |                             |                   |                          |
| 146,904                    | 27/01/2023 | 0.51                     | 74,921           | Absolute shareholder return | 30/06/2023        | 31/01/2026               |
| 146,904                    | 27/01/2023 | 0.62                     | 91,080           | Relative shareholder return | 30/06/2023        | 31/01/2026               |
| 195,874                    | 27/01/2023 | 1.12                     | 219,379          | Reserve growth per share    | 30/06/2023        | 31/01/2026               |
| 198,599                    | 27/01/2023 | 0.71                     | 141,005          | Absolute shareholder return | 30/06/2024        | 31/01/2027               |
| 198,599                    | 27/01/2023 | 0.73                     | 144,977          | Relative shareholder return | 30/06/2024        | 31/01/2027               |
| 264,797                    | 27/01/2023 | 1.12                     | 296,573          | Reserve growth per share    | 30/06/2024        | 31/01/2027               |
| 198,599                    | 27/01/2023 | 0.76                     | 150,935          | Absolute shareholder return | 30/06/2025        | 31/01/2028               |
| 198,599                    | 27/01/2023 | 0.83                     | 164,837          | Relative shareholder return | 30/06/2025        | 31/01/2028               |
| 264,797                    | 27/01/2023 | 1.12                     | 296,573          | Reserve growth per share    | 30/06/2025        | 31/01/2028               |
| 22,785                     | 1/03/2023  | 0.36                     | 8,203            | Absolute shareholder return | 30/06/2023        | 31/01/2026               |
| 22,785                     | 1/03/2023  | 0.41                     | 9,342            | Relative shareholder return | 30/06/2023        | 31/01/2026               |
| 30,380                     | 1/03/2023  | 0.93                     | 28,253           | Reserve growth per share    | 30/06/2023        | 31/01/2026               |
| 48,072                     | 1/03/2023  | 0.52                     | 24,997           | Absolute shareholder return | 30/06/2024        | 31/01/2027               |
| 48,072                     | 1/03/2023  | 0.61                     | 29,324           | Relative shareholder return | 30/06/2024        | 31/01/2027               |
| 64,096                     | 1/03/2023  | 0.93                     | 59,609           | Reserve growth per share    | 30/06/2024        | 31/01/2027               |
| 48,072                     | 1/03/2023  | 0.59                     | 28,362           | Absolute shareholder return | 30/06/2025        | 31/01/2028               |
| 48,072                     | 1/03/2023  | 0.70                     | 33,650           | Relative shareholder return | 30/06/2025        | 31/01/2028               |
| 64,096                     | 1/03/2023  | 0.93                     | 59,609           | Reserve growth per share    | 30/06/2025        | 31/01/2028               |
| 90,572                     | 31/05/2023 | 0.55                     | 49,815           | Absolute shareholder return | 30/06/2024        | 31/01/2027               |
| 90,572                     | 31/05/2023 | 0.60                     | 54,343           | Relative shareholder return | 30/06/2024        | 31/01/2027               |
| 120,761                    | 31/05/2023 | 1.00                     | 120,761          | Reserve growth per share    | 30/06/2024        | 31/01/2027               |
| 75,133                     | 31/05/2023 | 0.63                     | 47,334           | Absolute shareholder return | 30/06/2025        | 31/01/2028               |
| 75,133                     | 31/05/2023 | 0.72                     | 54,096           | Relative shareholder return | 30/06/2025        | 31/01/2028               |
| 100,178                    | 31/05/2023 | 1.00                     | 100,178          | Reserve growth per share    | 30/06/2025        | 31/01/2028               |
| <b>2,762,451</b>           |            |                          | <b>2,288,156</b> |                             |                   |                          |

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 17 Reserves and share based payments (continued)

