CORE LITHIUM

Annual Report 2021

Corporate information

Core Lithium Ltd ACN 146 287 809

Directors

Greg English
Non-executive Chairman

Stephen Biggins
Managing Director

Heath Hellewell
Non-executive Director

Malcolm McComas
Non-executive Director

Company Secretary

Jaroslaw (Jarek) Kopias

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Auditors

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Solicitors

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Home Stock Exchange

Australian Securities Exchange
20 Bridge Street
SYDNEY New South Wales 2000

ASX Code

CXO

Share Registry

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Contents

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

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

Core Lithium Ltd

Level 1, 366 King William Street

ADELAIDE South Australia 5000

Chairman's Letter

Dear Shareholder

FY2021 was a defining year for Core. Several significant milestones were accomplished during the year to position the Company to become Australia's next lithium producer.

Core has made material progress in all aspects of the Finniss Lithium Project ("Finniss Project"). Just after the FY2021 close, Core completed equity financing that sees us funded through late CY2022 when our first shipment of spodumene from Finniss is scheduled to leave the Port of Darwin.

We start FY2022 with the Finniss Project fully funded, and binding offtake agreements for spodumene concentrate from Finniss. We have completed the detailed engineering design of the Finniss Project mine and processing plant. We are also in the process of finalising key construction and mining contracts and plan to commence early site construction activities this financial year. Management capacity and systems are being developed to accommodate full construction and mining activities.

Interest in Core and our product continues to grow, and the completion of project financing has created a clear roadmap to product delivery. In FY 2023, when we expect to achieve steady-state production, Finniss is forecast to produce about 175,000tpa of spodumene concentrate for world markets.

In the financial year just concluded, the focus of the Company was to: grow the mineral resources to be able to support a +10 year mine life at the Finniss Project; complete the Definitive Feasibility Study ("DFS"); finalise offtake agreements with key customers and secure critical regulatory approvals and financing for the Finniss Project. I am pleased to note that the following have now been accomplished:

- Finalisation of the DFS for the Finniss Project highlighted the project's low technical risk, low capital intensity, and attractive financial returns.
- Declaration of a JORC Code (2012) compliant proved and probable ore reserve of 7.4Mt at an average grade of 1.3% Li_2O, sufficient for current design production of 8 years.
- Key regulatory approvals for Grants mine and processing facility have now been granted.
- After year-end, we completed a $91 million private placement to institutional and professional investors and a $25 million share purchase plan to existing shareholders. We now have sufficient funds to meet the forecast development costs of the Finniss Project.

The completion of the DFS was a significant achievement and will form the basis of any future Financial Investment Decision. The DFS was compiled with input from industry experts and Core in-house personnel.

The DFS confirmed the robust financial metrics for developing a 175,000 tpa spodumene concentrate plant at Finniss. The DFS incorporated up to date project assumptions, including a final capital cost and mining cost estimate. Based on the positive DFS, the Core board resolved to undertake a capital raise to ensure that the Finniss Project is fully funded before the Company making a Final Investment Decision.

Our offtake strategy has been to partner with significant end-users, and we have executed binding offtake agreements with Jiangxi Ganfeng Lithium and Ya Hua International. In addition to selling a spodumene concentrate, Core believes that a significant opportunity may exist for downstream processing of the lithium to make lithium hydroxide.

Many commentators and lithium industry forecasters predict strong growth in lithium markets and commodity prices in the near to medium term. These forecasts suggest that Finniss Project will commence production at the right time in the commodity price cycle.

The recent substantial increases in lithium prices and the robust outlook for lithium, supported by many independent commentators, provide a powerful backdrop to our growth plans as Australia's next lithium producer.

Chairman's Letter

The past year has been one of the busiest in our history. I do not doubt that the year ahead will be even busier as we commence construction of the Finniss Project and continue to step up exploration activities targeting additional discoveries that could further enhance our lithium resource inventory. Further exploration success will enable us to extend the Finniss Project's life or potentially increase production by upgrading our treatment facilities.

We strongly believe that the best place to look for the next stage of the Company's growth is right on the doorstep of Finniss. We have executed the option agreement to potentially acquire the nearby lithium and tin tenements and believe they present an opportunity to expand resources and the Finniss Project mine life. Resource growth will also underpin the potential of any future downstream processing opportunities.

While delivering a quality mine development at Finniss remains our key focus in the short term, we have not lost sight of the next horizon of the Company's growth. Our solid asset base and substantial cash, which we expect to generate, means we will be uniquely placed to capitalise on near term exploration success and downstream processing opportunities.

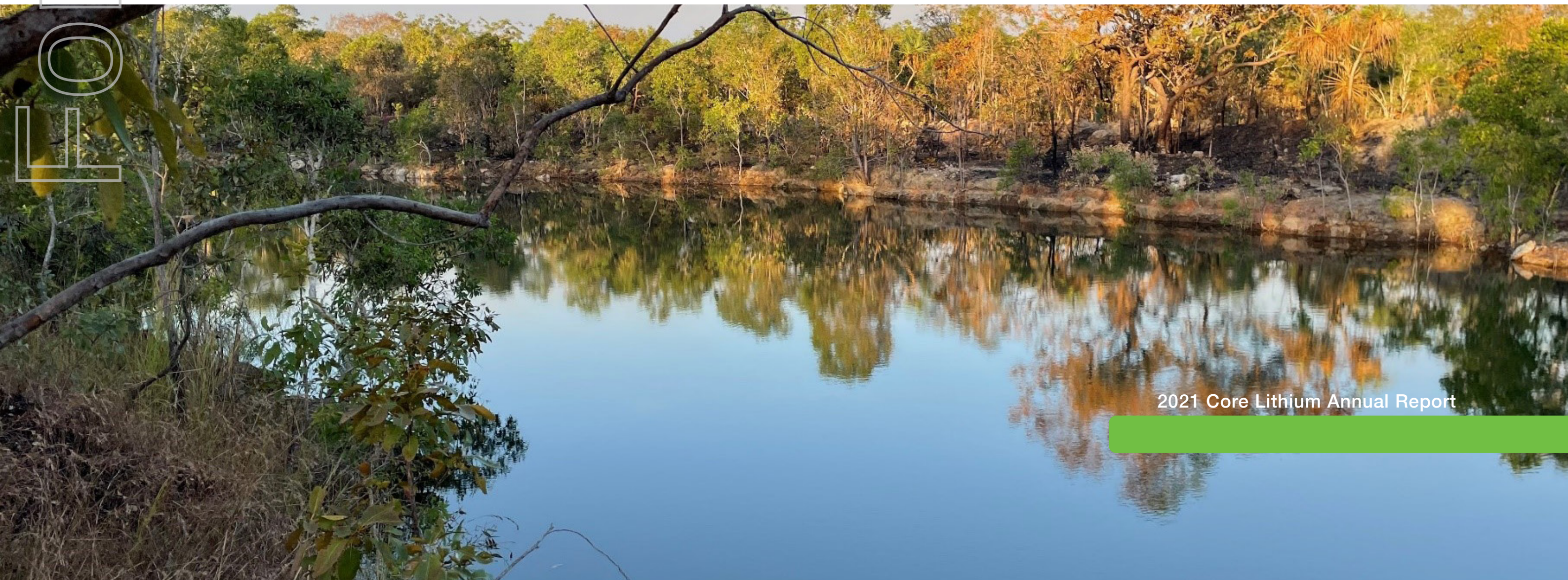
A significant focus during the 2021 financial year has been managing the risks introduced by COVID-19 while at the same time maintaining business continuity. The Company responded to COVID-19 by focusing on managing the health and safety of our people and contractors while at the same time maintaining focus on business continuity.

Our culture enabled us to adapt to remote working and a volatile environment quickly. We were able to maintain continuity of operations by reducing people movements by implementing working from home arrangements. While we did not experience any material disruption, COVID-19 restrictions hindered our short-term ability to explore the Finniss Lithium Project and our other Northern Territory tenements.

FY2022 will see Core move into our next phase of growth. We are proud of the achievements of our team in FY2021, and we have exciting opportunities ahead of us. We thank the Core team for their dedication and energy in delivering results within a challenging environment. We also express our gratitude to our offtake partners with who we have developed a healthy relationship. Finally, we thank our shareholders for your continued support, trust, and confidence.

Greg English
Chairman

Core Lithium Ltd



Managing Director's Report

As the world continues to head towards a lower emission future, Core Lithium is ready at the right time to commence building the first lithium mine and processing facility in the Northern Territory.

Accelerated growth of electric vehicle (EV) sales combined with rapidly increasing lithium prices reflect that the global lithium sector is forecast to be in perpetual deficit. Underinvestment in supply has now left the world short of low-risk, development-ready lithium projects like our flagship Finniss Lithium Project in the NT.