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

| NUMBER OF PERFORMANCE RIGHTS               | 2023             | 2022              |
|--|------------------|-------------------|
| Opening balance as at 1 July               | 14,329,438       | 22,791,666        |
| Granted as remuneration to the Directors   | –                | 750,000           |
| Granted as remuneration to other KMP       | 1,941,934        | –                 |
| Granted as remuneration to other employees | 820,517          | 1,129,438         |
| Exercised                                  | (5,408,333)      | (7,698,332)       |
| Lapsed                                     | (8,561,105)      | (2,643,334)       |
| <b>Outstanding as at 30 June</b>           | <b>3,122,451</b> | <b>14,329,438</b> |

### 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.

## 18 Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the Group, excluding costs of servicing equity other than ordinary shares, by
- 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:

|  | 2023          | 2022                |
|--|---------------|---------------------|
| Weighted average number of shares used in basic earnings per share   | 1,818,657,366 | 1,579,962,831       |
| Weighted average number of shares used in diluted earnings per share | 1,818,657,366 | 1,579,962,831       |
| <b>Earnings per share (cents per share):</b>                         |               |                     |
| Basic earnings per share   | 0.59          | (0.47)              |
| Diluted earnings per share <sup>1</sup>                              | 0.59          | (0.47) <sup>2</sup> |

- There were nil options (2022: 28,591,726) and 3,122,451 performance rights (2022: 14,329,438) outstanding at the end of the year that were included in calculating diluted EPS.
- For 2022 the basic and diluted earnings per share are the same as there are no instruments that have a dilutive effect on earnings.

## Company Structure

### 19 Investments in controlled entities

The Company has the following subsidiaries:

| Name of Subsidiary                       | Country of Incorporation | Class of Shares | PERCENTAGE HELD |      |
|--|--------------------------|-----------------|-----------------|------|
|  |                          |                 | 2023            | 2022 |
| 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% |

### 20 Parent entity information

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

|   | 2023<br>\$'000  | 2022<br>\$'000 |
|---|-----------------|----------------|
| <b>Statement of financial position</b>                            |                 |                |
| Current assets  | 34,424          | 135,608        |
| Total assets  | 423,898         | 245,110        |
| Current liabilities   | (6,856)         | (5,287)        |
| Total liabilities   | (90,228)        | (5,703)        |
| Issued capital  | (370,940)       | (265,668)      |
| Retained losses   | 37,802          | 26,715         |
| Share based payments reserve                                      | (532)           | (454)          |
| <b>Statement of profit of loss and other comprehensive income</b> |                 |                |
| Profit/(loss) for the year  | (11,124)        | (6,783)        |
| <b>Total comprehensive profit/(loss) for the year</b>             | <b>(11,124)</b> | <b>(6,783)</b> |

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 24.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 21 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 operating segments of its business:

- Finnis 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 2023 and 2022 are set out below:

### Segment results

|  | Finniss<br>Lithium<br>Project -<br>operations<br>\$'000 | Exploration<br>\$'000 | Total<br>\$'000 |
|--|---|-----------------------|-----------------|
| <b>2023 Segment results</b>                      |   |                       |                 |
| Segment revenue                                  | 50,598  | -                     | 50,598          |
| Cost of sales                                    | (19,653)  | -                     | (19,653)        |
| Gross profit                                     | 30,945  | -                     | 30,945          |
| Exploration and evaluation assets and impairment | (1,292)   | -                     | (1,292)         |
| Other operating expenses                         | (6,599)   | -                     | (6,599)         |
| Segment margin                                   | 23,054  | -                     | 23,055          |
| Interest income                                  | -   | -                     | 3,036           |
| General and administration expense               | -   | -                     | (13,766)        |
| Non-site depreciation expense                    | -   | -                     | (171)           |
| Share-based payment expense                      | -   | -                     | (454)           |
| Impairment expense                               | -   | -                     | (324)           |
| Finance costs                                    | -   | -                     | (2,269)         |
| Other expenses                                   | -   | -                     | -               |
| Foreign currency gain/(loss)                     | -   | -                     | 122             |
| <b>Profit before tax</b>                         | <b>-</b>  | <b>-</b>              | <b>9,228</b>    |

|  | Finniss<br>Lithium<br>Project -<br>operations<br>\$'000 | Exploration<br>\$'000 | Total<br>\$'000 |
|--|---|-----------------------|-----------------|
| <b>2022 Segment results</b>                      |   |                       |                 |
| Segment revenue                                  | -   | -                     | -               |
| Cost of sales                                    | -   | -                     | -               |
| Gross profit                                     | -   | -                     | -               |
| Exploration and evaluation assets and impairment | (559)   | (27)                  | (586)           |
| Other operating expenses                         | -   | -                     | -               |
| Segment margin                                   | (559)   | (27)                  | (586)           |
| Interest income                                  | -   | -                     | 358             |
| General and administration expense               | -   | -                     | -               |
| Non-site depreciation expense                    | -   | -                     | -               |
| Share-based payment expense                      | -   | -                     | -               |
| Impairment expense                               | -   | -                     | -               |
| Finance costs                                    | -   | -                     | (100)           |
| Other expenses                                   | -   | -                     | (7,138)         |
| Foreign currency gain/(loss)                     | -   | -                     | -               |
| <b>Loss before tax</b>                           | <b>-</b>  | <b>-</b>              | <b>(7,466)</b>  |

Operating segment assets are reconciled to total assets as follows:

|                                      | 2023<br>\$'000 | 2022<br>\$'000 |
|--------------------------------------|----------------|----------------|
| <b>Segment assets</b>                |                |                |
| Finniss Lithium Project – operations | 288,957        | 84,533         |
| Exploration                          | 54,370         | 41,078         |
| <b>Total</b>                         | <b>343,327</b> | <b>125,612</b> |
| <i>Unallocated assets:</i>           |                |                |
| Cash and cash equivalents            | 152,786        | 135,198        |
| Other receivables                    | 582            | 21             |
| Other financial assets               | 160            | 190            |
| Other assets                         | 796            | 220            |
| Deferred tax asset                   | 4,862          | –              |
| Plant and equipment assets           | 630            | 613            |
| <b>Total assets</b>                  | <b>503,143</b> | <b>261,853</b> |

Operating segment liabilities are reconciled to total liabilities as follows:

|                                      | 2023<br>\$'000 | 2022<br>\$'000 |
|--------------------------------------|----------------|----------------|
| <b>Segment liabilities</b>           |                |                |
| Finniss Lithium Project – operations | 140,984        | 17,196         |
| Exploration                          | 4,246          | 3,380          |
| <b>Total</b>                         | <b>145,230</b> | <b>20,576</b>  |
| <i>Unallocated liabilities:</i>      |                |                |
| Trade and other payables             | 2,232          | 1,653          |
| Lease liabilities                    | 333            | 403            |
| Provisions                           | 425            | 496            |
| <b>Total liabilities</b>             | <b>148,221</b> | <b>23,128</b>  |

Revenue of \$20.6 million and \$30.0 million was derived from two external customers located in China both within the Finniss Lithium Project operations segment, which individually account for greater than 10% of the total segment revenue (2021: nil).

## 22 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:

|                           | 2023<br>\$'000 | 2022<br>\$'000 |
|---------------------------|----------------|----------------|
| Short-term benefits       | 2,928          | 1,791          |
| Post-employment benefits  | 198            | 83             |
| Other long-term benefits  | –              | 124            |
| Share-based payments      | 366            | 84             |
| <b>Total remuneration</b> | <b>3,492</b>   | <b>2,082</b>   |

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## Additional Disclosures

### 23 Auditor remuneration

During the year ended 30 June 2023, total fees paid or payable for services provided by Grant Thornton and its related practices were as follows:

|  | 2023<br>\$'000 | 2022<br>\$'000 |
|--|----------------|----------------|
| <b>Audit services</b>                                |                |                |
| Audit and review of financial reports                | 235            | 139            |
| <b>Other services</b>                                |                |                |
| Taxation compliance and advisory                     | 57             | 25             |
| Financial due diligence                              | -              | 7              |
| <b>Total other services remuneration</b>             | <b>57</b>      | <b>33</b>      |
| <b>Total remuneration received by Grant Thornton</b> | <b>292</b>     | <b>172</b>     |

### 24 Commitments and contingencies

#### Contingent liabilities

Contingent liabilities are possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events, and therefore the Group has not provided for such amounts in these financial statements.