Fully financed with offtake secured, all approvals in place, construction-ready and with a short development pathway to production, together with a long-term staged approach to adding further value. We are ready to bring Finniss to the world stage.

Core is uniquely placed as the only ASX-listed, Australia-based company forecasting the commencement of new production of lithium spodumene concentrate in 2022. This places the Company ahead of other higher-risk and less-advanced lithium projects around the globe.

Core has achieved – and continues to achieve – key milestones on a regular basis throughout the 5-year journey from initial acquisition and discovery though to resource growth, feasibility and successful project finance.

Over the past financial year in particular, Core has achieved significant milestones at the Finniss Project, whilst Core continued to work in the background on completing a Stage 1 Definitive Feasibility Study (DFS) for the Finniss Project, as well as finalising offtake arrangements.

Those crucial pieces of the puzzle were finalised and announced to the market subsequent to the end of the reporting period, paving the way for Core to secure finance for the construction of the Finniss Project ahead of the Final Investment Decision and commencement of construction, which is on-track for the end of this year.

Demand for lithium batteries for EVs and renewable energy storage is surging, in line with our expectations, and we are ready to bring the Finniss Project into production before the end of 2022.

The quality of our Finniss Project and its long-term prospectivity has been demonstrated through the three stages of the Project, which would see us extending our mine life beyond 10 years and developing our own downstream lithium hydroxide processing infrastructure in the NT.

Our long-term plans for Finniss have been validated by some of the world's most significant lithium producers, most notably of which include our long-standing relationship with Yahua and, as of recently, with the world's largest lithium producer Ganfeng.

Given its low start-up capital requirements, existing infrastructure and proximity to offshore transport services, the Finniss Project is well placed to be a major competitor for ethically-sourced, low-cost and low emission-produced spodumene concentrate, meeting the world's growing demand for lithium batteries for EVs and other renewable energy technologies.

We are proud to enable the NT to play a significant role in contributing to the global lithium battery supply chain, as well as the growth of EVs and renewable energy storage to reduce emissions around the globe.

Core is committed to operating in a safe and sustainable manner, which means operating responsibly. Along with completing Greenhouse Gas and Life Cycle assessments for the life of the Finniss Project, Core is working to build its ESG credentials and is in the process of developing a sustainability road map in line with good ESG industry practice.

The excellent position of the Company reflects the persistence and belief by Core and its shareholders in our world-class Finniss Project. Core's executive and management teams, supported by each member of our team at Core, have played a key role in the Company's success to date, from exploration and development through to finance.

I'd like to thank the Northern Territory and Federal Governments for their continued support and endorsement of what we plan to achieve at Finniss, as well as our various stakeholders and, importantly, the local communities in which we are operating. We look forward to delivering significant prosperity to the region.

Lastly, I'd like to thank our shareholders for their immense support; the Finniss Project is now fully financed and ready to go thanks to you. Core looks forward to achieving our next key milestones by starting construction later this year and commencing production of high-quality lithium concentrate from northern Australia in 2022.

Project Overview

LITHIUM PROJECTS

FINNISS LITHIUM PROJECT

NORTHERN TERRITORY

100% CXO owned

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

The approved Finniss Lithium Project is Australia's most advanced new lithium project on the ASX and places Core Lithium at the front of the line of new global lithium production.

Approximately 88km from Darwin Port, the Finniss Lithium Project is supported by one of the best logistics chains to Asia of any Australian lithium project.

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

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

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

Results from the Stage 1 DFS, released to the market in July 2021, highlighted the strong economics of mining the Grants, BP33, Carlton and Hang Gong deposits at Finniss and supported an initial 8-year mine life. Results from the Extension Scoping Study (ESS) which was also released to the market in July 2021, highlighted the ability to grow Finniss and confirmed a 10-year mine life when including some Mineral Resource inventory.

These studies confirmed initial capital expenditure of $89 million illustrating the low capital intensity of the project. They also confirmed the competitive C1 operating cost and All-In Sustaining Cost (AISC) profile of Finniss.

A Lithium Fines By-Product Scoping Study released to the market in July 2021 not only demonstrated a pathway to effectively manage waste streams, but also confirmed the ability to reduce operating costs over the life of the project for a nominal upfront capital investment.

Following the feasibility studies, Core signed a conditional offtake agreement with Ganfeng Lithium for 75,000 tonnes per year of spodumene concentrate over 4 years alongside a $34 million strategic investment conditional on Core Lithium Ltd shareholder approval and Chinese regulatory approvals. Core also raised $91 million via placement to mostly global and domestic institutional investors and completed a Share Purchase Plan raising an additional $25 million. Funds raised enable Core to advance the Finniss Project with a view to a Final Investment Decision (FID) in 2021.

The studies, offtake agreement with Ganfeng Lithium and subsequent capital raising activity highlights the positive outcomes of the potential development of the Project, suggesting a strong case for a standalone 1Mpta Dense Media Separation (DMS) concentrate production and export operation.

Approval of the project's Mine Management Plan, Major Project Status from the Australian Federal Government, binding offtake agreements signed, and project finance secured are key milestones that Core has achieved as it plans to build Australia's first lithium mine and production facility outside of Western Australia, commencing in 2021.

Project Overview

LITHIUM PROJECTS

FINNISS LITHIUM PROJECT (CONT)

MINERAL RESOURCES AND ORE RESERVES

The Finniss Lithium Ore Reserves are estimated at 7.4Mt @ 1.3% Li_2O is one of the highest grade spodumene projects in Australia. The Project is located within Core's large ground holding over one of Australia's significant spodumene pegmatite fields near Darwin in the Northern Territory. Core has an excellent geoscientific dataset and a well-resourced exploration team focused on project expansion. The current Mineral Resources and Ore Reserves which were upgraded on 26 July 2021 are shown below.

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

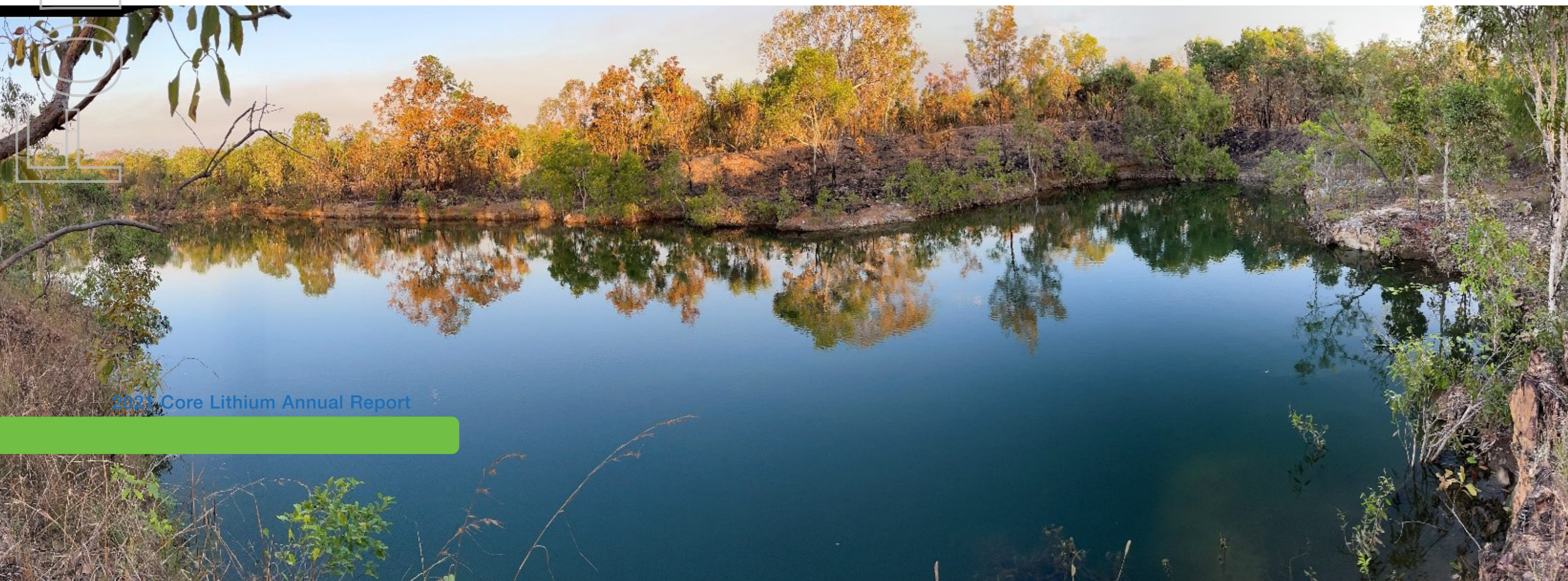
RESOURCE CATEGORY	TONNES	Li_2O (%)	Li_2O (t)
Finniss Measured	1,960,000	1.50	29,500
Finniss Indicated	600,000	1.50	9,000
Finniss Inferred	330,000	1.35	4,400
Total	2,890,000	1.49	42,900

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

ORE RESERVE CATEGORY	TONNES*	Li_2O (%)	$L_{i2}O$ (t)
Finniss Proved	3,800,000	1.4	52,100
Finniss Probable	3,700,000	1.2	45,800
Total	7,400,000	1.3	97,900

* *Figures have been adjusted for rounding.*

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



Project Overview

LITHIUM PROJECTS

FINNISS LITHIUM PROJECT (CONT)

MINING

In July 2021, Core released a Stage 1 Definitive Feasibility Study on the Finniss Lithium Project, which detailed a further increase to Life of Mine (LOM).

Total Ore Reserves now stand at 7.4 million tonnes (Mt), which supports an 8-year LOM assuming open pit mining methods at the Grants and Hang Gong deposits and underground mining methods at the bottom of the Grants Pit, BP33 and Carlton deposits.

The DFS was also extended beyond Measured and Indicated Resource Categories, with an Extension Scoping Study conducted in parallel to assess true project potential and to help direct immediate resource conversion and resource extension drilling efforts.

The DFS and ESS strengthen the potential for the Finniss Project to achieve a 10-year Project and potentially beyond.

The DFS demonstrates the Project's economics to be compelling, with low capital costs and competitive operating costs that result in strong operating margins and rapid payback.

The excellent Stage 1 DFS economics are further reflected in the pre-tax IRR of 53%, pre-tax NPV_8 of A$221 million and LOM pre-tax, pre-financing free cash flows of A$344 illion (the post-tax IRR and NPV_8 is 47% and A$170 million respectively with a post-tax free cash flow of A$267 million), from revenue of A$1.3 billion (assuming a LOM average concentrate price of US$743/t FOB).

LOM C1 operating costs of US$364/t concentrate (FOB) generate a robust LOM operating margin of more than US$370/t, assuming a LOM average sale price of US$743/t (FOB).

LOM average All-In Sustaining Costs are similarly competitive at US$441/t concentrate (FOB). Core has increased aggregate Mineral Resources and Ore Reserves for the entire Finniss Lithium Project substantially since 2018 and has planned a Stage 2 process to further extend the mine life and increase the Project's free cash flow tenure.

Completion of the DFS now paves the way for the Company to commence development and construction of Stage 1 by the end of this year, subject to a Final Investment Decision, and start delivering spodumene concentrate to customers in 2022.

Core also released a Fines Scoping Study on 26 July 2021 which demonstrated a potential by-product, Lithium Fines. The by-product represents a potential value improvement opportunity to the Finniss Lithium Project through production and sale of Lithium Fines grading approximately 1.0% Li_2O. The study can also be viewed as reducing the overall unit operating costs of producing 5.8% spodumene concentrate. Based on the assumptions within the scoping study, it is estimated that producing and selling Lithium Fines has the potential to reduce the unit C1 operating costs shown in the Stage 1 DFS by US$23/tonne of spodumene concentrate.

Project Overview

LITHIUM PROJECTS

FINNISS LITHIUM PROJECT (CONT)

PROCESSING

Core has been working with Primero in developing the appropriate processing flowsheet (refer Figure 1 below) as well as preparing an Engineering Procurement and Construction (EPC) estimate for the gravity concentrate plant. Following delivery of the EPC estimate Core engaged the Primero Group to complete to 30%, a Front-End Engineering & Design (FEED) study for the Grants Project.

PRODUCT HAULAGE

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

THE DARWIN PORT

The Darwin Port Authority (Darwin Port) continues to support Core's plans to export concentrate from the East Arm port in Darwin in May 2021, Core announced the execution of an operating agreement with the Darwin Port Operations Pty Ltd (DPO), for Core to export its lithium products produced at the Finniss Project through Darwin Port. The operating agreement has a 5-year term and the ability to use the existing facilities, combined with the short haulage distance on existing sealed roads suitable for trucking means that Core has minimal capital costs and low operating costs for its logistics chain from mine to port.

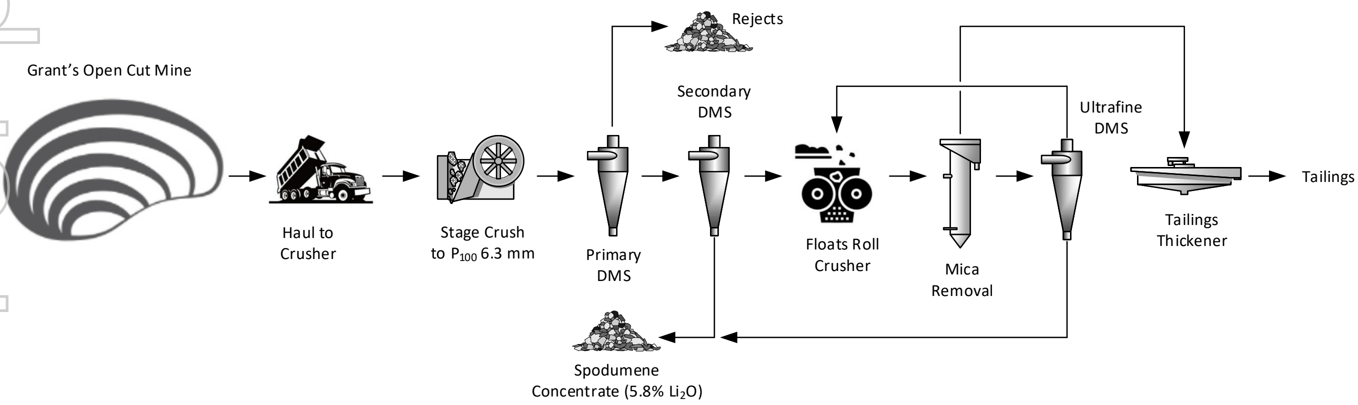


Figure 1 *DMS processing flowsheet.*

Project Overview

LITHIUM PROJECTS

FINNISS LITHIUM PROJECT (CONT)

ESG credentials in focus

Core has formed a partnership with global environmental and sustainability consultants ERM Group to provide a carbon footprint evaluation, Life Cycle Analysis and Sustainability Assessment of the Finniss Project.

Core is committed to operating in a safe and sustainable manner, which means operating responsibly. Core is working with ERM Group to build its ESG credentials and is in the process of developing a sustainability road map in line with good ESG industry practice. Refer Figure 2 below regarding Core's approach to sustainability.

The Company completed a greenhouse gas (GHG) assessment for the life of the proposed Finniss Project, which evaluated estimated Scope 1, Scope 2 emissions associated with all operations at the mine (land clearing, fuel consumption, electricity usage and blasting) and Scope 3 emissions including transport of products and consumables, business travel and employee commutes.

Each scope considered carbon dioxide (CO_2), nitrous oxide (N_2O) and methane (CH_4). Scope 1 and 2 were calculated using the National Greenhouse and Energy Reporting emission estimation methodology (Australian Government 2017), while Scope 3 emissions were estimated using the Greenhouse Gas Protocol (UK government 2020).

The assessment identified that the Finniss Project aligns well when compared on an emission intensity level (total emissions per tonne of product produced) to published emission intensities for other spodumene concentrate production facilities in Western Australia for Scope 1 and 2.

This comparison is further improved when Scope 3 emissions are included in the assessment due to the limited distance to transport the SC6 product from the site to the refining facilities.

Core also completed a Life Cycle Assessment (LCA) of spodumene concentrate from the Finniss Lithium Project.

LCA is a methodology for assessing the 'cradle-to-grave' environmental benefits of products and processes by assessing environmental flows (i.e. impacts) at each stage of the life cycle. LCA aims to include all important environmental impacts of the product system being studied. In doing so, LCA provides the necessary information to avoid shifting impacts from one life cycle stage to another or from one environmental impact to another when designing or adjusting systems.

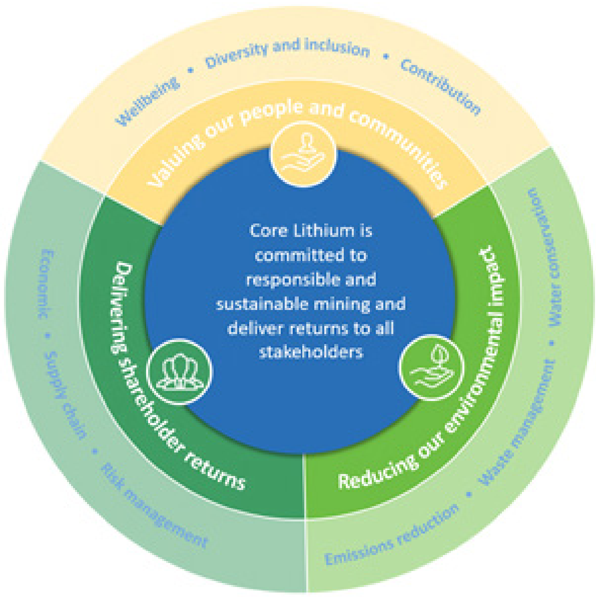


Figure 2 *ESG credentials in focus.*

Project Overview

LITHIUM PROJECTS

FINNISS LITHIUM PROJECT (CONT)

Lithium Offtake Agreements

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

Offtake Agreements will account for a large proportion of production over the first few years of commercial production, underpinning the Finniss Lithium Projects production profile and providing great confidence to Core to fast-track development of the mine.