#### Contingencies

In 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 Finnis 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 Finnis Lithium Project, which was achieved in July 2022, and achieving continuous operation of the processing plant for more than 14 consecutive days (Stage 2), which was achieved in May 2023. The royalty rate on receipt of initial proceeds under Stage 1 is 2.12% and increases to 2.50% upon achievement of the Stage 2 milestone. As a result of the achievement of the Stage 1 & 2 milestones, the balance of the purchase prices, being \$ 1.25 million, was received from LRC in June 2023. The Finnis Lithium Project assets are held as security for the transaction.

In 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 Finnis Lithium Project in the Northern Territory. During the current period this call option was exercised and the tenements were acquired. Contingent consideration of \$500,000 will also be payable to the Grantors (\$150,000 in cash and \$350,000 in cash or Core Lithium Ltd shares, at the Group'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:

- \$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; and
- \$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.

During the period, the Group executed a DMS Operating and Maintenance Agreement with Primero Group Limited for the dense media separation concentrator plant for the Finnis Lithium Project. The contract includes an early termination payment if the contract is terminated prior to 5 years from the date of operations. This termination payment is on a decreasing scale from year 1 of \$2,800,000 to \$nil after 6 years.

The Group received in June 2023 notification from Tesla regarding a potential legal claim stemming from events in 2022 where a binding term sheet was executed between the parties. The term sheet formed the basis for negotiating of a potential offtake agreement for the supply of lithium spodumene concentrate and was subject to execution of a definitive agreement by October 2022. The final agreement was not executed by the deadline as such the matter was closed. Tesla has indicated to the Group their intention to pursue legal remedies if the matter cannot be resolved without litigation.

The Group considers that these matters are either not yet sufficiently advanced or substantiated to reasonably evaluate the prospects for a potential liability. The Group is working with its legal advisors and Tesla to resolve the matter, thus it is not probable the Group will be required to make any payments due to the potential claim.

### 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.

|   | 2023<br>\$     | 2022<br>\$     |
|---|----------------|----------------|
| <b>Minimum expenditure required to maintain tenure of tenements</b> |                |                |
| Within one year   | 308,441        | 393,659        |
| After one year but not more than five years                         | 204,332        | 289,291        |
| <b>Total commitments</b>  | <b>512,773</b> | <b>682,950</b> |

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 \$3.3 million (2022: \$18.5 million).

On 8 September 2023, the Group loaded the inaugural spodumene concentrate delivery under the Group's long-term offtake agreement with Ganfeng Lithium.

## 25 Events arising since the end of the reporting date

On 17 August 2023, the Group completed an equity raising via an Institutional Placement to raise \$100 million.

On 8 September 2023, the Group loaded the inaugural spodumene concentrate delivery under the Group's long-term offtake agreement with Ganfeng Lithium.

On 15 September 2023, the share purchase plan (SPP) component of the equity raise closed, with 28.4 million shares issued raising \$11.4 million.

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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 26 Statement of significant accounting policies

### a) Statement of compliance

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 2023 were approved and authorised by the Board of Directors on 29 September 2023.

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.

### b) Comparative information

Comparative information for 2022 is for the full year commencing on 1 July 2021. Where appropriate, comparative information has been reclassified to align to changes in presentation in the current period to reflect more reliable and relevant information.

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.

### c) Rounding of amounts

The financial report has been prepared in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated (where rounding is applicable) under the option available to the Group under ASIC Corporations Instrument 2016/91.