Yahua Offtake Binding Agreement

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

The Offtake Agreement is for the supply of 1 million dry metric tonnes of direct shipping lithium ore (DSO) or concentrate equivalent from the Mineral Lease that contains the Grants Project and EL 29698. Core has agreed to supply the concentrate equivalent circa 6% Li_2O spodumene concentrate to Yahua for their growing lithium hydroxide production as Yahua's own downstream demand increases within China and from overseas customers.

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

Ganfeng Offtake Binding Agreement

In August 2021, Core signed a Binding Offtake and share subscription agreement with a subsidiary of Jiangxi Ganfeng Lithium Co., Ltd (Ganfeng), the world's largest lithium producer by production capacity, for 75,000 tonnes per annum over 4 years resulting in approximately 80% of Finniss' Stage 1 production being contracted over the first 4 years of the mine life. In addition, Ganfeng has agreed to a A$34 million equity investment into Core at a 10% premium to the 10-day VWAP, equating to an issue price of 33.8 cents per share (Equity investment). The Equity Investment is subject to remaining conditions precedent (Equity Conditions), including:

- Chinese regulatory approvals; and
- Approval by Core shareholders

The Equity Conditions must be satisfied or waived by 31 October 2021. The Offtake agreement includes conditions precedent to the Offtake including the receipt of the Equity Investment and the conditions precedent of the Equity Investment.

Project Overview

LITHIUM PROJECTS

FINNISS LITHIUM PROJECT (CONT)

Finniss Lithium Project Regional Exploration

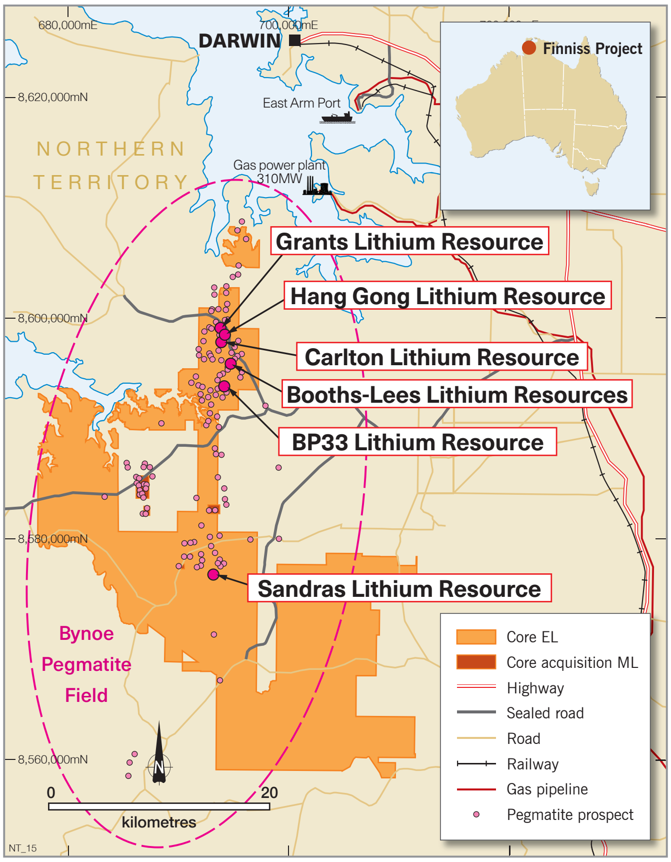
Drilling programs in FY2021 resulted in project expansion and Finniss Lithium Project mine life extension and highlight the potential to further grow mine life. Further exploration activity is planned over exploration tenements in the NT in 2021.

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

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

In March 2021 Core announced the signing of an option agreement to acquire six granted Mineral Leases containing over 30 lithium pegmatite targets adjacent to the Finniss Lithium Project ("Project").

These granted MLs all have a history of tin and tantalum mining and production from pegmatites with similar chemistry as the high-grade spodumene pegmatites on Core's adjacent Finniss Lithium Project tenements with the potential to significantly accelerate Core's resource expansion plans.



Project Overview

LITHIUM PROJECTS

Anningie and Barrow Creek Lithium Projects

NORTHERN TERRITORY

100% CXO owned

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

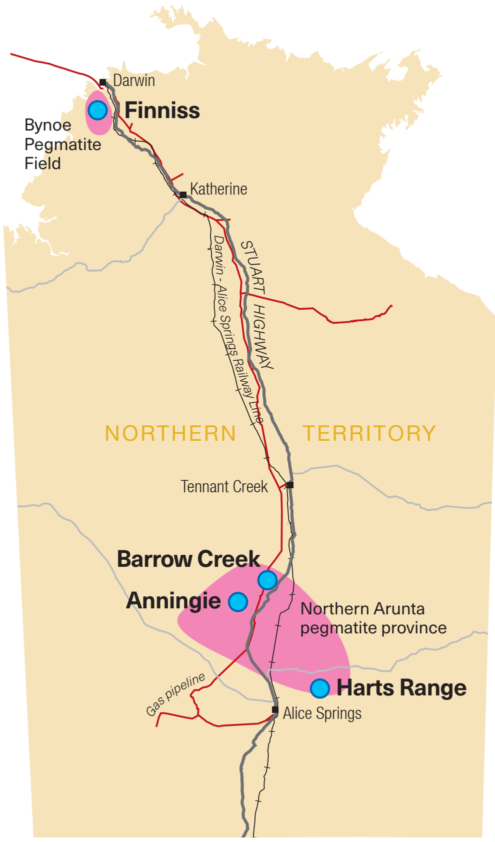
Core's Anningie and Barrow Creek Lithium Projects encompass five exploration licences covering approximately 2,000km^2 in and around the Anningie and Barrow Creek Tin Tantalum Pegmatite fields in the north Arunta Region of the NT, which are considered highly prospective for lithium.

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

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

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

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



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

Project Overview

ZINC & COPPER PROJECTS

Yerelina Zinc Project

SOUTH AUSTRALIA

CXO 100%

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

At the Great Gladstone prospect, a 17m intersection from 145m depth of mineralised breccia and veining averages a zinc plus lead grade of 1.4% and 19g/t silver and includes higher grade zones of 4m at 3% zinc, 1% lead and 59g/t silver from 150–154m ("Zinc grades confirm significant system at Yerelina" 26/11/15).

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

Of the 38 samples taken along a 1km section of fault zone at Great Gladstone, 34 returned combined lead and zinc assays in excess of 1% and over 1g/t silver with the best assay at 14.7% zinc. Lead values peaked at 12.7% and silver at 567g/t ("10m wide gossan found at Yerelina Zinc Project" 02/06/15).

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

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

Jervois Domain

NORTHERN TERRITORY

CXO 100%

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

Core's first pass shallow drilling program found visible copper mineralisation near surface and over intersections several metres wide in a number of drill holes and elevated copper levels on all five traverses drilled across a 15km section of the Big-J target zone ("Jervois reconnaissance drill results exceed expectations" 23/11/15).

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

Obvious large untested 2,000m to 6,000m gaps within the 20km length of the Big-J are targets for infill reconnaissance drilling. In addition, KGL's nearby work has also shown the success of applying geophysics to find deeper deposits at Jervois, and potential to complement its near surface exploration with additional geophysics to aid drill targeting and interpretation.

Project Overview

SILVER PROJECTS

Blueys and Inkheart Lead/Silver Project

EL28136, NORTHERN TERRITORY

CXO 100%

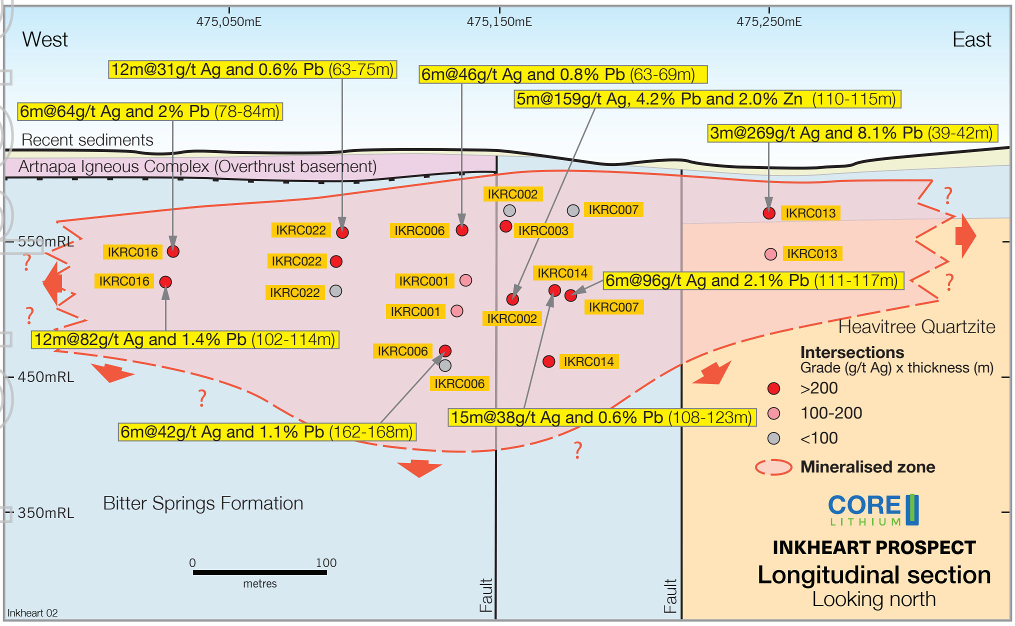
Core received impressive silver and lead results in previous reverse circulation (RC) drilling at its Blueys and Inkheart Prospects in the Northern Territory.

Core's RC drilling in 2014 intersected additional broad zones of silver and lead mineralisation including high grades up to 268g/t silver (Ag) and 8% lead at the nearby Inkheart Prospect in the NT ("Additional Silver Lead Mineralisation Discovered at Inkheart" 21/10/14).

The mineralised zone at Inkheart was intercepted consistently for at least 500m along strike and contained wide and high-grade intersections mostly within the host carbonates of the Bitter Springs Formation. The mineralised zones at Inkheart are open to the north east, at depth and potentially to the south west ("New Intersections Extend Mineralisation at Inkheart, NT" 03/11/14).

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

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



Inkheart prospect longitudinal section.

Project Overview

URANIUM PROJECTS

Napperby Advanced Uranium Project

NORTHERN TERRITORY

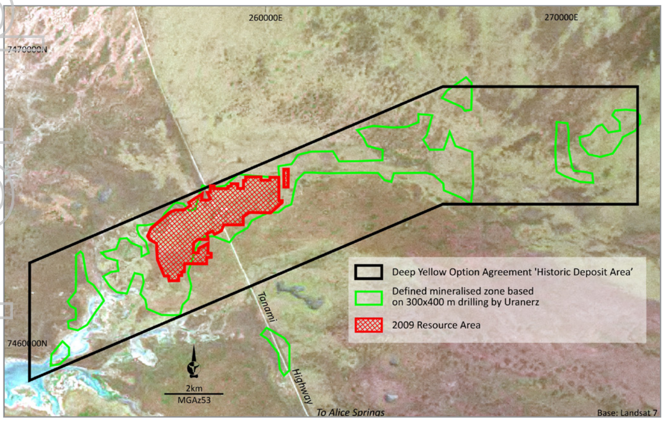
CXO 100%

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

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

Napperby also includes significant Vanadium mineralisation that represents a 9.54Mt Inferred Mineral Resource at 236ppm V_2O_5.

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



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

Fitton Project

SOUTH AUSTRALIA

CXO 100%

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

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

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

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

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

Project Overview

GOLD PROJECT

Bynoe Gold Project

NORTHERN TERRITORY

CXO 100%

The Bynoe Gold Project is located adjacent to Core'sflagship Finniss Lithium Project in the NT.

In September 2020, Core revealed assays from a gold reassay program on the Bynoe Gold Project had resulted in new targets and prospects emerging and existing gold targets being affirmed. An impressive result of 828ppb Au in a conventional soil sample originally collected for lithium was received from a new prospect named Pickled Parrot. This prospect was immediately geological mapped by Core and found to be the focus of a series of quartz veins in an area of least 300m in length and 50m wide ("New Gold Prospects Identified at Bynoe Gold Project" 16/09/20).

The re-assay results have also generated a number of new targets, including Far East (up to 150ppb Au in soils), Piper North (up to 151ppb Au in soils) and Westwood (up to 96ppb Au in soils). Regional mapping and reconnaissance rock chip sampling led to the discovery of a number of exciting gold prospects, including Covidicus West, where ubiquitous gold bearing sulphide occurs along the flank of a large quartz vein system. One rock chip assayed over 100g/t Au and numerous others are above 10g/t. The presence of gold has also been confirmed via visible gold grains in arsenopyrite at the prospect.

Based on the early success of the re-assay program, it is likely that a plethora of further targets exist, where documented quartz vein systems have not been assessed for gold, but gold-indicator elements such as As, Sb and Bi are anomalous – and many quartz vein systems in the Bynoe Field have not been tested at all. Numerous gold targets have now been generated and Core believes it is well positioned in terms of tenure, easy access, local expertise and gold prospectively to progress the gold exploration potential at both the Bynoe and nearby Adelaide River Gold projects.

In December 2020, Core revealed that soil sampling, regional mapping and reconnaissance rock chip sampling led to the discovery of a series of exciting new gold prospects (Windswept, Hurricane, Congo and Far East) in the northern part of the Bynoe Project tenements. These four new gold prospects link together as a series of steep-dipping, north-striking sulphide rich and gold-bearing quartz veins hosted within silicified and sulphide altered metasedimentary rocks of the Burrell Creek formation. Over 80 gold nuggets measuring at up to 5 grams were recovered by detecting work carried out by the Core field team. An extensive soil sampling grid has also been collected along the trend and highlighted regular high-grade gold-in-soils, including 11 samples above 1g/t gold ("Gold Nuggets and High-Grades at New 1600m Bynoe Target" 10/12/20).

Project Overview

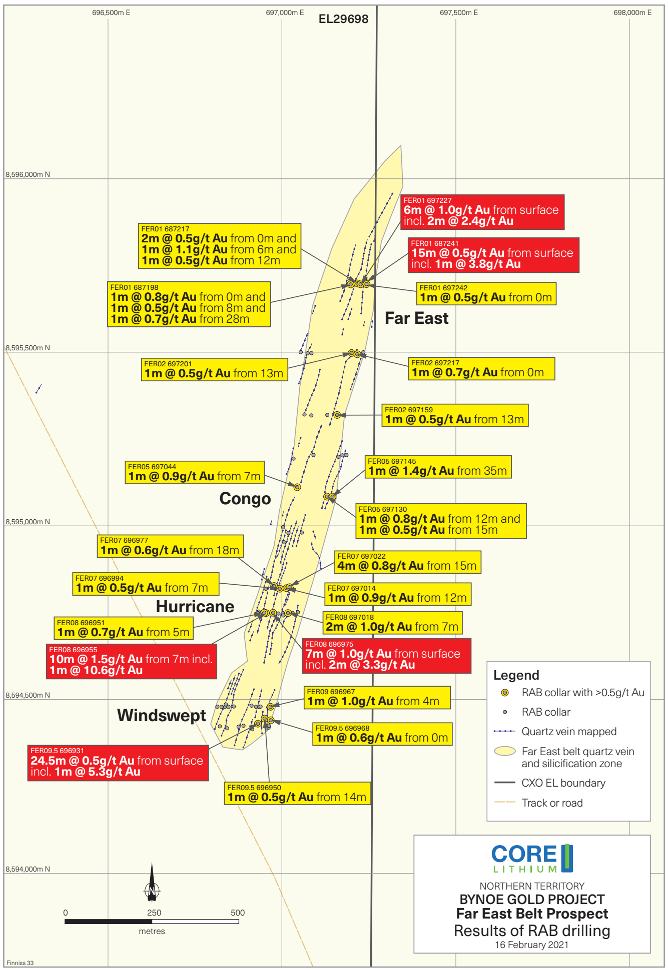
GOLD PROJECT

BYNOE GOLD PROJECT (CONT)

Far East Gold Prospect

Core's first-pass RAB drilling at Far East confirmed gold mineralisation beneath the 1,600m long and 100-150m wide series of gold bearing quartz veins. This shallow drill program interested elevated gold along the entire 1,600m length of this series of connected gold prospects. The assay results are considered highly encouraging given the reconnaissance nature of the drilling as gold has now been positively identified in the subsurface within quartz veins. Lower-level gold mineralisation has also been encountered in the enclosing Burrell Creek Formation host-rocks (metasediments).

Approximately one-third (23) of the 74 holes drilled returned gold assays above 0.5 g/t and approximately two-thirds (50) of the drillholes intersected anomalous gold of above 100ppb.



Significant RAB gold intersections at Far East belt.