### d) Principles of consolidation

The Group financial statements consolidate those of the Parent company and all of its subsidiary undertakings drawn up to 30 June 2023. 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 19 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.



### e) Voluntary change of accounting policy

The consolidated financial statements have been prepared to incorporate a retrospective application of a voluntary change in accounting policy relating to the presentation of expenditure in the statement of profit or loss and other comprehensive income. The new accounting policy was adopted on 30 June 2023 and has been applied retrospectively.

The Group previously reported its analysis of expenses recognised in statement of profit or loss and other comprehensive income using the 'nature of expense' method. The Group aggregated expenses within the statement of profit or loss and other comprehensive income according to their nature (for example, depreciation, purchases of materials, transport costs, employee benefits and advertising costs). It did not reallocate them among functions within the entity.

The Group has amended the presentation of its analysis of expenses to the 'function of expense' or 'cost of sales' method. This classifies expenses according to their function. This method provides more relevant information to users, given the transition to production and the recognition of revenue for the first time in the year ending 30 June 2023. The change in accounting policy will provide more relevant and reliable information to users of the consolidated financial statements. The new and previous accounting policies comply with AASB 101 Presentation of Financial Statements.

The impact of the change in accounting policy on the statement of profit or loss and other comprehensive income is summarised below.

|   | 2022<br>Previous<br>policy<br>\$'000 | Increase/<br>(decrease) | 2022<br>Restated<br>\$'000 |
|---|--------------------------------------|-------------------------|----------------------------|
| Revenue from contracts with customers                   | -                                    | -                       | -                          |
| Cost of sales   | -                                    | -                       | -                          |
| <b>Gross profit</b>                                     |                                      |                         |                            |
| Interest income   | 358                                  | -                       | 358                        |
| Employee benefits expense                               | (3,453)                              | 3,453                   | -                          |
| Exploration and evaluation expense                      | (27)                                 | 27                      | -                          |
| Other expenses  | (4,068)                              | 4,068                   | -                          |
| General and administration expense                      | -                                    | (7,417)                 | (7,417)                    |
| Non-site depreciation expense                           | (116)                                | -                       | (116)                      |
| Share-based payment expense                             | (159)                                | -                       | (159)                      |
| Finance costs   | -                                    | (100)                   | (100)                      |
| Other expenses  | -                                    | (27)                    | (27)                       |
| Foreign currency gain/(loss)                            | -                                    | (5)                     | (5)                        |
| <b>Profit/(loss) before income tax expense</b>          | <b>(7,466)</b>                       | <b>-</b>                | <b>(7,466)</b>             |
| Income tax benefit/(loss)                               | -                                    | -                       | -                          |
| <b>Net profit/(loss) for the period</b>                 | <b>(7,466)</b>                       | <b>-</b>                | <b>(7,466)</b>             |
| Other comprehensive income                              | -                                    | -                       | -                          |
| <b>Total comprehensive profit/(loss) for the period</b> | <b>(7,466)</b>                       | <b>-</b>                | <b>(7,466)</b>             |
| <b>Earnings per share from continuing operations</b>    |                                      |                         |                            |
| Basic earnings/(loss) per share                         | (0.47)                               | -                       | (0.47)                     |

### f) 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 possible 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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 26 Statement of significant accounting policies (continued)

### g) 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.

### h) 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).

### i) 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.

### j) 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.

### k) 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 2023 but will be applicable to the Group in future reporting periods.

## 27 Financial risk management and capital management

### Financial instruments

#### a) 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.

#### b) 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); and
- 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.

#### c) Subsequent measurement financial assets

##### i. 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.

##### ii. FINANCIAL ASSETS AT 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 FVPL. 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.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 27 Financial risk management and capital management (continued)

### Impairment of financial assets

AASB 9 Financial Instruments impairment requirements the use of forward-looking information to recognise expected credit losses – the ‘expected credit losses (ECL) model’. Instruments within the scope of the 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 FVPL.