Tenement Schedule

as at 30 June 2021

TENEMENT NO	TENEMENT NAME	STATUS	EQUITY
South Australia			
EL 5731	Fitton	Granted	100%
EL 6038	Mt Freeling	Granted	100%
EL 6111	Yerelina	Granted	100%
EL 6445	Wyatt Bore	Granted	100%
Northern Territory			
EL 26848	Walanbanba	Granted	100%
EL 28029	White Range East	Granted	100%
EL 28136	Blueys	Granted	100%
EL 29347	Yambla	Granted	100%
EL 29389	Mt George	Granted	100%
EL 29580	Jervois East	Granted	100%
EL 29581	Jervois West	Granted	100%
EL 29698	Finniss	Granted	100%
EL 29699	Bynoe	Granted	100%
EL 30012	Bynoe	Granted	100%
EL 30015	Bynoe	Granted	100%
EL 30669	Ross River	Granted	100%
EL 30793	McLeish	Granted	100%
EL 31058	Barrow Creek	Granted	100%
EL 31126	Zola	Granted	100%
EL 31127	Ringwood	Granted	100%
EL 31139	Anningie West	Granted	100%
EL 31140	Anningie South	Granted	100%
EL 31145	Barrow Creek North	Granted	100%
EL 31146	Barrow Creek South	Granted	100%
EL 31271	Bynoe	Granted	100%
EL 31279	Sand Palms	Granted	100%
EL 31449	Napperby	Granted	100%
EL 31886	Adelaide River	Granted	100%
EL 32205	Finniss Range	Granted	100%
EL 32392	Ivy	Granted	100%
EL 32396	Murray Creek	Granted	100%
ML 31726	Grants	Granted	100%
ML 32074	Observation Hill	Granted	100%
MLN 16	Bynoe	Granted	100%
EMP 28651	Bynoe	Granted	100%
ML 32278	Grants Dam ancillary lease	Granted	100%
ML 32346	BP33	Granted	100%

1 *Does not include Mineral Leases under the Call Option deed. Refer to note 20 of the Financial Statements*


PDS390S
10.5K 315CFM
CAPS

Mineral Resource and Ore Reserves Statement

2021	LITHIUM MINERAL RESOURCE (FINNISS LITHIUM PROJECT, NORTHERN TERRITORY)				
Deposit	Category	Tonnes (Mt)	Li_2O (%)	Li_2O (t)	$LiCO_3$ (t)
Grants	Measured	1.09	1.48	16,100	39,815
	Indicated	0.82	1.54	12,600	31,160
	Inferred	0.98	1.43	14,000	34,622
	Total	**2.89**	**1.48**	**42,700**	**105,597**
BP33	Measured	1.50	1.52	23,000	56,879
	Indicated	1.19	1.5	17,000	42,041
	Inferred	0.55	1.54	8,000	19,784
	Total	**3.24**	**1.51**	**48,000**	**118,704**
Sandras	Inferred	1.30	1.0	13,000	32,149
	Total	**1.30**	**1.0**	**13,000**	**32,149**
Carlton	Measured	0.63	1.31	8,000	19,784
	Indicated	1.20	1.21	15,000	37,095
	Inferred	1.19	1.33	16,000	39,568
	Total	**3.02**	**1.28**	**39,000**	**96,447**
Hang Gong	Indicated	1.19	1.3	15,300	37,837
	Inferred	0.83	1.19	9,900	24,483
	Total	**2.02**	**1.2**	**25,200**	**62,320**
Booths & Lees	Inferred (Lees)	0.43	1.3	5,400	13,354
	Inferred (Lees South)	0.35	1.2	4,300	10,634
	Inferred (Booths/ Lees link)	1.47	1.06	15,700	38,826
	Total	**2.25**	**1.3**	**25,400**	**62,814**
TOTAL	Measured	3.22	1.47	47,100	116,478
	Indicated	4.40	1.37	59,900	148,133
	Inferred	7.10	1.22	86,300	213,420
FINNISS PROJECT	TOTAL	14.72	1.32	193,300	478,031

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

Mineral Resource and Ore Reserves Statement

2021	LITHIUM ORE RESERVE (FINNISS LITHIUM PROJECT, NORTHERN TERRITORY)			
Deposit	Category	Tonnes (Mt)	Li_2O (%)	Contained metal (kt)
Grants	Proved	1.0	1.4	14.9
	Probable	0.8	1.5	11.6
	Total	**1.8**	**1.5**	**26.5**
BP33	Proved	1.3	1.4	18.4
	Probable	1.0	1.4	13.2
	Total	**2.3**	**1.4**	**31.5**
Carlton	Proved	0.6	1.2	7.1
	Probable	1.0	1.0	10.6
	Total	**1.6**	**1.1**	**17.8**
TOTAL	Proved	2.9	1.4	40.4
	Probable	2.8	1.3	35.4
FINNISS PROJECT	TOTAL	5.7	1.3	75.8

Grants, BP33, Carlton and Lees use a 0.75% Li_2O cut-off, whereas Hang Gong and Booths/Lees use a 0.7% Li_2O cut-off, and Sandras uses at 0.6% Li_2O cut-off.
Subsequent to year end Core released an updated DFS in July 2021 which further increase Ore Reserves. Refer to ASX announcement "Stage 1 DFS and Update Ore Reserves" which has also been summarised in the table in the annual report above.

2021	INFERRED URANIUM MINERAL RESOURCE (NAPPERBY URANIUM PROJECT, NORTHERN TERRITORY)				
Ore tonnage (Mt)	Grade (U_3O_8 ppm)	Metal (U_3O_8 t)	Metal (U_3O_8 Mlb)	Vanadium (V_2O ppm)	
9.54	382	3,643	8.03	236	9. 54

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

Mineral Resource and Ore Reserves Statement

2020	LITHIUM MINERAL RESOURCE (FINNISS LITHIUM PROJECT, NORTHERN TERRITORY)				
Deposit	Category	Tonnes (Mt)	Li_2O (%)	Li_2O (t)	$LiCO_3$ (t)
Grants	Measured	1.09	1.48	16,100	39,815
	Indicated	0.82	1.54	12,600	31,160
	Inferred	0.98	1.43	14,000	34,622
	Total	**2.89**	**1.48**	**42,700**	**105,597**
BP33	Measured	1.50	1.52	23,000	56,879
	Indicated	1.19	1.5	17,000	42,041
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	Indicated	1.20	1.21	15,000	37,095
	Inferred	1.19	1.33	16,000	39,568
	Total	**3.02**	**1.28**	**39,000**	**96,447**
Hang Gong	Indicated	1.19	1.3	15,300	37,837
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Booths & Lees	Inferred (Lees)	0.43	1.3	5,400	13,354
	Inferred (Lees South)	0.35	1.2	4,300	10,634
	Inferred (Booths/ Lees link)	1.47	1.06	15,700	38,826
	Total	**2.25**	**1.3**	**25,400**	**62,814**
TOTAL	Measured	3.22	1.47	47,100	116,478
	Indicated	4.40	1.37	59,900	148,133
	Inferred	7.10	1.22	86,300	213,420
FINNISS PROJECT	TOTAL	14.72	1.32	193,300	478,031

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

Mineral Resource and Ore Reserves Statement

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

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

2020	INFERRED URANIUM MINERAL RESOURCE (NAPPERBY URANIUM PROJECT, NORTHERN TERRITORY)				
Ore tonnage (Mt)	Grade (U_3O_8 ppm)	Metal (U_3O_8 t)	Metal (U_3O_8 Mlb)	Vanadium (V_2O ppm)	
9.54	382	3,643	8.03	236	9. 54

Inferred Mineral Resource Estimate for Napperby Uranium Deposit at 200ppm U3O8 cut-off.

Competent Person Statements

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

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

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

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

The information in this release that relates to the estimation and reporting of Ore Reserves and Mineral Resources for the Grants deposit for the Finniss Project was first reported by the Company on 26 July 2021. The information in this release that relates to the estimation and reporting of Mineral Resources for the Finniss Project (other than the Grants deposit) was first reported by the Company on 15 June 2020. The information in this release that relates to production targets and forecast financial information for the Finniss Project was first reported by the Company on 26 July 2021. Core confirms that it is not aware of any new information or data that materially affects the information included in those announcements and that all material assumptions and technical parameters underpinning the, Mineral Resource estimates, Ore Reserve estimates, production targets and forecast financial information in those announcements (as applicable) continue to apply and have not materially changed, save for the Mineral Resources estimates of the Grants deposit reported by the Company on 15 June 2020 which has been updated by the 26 July 2021 release.

This report includes forecast financial information released as "Scoping Study Confirms 10 Year Lithium Production" on 26 July 202 and "Scoping Study identifies potential for Lithium Fines" on 26 July 2021.

Core confirms that it is not aware of any new information or data that materially affects the information included in those announcements and that all production targets and forecast financial information in those announcements continue to apply and have not materially changed.

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

The information in this Report that relates to the Estimation and Reporting of Open Pit Ore Reserves is based on, and fairly represents, information and supporting documents compiled by Mr Blair Duncan. Mr Duncan is currently the Chief Operating Officer for Core Lithium Limited.

Mr Duncan is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience with the style of mineralisation, deposit type under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code).

Competent Person Statements

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

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

Core's lithium Mineral Resource inventory at 30 June 2021 has not changed from that reported at 30 June 2020.

Core announced a further 30% increase to its Finniss Lithium Project Ore Reserve during the year in conjunction with the release of the 26 July 2021 DFS update for the Finniss Lithium Project as a result of further underground mine design and planning by OreWin Pty Ltd with a focus on the Grants, BP33 and Carlton deposits which allowed for conversion of Measured Mineral Resources to Proved Ore Reserves and Indicated Mineral Resources were converted to Probable Ore Reserves with the application of modifying factors The Company ensures that all Mineral Resource and Ore Reserve estimates are subject to appropriate levels of governance and internal controls. Exploration results are collected and managed by an independent competent qualified geologist. Core relies on drilling results from accredited laboratories in providing assay results used to estimate Mineral Resources and Ore Reserves. All data collection activities are conducted to industry standards based on a framework of quality assurance and quality control protocols covering all aspects of sample collection, topographical and geophysical surveys, drilling, sample preparation, physical and chemical analysis and data and sample management.

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

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

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

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

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

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

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

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

Directors' Report

Core's Directors have pleasure in submitting their report on the Company and its subsidiaries, for the year ended 30 June 2021.

DIRECTORS

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

Greg English

B.E. (Hons) Mining, LLB

Non-executive Chairman (appointed 10 September 2010)

Member of the Audit and Risk Committee

EXPERIENCE AND EXPERTISE

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

As Chairman of the board he has overseen Core's transition from a base metals and uranium focused minerals exploration company to Australia's next lithium producer. He has more than 30 years of mining engineering and legal experience where he has held several senior roles for Australian and multinational companies.

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

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

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

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

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

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

INTEREST IN SHARES

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

INTEREST IN OPTIONS / PERFORMANCE RIGHTS

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

Stephen Biggins

MBA, BSc (Hons) Geol, MAusIMM

Managing Director (appointed 10 September 2010)

Member of the Audit and Risk Committee

EXPERIENCE AND EXPERTISE

Stephen Biggins has 30 years' experience as geologist in the mining industry and 15 years as the Managing Director of ASX listed mining companies with projects in Australia and internationally.

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

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

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

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

None

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

None

INTEREST IN SHARES

As at the date of this report, 8,206,347 Ordinary Shares held by entities in which Mr Biggins has a beneficial interest.

INTEREST IN OPTIONS / PERFORMANCE RIGHTS

As at the date of this report, 5,000,000 unquoted Options and 6,500,000 unquoted Performance Rights subject to various performance-based hurdles and 4,198,332 vested unquoted Performance Rights.

Directors' Report

Heath Hellewell

BSc (Hons) AIG

Non-executive Independent Director (appointed 15 September 2014)

Chair of the Audit and Risk Committee

EXPERIENCE AND EXPERTISE

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

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

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

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

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

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

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

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

INTEREST IN SHARES

None as at the date of this report.

INTEREST IN OPTIONS / PERFORMANCE RIGHTS

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

Malcolm McComas

B.Ec, LLB (Monash)

Non-executive Independent Director (appointed 17 October 2019)

Member of the Audit and Risk Committee

EXPERIENCE AND EXPERTISE

Malcolm McComas is a private investor and an experienced company director and was previously an investment banker with leadership roles at several global organisations. Specifically, he was head of investment banking at County NatWest (now Citi Group) for 10 years and a director of Grant Samuel for a similar period following earlier roles at Morgan Grenfell (now Deutsche Bank) in Melbourne, Sydney and London. He has deep experience in equity capital markets and mergers and acquisitions and has worked across many industry sectors for companies, institutional investors and governments over a 30 year career in investment banking. He was previously a lawyer specialising in tax.

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

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

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

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

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

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

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

INTEREST IN SHARES

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

INTEREST IN OPTIONS / PERFORMANCE RIGHTS

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

Directors' Report

COMPANY SECRETARY

Jaroslaw (Jarek) Kopias

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

Company Secretary (appointed 21 June 2011)

Jarek Kopias is a Certified Practicing Accountant and Chartered Secretary.

He has 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 Company Secretary of Iron Road Ltd (ASX: IRD). He has held similar roles with other ASX entities in the past and has other business interests with numerous unlisted entities.

DIRECTORS' MEETINGS

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

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

1 *Chair of the Board*

2 *Chair of the Audit and Risk Committee*

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

PRINCIPAL ACTIVITIES

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

OPERATING AND FINANCIAL REVIEW

The net loss of the Group, for the year ended 30 June 2021, was $2,912,254 (2020: $4,386,412).

The key contributor to the decrease in the loss for the year was no impairment expense was recognised in the financial year (2020: $1.2 million). Current year expenditure primarily represents corporate salaries and wages totaling $1.1 million for key management supporting the development and financing of the Finniss Lithium Project as well as marketing expenditure totaling $0.3 million incurred in product marketing activities.

During the year Core achieved several key Company and project milestones including enhancing value and de-risking the Finniss Lithium Project (Project), located near Darwin in the Northern Territory, as follows:

- Approval of the Grants and Processing Facility Mine Management Plan from the Northern Territory Government including extension of the EIS to support a 7-year LOM from the Grants deposit,
- Continued identification of several attractive gold targets and prospects within the Bynoe Gold Project,
- Receipt of a $5 million conditional offer of a concessional Finance Facility from the NT Government,
- Granted a Mineral Lease for the BP33 lithium deposit,
- Raising $40 million through a share placement with global and domestic institutional investors,
- Acquired the right to over 30 multiple pegmatite mines adjacent to the Finniss Lithium Project within six granted Mineral Leases,
- Awarded Major Project Status by the Federal Government,
- Produced battery grade lithium hydroxide from a sample of spodumene concentrate from the Finniss Lithium Project,

Directors' Report

- Signed a 5-year operating agreement with the Darwin Port, and
- Completed a Life Cycle Analysis and Greenhouse Gas Assessment for the spodumene concentrate project confirming the Project has the lowest emissions from the transport of concentrate compared to any other Australian Lithium Project.

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

- Signed a Grid Connection Agreement with the NT Power and Water Corporation allowing Core to connect the Project to the grid network,
- Awarded a $6 million Modern Manufacturing Incentive grant from the Federal Government to co-fund the potential feasibility of building a lithium hydroxide plant in Darwin,
- Completed a DFS for the Project confirming 8 years of mine life backed by Ore Reserves and Extension Scoping Study confirming a 10 year mine life back by Ore Reserves and Inferred Resources,
- Completed a Scoping Study identifying the potential for Lithium Fines by-products to further enhance the value of the Project,
- Signed a 4 year offtake agreement with Ganfeng Lithium for 75,000tpa of concentrate alongside a $34 million strategic equity investment at a 10% premium to the 10-day VWAP, and
- Raised a further $91 million through a share placement to global and domestic institutional investors including an additional $25 million via Share Purchase Plan to existing shareholder to contribute towards funding the development of the Finniss Lithium Project.

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

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

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

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

DIVIDENDS

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

Directors' Report

EVENTS ARISING SINCE THE END OF THE REPORTING DATE

On 19 July 2021 Core announced the formal acceptance of a successful grant application from the Federal Government from the Modern Manufacturing Incentive totaling $6 million which will go towards co-funding feasibility studies and pilot plant test work through to March 2023 for a downstream lithium hydroxide chemical manufacturing facility in the Northern Territory.

On 8 August 2021 Core signed a Share Subscription Agreement with a subsidiary of Jiangxi Ganfeng Lithium Co., Ltd (Ganfeng) for a $34 million Equity investment alongside a product Offtake Agreement for 75,000 per annum over 4 years from commercial production. The equity investment alongside the product offtake agreement has received Core Shareholder approval and is subject to Chinese regulatory approvals which must be satisfied or waived by 31 October 2021.

On 13 August 2021 Core completed a $91 million Share Placement primarily to global and domestic institutional investors and announced a Share Purchase Plan (SPP) offering to existing eligible shareholder. The SPP closed on 2 September 2021 raising $25 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.

LIKELY DEVELOPMENTS

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

Core's efforts are primarily focused on advancing the Finniss Lithium Project, with the aim of moving from developer to producer and declaring a Final Investment Decision (FID) in 2021.

Core is also focused on investing in growth activities with the aim of increase Mineral Resources and Ore Reserves along with the advancement of feasibility studies associated with downstream lithium hydroxide chemical manufacturing in the Northern Territory.