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:

1. financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (‘Stage 1’);
2. financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (‘Stage 2’);
3. ‘Stage 3’ would cover financial assets that have objective evidence of impairment at the reporting date; and
4. ‘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

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

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.

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

|                              | Note | 2023<br>\$'000 | 2022<br>\$'000 |
|------------------------------|------|----------------|----------------|
| <b>Financial assets</b>      |      |                |                |
| Cash and cash equivalents    | 1    | 152,786        | 135,198        |
| Trade and other receivables  | 2    | 6,745          | 2,555          |
| Other financial assets       | 3    | 160            | 190            |
| <b>Total</b>                 |      | <b>159,691</b> | <b>137,942</b> |
| <b>Financial liabilities</b> |      |                |                |
| Trade and other payables     | 8    | 30,978         | 14,039         |
| Financial liabilities        | 9    | 83,623         |                |
| Lease liabilities            | 11   | 22,944         | 2,086          |
| <b>Total</b>                 |      | <b>137,545</b> | <b>16,125</b>  |

## 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 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:

| \$'000                    | Less than<br>6 months | 6-12<br>months | Between<br>1 and 5<br>years | Greater<br>than<br>5 years | Total<br>contractual<br>cash flows | Carrying<br>amount<br>of liabilities |
|---------------------------|-----------------------|----------------|-----------------------------|----------------------------|------------------------------------|--------------------------------------|
| <b>As at 30 June 2023</b> |                       |                |                             |                            |                                    |                                      |
| Trade and other payables  | 30,978                | -              | -                           | -                          | 30,978                             | 30,978                               |
| Financial liabilities     | 83,623                | -              | -                           | -                          | 83,623                             | 83,623                               |
| Lease liabilities         | 1,614                 | 1,847          | 13,423                      | 11,485                     | 28,369                             | 22,944                               |
| <b>Total</b>              | <b>116,215</b>        | <b>1,847</b>   | <b>13,423</b>               |                            | <b>142,970</b>                     | <b>137,545</b>                       |
| <b>As at 30 June 2022</b> |                       |                |                             |                            |                                    |                                      |
| Trade and other payables  | 14,039                | -              | -                           | -                          | 14,039                             | 14,039                               |
| Lease liabilities         | 663                   | 653            | 879                         | -                          | 2,195                              | 2,086                                |
| <b>Total</b>              | <b>14,702</b>         | <b>653</b>     | <b>879</b>                  |                            | <b>16,234</b>                      | <b>16,125</b>                        |

### b) Credit risk

Credit risk represents the loss that would be recognised if a counterpart 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 if 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 foreign exchange risk, the Group monitors the sensitivity of future cash flows to movements in the Australian dollar and US dollar exchange rate. At present, the Group does not hedge its exposure to foreign currency exchange rate movements.

#### 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 monitors the sensitivity of future cash flows to movements in lithium prices. There is not currently a derivatives market for lithium spodumene, to facilitate the hedging of the commodity price risk.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## 27 Financial risk management and capital management (continued)

### *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:

- Monetary financial assets and financial liabilities not readily traded in an organised financial market are carried at book value, and
- 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 are a reasonable approximation 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 2023 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 2023.

Note 26 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 Chair*

29 September 2023

# Independent Auditor's Report



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## Independent Auditor's Report

To the Members of Core Lithium Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Core Lithium Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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 2023 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.

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### 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  |
|---|---|
| <p><b>Carrying value of plant, equipment and mine development assets – Note 7</b></p> <p>The Group's Finniss Lithium Mine ("Finniss") has a carrying value for plant, equipment and mine development assets of \$241.174 million. As prescribed in AASB 136 <i>Impairment of Assets</i>, management is required to undertake impairment testing if an impairment trigger is identified.</p> <p>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 Project and the utilisation of the relevant assets.</p> <p>The key assumptions identified include:</p> <ul style="list-style-type: none"> <li>• forecast mining production and spodumene concentrate sale schedules;</li> <li>• forecast spodumene concentrate prices and foreign exchange rates;</li> <li>• forecasted production costs;</li> <li>• life of mine reserves underpinning production schedules; and</li> <li>• the discount rate.</li> </ul> <p>This area is a key audit matter due to the level of management judgement and estimation used in the discounted cashflow models</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• enquiring with management to obtain and document an understanding of management's process relating to the assessment of impairment, including management's consideration of valuation techniques required by the accounting standards for determining the recoverable amount of the Group asset's;</li> <li>• Considering the competence and objectivity of the Group's internal and external experts involved in determining the discount rate used in the calculations;</li> <li>• obtaining management's reconciliation of capital and development assets and agreeing to the general ledger;</li> <li>• assessing the determination of the CGU based on understanding how the Chief Operating Decision Maker monitors the Group's operations and makes decisions about the assets that generate independent cash inflows;</li> <li>• obtaining management's recoverable amount calculation and analysing for appropriateness against AASB 136 <i>Impairment of Assets</i>, including: <ul style="list-style-type: none"> <li>– scrutinising management's life-of-mine production schedule;</li> <li>– testing the mathematical accuracy of the calculation formulas;</li> <li>– evaluating management's ability to perform accurate estimates;</li> <li>– testing forecast cash inflows and outflows to be derived by the CGU's assets;</li> <li>– assessing discount rates, estimated spodumene concentrate prices and foreign exchange rates applied to forecast future cash flows;</li> <li>– performing sensitivity analysis on assumptions; and</li> </ul> </li> <li>• reviewing the appropriateness of the related disclosures in the financial statements.</li> </ul> |

# Independent Auditor's Report

| Key audit matter   | How our audit addressed the key audit matter   |
|--|--|
| <b>Inventory valuation – Note 5</b>  |  |
| <p>As at 30 June 2023, the Group held inventories of \$28.851 million, of which \$26.639 million related to finished goods and ore stockpiles, which were recorded at the lower of cost and net realisable value.</p> <p>The assessment of the valuation and classification of ore stockpiles includes a number of estimates and judgements. These include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• the determination of tonnes on hand at year end;</li> <li>• the allocation of mining and processing costs to inventory based on the stage of production;</li> <li>• the estimation of recovery rates; and</li> <li>• the estimation of costs to sell.</li> </ul> <p>This is a key audit matter given the complexity of management estimates and judgements applied.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• obtaining an understanding of the key controls management has in place with respect to the valuation and classification of ore stocks on hand;</li> <li>• attending inventory stock-takes and observing the surveys completed;</li> <li>• reconciling the results of the surveys to management's inventory model;</li> <li>• assessing the completeness and accuracy of costs allocated to inventories based on each stage of production;</li> <li>• assessing the inputs and estimates used in estimating net realisable values; and</li> <li>• assessing the appropriateness of related disclosures in the financial statements.</li> </ul> |

## 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 2023, 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](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 2023.

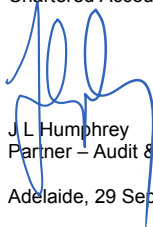
In our opinion, the Remuneration Report of Core Lithium Limited, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

#### 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 AUDIT PTY LTD  
Chartered Accountants



J.L. Humphrey  
Partner – Audit & Assurance

Adelaide, 29 September 2023

## 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 2023.

The Company is listed on the Australian Securities Exchange.

### Substantial shareholders

There are no substantial shareholders at the effective date.

### Voting rights

|                           |   |
|---------------------------|---|
| <b>Ordinary shares</b>    | 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. |
| <b>Performance rights</b> | No voting rights.   |

### Buy-back

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

### Distribution of equity by security holders

| Holding                  | QUOTED ORDINARY SHARES |               | Performance Rights <sup>1</sup> |
|--------------------------|------------------------|---------------|---------------------------------|
|                          | #                      | %             |                                 |
| 1 – 1,000                | 15,829                 | 0.49          | –                               |
| 1,001 – 5,000            | 24,240                 | 3.11          | –                               |
| 5,001 – 10,000           | 9,625                  | 3.60          | –                               |
| 10,001 – 100,000         | 15,561                 | 23.29         | 1                               |
| 100,001 and over         | 2,323                  | 69.51         | 7                               |
| <b>Number of holders</b> | <b>67,578</b>          | <b>100.00</b> | <b>8</b>                        |
| <b>Securities</b>        | <b>2,108,516,794</b>   |               | <b>2,776,549</b>                |

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

There were 18,388 holders of less than a marketable parcel of ordinary shares (\$500 amounts to 1,265 shares at a share price of \$0.395). There are no restricted securities or securities subject to voluntary escrow.

## Twenty largest holders of ordinary shares

|   | No. of<br>shares held | % Held         |
|---|-----------------------|----------------|
| 1 HSBC Custody Nominees (Australia) Limited                     | 199,545,938           | 9.46%          |
| 2 J P Morgan Nominees Australia Pty Limited                     | 111,274,879           | 5.28%          |
| 3 Citicorp Nominees Pty Limited                                 | 90,513,231            | 4.29%          |
| 4 Yahua International Investment & Development Co Ltd           | 69,815,094            | 3.31%          |
| 5 Mr Leendert Hoeksema  | 55,000,000            | 2.61%          |
| 6 BNP Paribas Noms Pty Ltd <DRP>                                | 25,562,913            | 1.21%          |
| 7 Washington H Soul Pattinson And Company Limited               | 22,500,000            | 1.07%          |
| 8 BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>    | 18,144,094            | 0.86%          |
| 9 Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>                | 16,351,952            | 0.78%          |
| 10 National Nominees Limited                                    | 15,579,368            | 0.74%          |
| 11 Merrill Lynch (Australia) Nominees Pty Limited               | 13,103,662            | 0.62%          |
| 12 Superhero Securities Limited <Client A/C>                    | 12,999,177            | 0.62%          |
| 13 BNP Paribas Nominees Pty Ltd ACF Clearstream                 | 9,610,039             | 0.46%          |
| 14 GDE Exploration (SA) Pty Ltd <A1 English Family A/C>         | 7,300,000             | 0.35%          |
| 15 Tarmo Investments Pty Ltd <Tjena Super Fund A/C>             | 7,263,400             | 0.34%          |
| 16 Mrs Slavka Mincic  | 5,487,009             | 0.26%          |
| 17 Citicorp Nominees Pty Limited <Colonial First State Inv A/C> | 5,431,767             | 0.26%          |
| 18 HSBC Custody Nominees (Australia) Limited – A/C 2            | 5,290,784             | 0.25%          |
| 19 Netwealth Investments Limited <Wrap Services A/C>            | 5,036,008             | 0.24%          |
| 20 Mr Sunil Pathak  | 5,018,652             | 0.24%          |
| <b>Top 20 shareholders as at 31 August 2023</b>                 | <b>700,827,967</b>    | <b>33.24%</b>  |
| <b>Total ordinary shares on issue</b>                           | <b>2,108,516,794</b>  | <b>100.00%</b> |

# Corporate Information

## Directors

Greg English  
Non-Executive Chair

Andrea Hall  
Non-Executive Director

Heath Hellewell  
Non-Executive Director

Malcolm McComas  
Non-Executive Director

## Company Secretary

Jarek Kopias

## Chief Executive Officer

Gareth Manderson

## Chief Financial Officer

Doug Warden

## Chief Operating Officer

Mike Stone

## Registered and Principal Office

Level 9, 2 Mill St  
PERTH Western Australia 6000

Telephone: +61 8 8317 1700

## Postal Address

PO Box 7890  
PERTH Western Australia 6850

## Web Address

[www.corelithium.com.au](http://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: 1300 288 664