UNISSUED SHARES UNDER OPTION

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

DATE OPTIONS GRANTED	EXPIRY DATE	EXERCISE PRICE OF OPTIONS	NUMBER OF OPTIONS
5 September 2018[1]	5 September 2022	$0.080	4,000,000
29 November 2019[2]	30 June 2023	$0.060	20,000,000
12 February 2021[3]	12 February 2023	$0.450	81,003,467
Total options on issue			105,003,467

1 *Performance condition not yet achieved. Options have not vested.*

2 *20,000,000 vested options issued to Directors as remuneration in FY 2020.*

3 *81,003,467 unquoted options attaching to shares issued under the $40.5 million share placement in February 2021.*

Directors' 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
1	29 November 2019	30 June 2020	30 June 2023	2,166,666	Yes
2	29 November 2019	30 June 2021	30 June 2024	2,031,666	Yes
3	29 November 2019	30 June 2022	30 June 2025	3,250,000	
4	29 November 2019	30 June 2023	30 June 2026	3,250,000	
5	20 December 2019	31 March 2021	31 March 2024	250,000	Yes
6	20 December 2019	30 June 2021[1]	30 June 2024	2,000,000	
7	20 December 2019	30 June 2021[1]	30 September 2024	500,000	
8	20 December 2019	30 June 2022	30 June 2025	1,750,000	
9	20 December 2019	3 months after FID	30 September 2024	750,000	
10	20 December 2019	6 months after FID	31 December 2024	500,000	
11	20 December 2019	15 months after FID	30 September 2025	750,000	
12	20 December 2019	1.5 years after FID	31 December 2025	1,750,000	
13	20 December 2019	2.5 years after FID	31 December 2026	500,000	
14	4 November 2020	30 June 2021[1]	31 March 2024	500,000	
15	6 November 2020	30 June 2021[1]	30 June 2024	250,000	
16	1 April 2021	30 June 2021	30 June 2024	250,000	Yes
17	1 April 2021	30 June 2023	30 June 2026	625,000	
18	30 July 2021	1.5 years after FID	31 December 2025	180,000	
19	30 July 2021	2.5 years after FID	31 December 2026	180,000	
20	30 July 2021	31 December 2024	31 December 2027	180,000	
Total performance rights on issue				21,613,332	

1 *Subsequent to year end the KPI vesting date was extended to 30 September 2021.*

2 *Subsequent to 30 June 2021 a total of 1,718,334 performance rights lapsed as performance conditions were not met and 540,000 performance rights were issued as remuneration.*

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

REMUNERATION REPORT (AUDITED)

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

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

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

B. Details of remuneration

C. Service agreements

D. Share-based remuneration

E. Other information

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

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

The Key Management Personnel of the Company are the Board of Directors and Senior Executive Officers.

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

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

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

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

4. The Board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties, and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting (currently $300,000). Fees for non- executive Directors are not linked to the performance of the Group, except in relation to share based remuneration. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in the Company's Share Option Plan and Performance Share Plan.

There were no remuneration consultants used by the Group during the year, however a review of peer companies was conducted by external consultants to provide guidance for Key Management Personnel remuneration.

Directors' Report

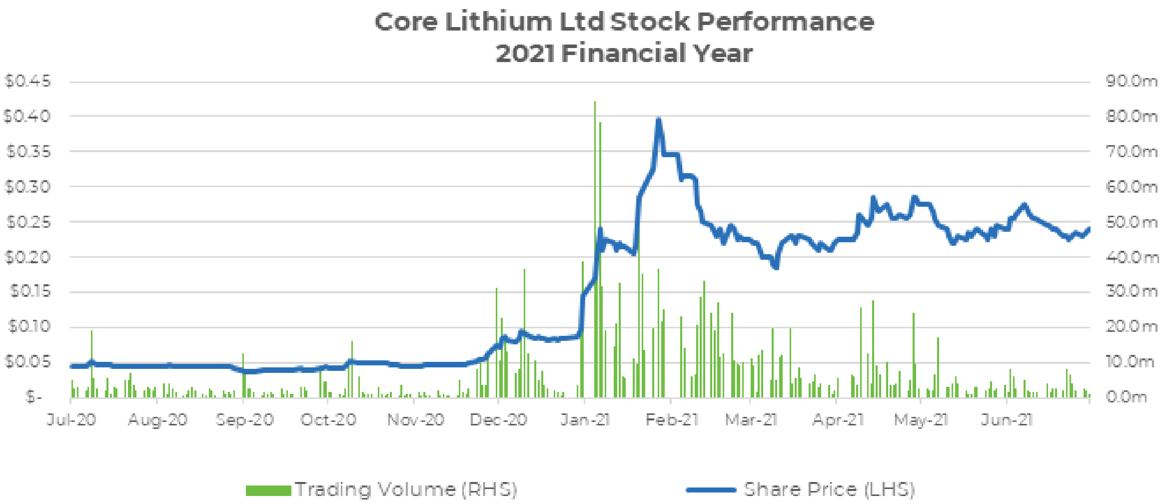
REMUNERATION REPORT (AUDITED)

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

CONSEQUENCES OF PERFORMANCE ON SHAREHOLDER WEALTH

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

ITEM	2021	2020	2019	2018	2017
Net loss for the year	2,912,254	4,386,412	2,404,217	2,094,330	1,933,689
Loss per share – cents	0.27	0.55	0.36	0.43	0.56
Shareholders' equity	71,314,461	33,567,860	29,863,066	26,197,379	15,125,452
Number of issued shares – end of year	1,174,117,254	969,692,791	778,191,657	633,591,657	376,546,066
Share price – end of the year – cents	24.0	4.5	4.0	4.7	7.4



PERFORMANCE BASED REMUNERATION

The remuneration policy has been tailored to align the interests of shareholders, directors, and other Key Management Personnel. Currently, this is facilitated through short-term and long-term performance-based incentives through the payment of cash performance bonuses and through the issue of options and/or performance rights to KMP that encourages the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. Over the last 5 years the board has increased the proportion of performance-based incentives to KMP as disclosed in the share-based remuneration section in the remuneration report of the directors' report.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2020 ANNUAL GENERAL MEETING

Core received more than 88.1% of "yes" votes on its remuneration report for the 2020 financial year. The Company did not receive any specific feedback at the AGM on its remuneration report.

Directors' Report

REMUNERATION REPORT (AUDITED)

B. DETAILS OF REMUNERATION

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

DIRECTOR AND OTHER KEY MANAGEMENT PERSONNEL REMUNERATION

2021	SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS	SHARE BASED PAYMENTS		
	Salary and fees $	Contract payments $	Leave entitlements[5] $	Bonus[3] $	Superannuation $	Leave entitlements[5] $	Options and performance rights[1] $	Total $	At risk %
Non-executive Directors									
G English	54,795	-	-	-	5,205	-	-	60,000	-
H Hellewell	-	40,333	-	-	-	-	-	40,333	-
M McComas	-	40,201	-	-	-	-	-	40,201	-
Executive Director									
S Biggins	263,006	-	6,615	-	21,694	7,549	62,316	361,180	17
Other Key Management Personnel[4]									
B Duncan	265,065	-	(999)	35,000	19,636	5,729	29,436	353,867	18
S Iacopetta	264,306	-	13,007	30,000	21,694	3,241	45,816	378,064	20
J Kopias[2]	-	65,149		-	-		-	65,149	-
Total	847,172	145,683	18,623	65,000	68,229	16,519	137,568	1,298,794	16

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

During the year, nil (2020: 21,000,000) options and 250,000 (2020: 26,4100,000) performance rights were issued as remuneration to KMP. The share-based payments expense is recognised at fair value over the vesting period for options and performance rights granted.

Directors' Report

REMUNERATION REPORT (AUDITED)

B. DETAILS OF REMUNERATION (cont)

2020	SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS	SHARE BASED PAYMENTS		
	Salary and fees $	Contract payments $	Leave entitlements[5] $	Bonus[3] $	Superannuation $	Leave entitlements[5] $	Options and performance rights[1] $	Total $	At risk %
Non-executive Directors									
G English	54,795	-	-	-	5,205		68,198	128,198	53
H Hellewell	-	39,960	-	-	-		68,198	108,158	63
M McComas	-	28,280	-	-	-		68,198	96,478	71
Executive Director									
S Biggins	264,117	-	16,425	78,000	20,583	10,955	135,502	525,582	41
Other Key Management Personnel[4]									
B Duncan	260,000	-	9,000	22,500	24,700	5,611	38,363	360,174	17
D Rawlings	196,200	-	-	-	18,639	245	9,676	224,760	4
S Iacopetta	264,333	-	15,003	20,000	21,667	1,292	29,813	352,108	14
R Sills	230,000	-	14,151	-	21,850	1,030	19,661	286,692	7
J Kopias[2]	-	114,733	-	-	-	-	-	114,733	-
Total	1,269,445	182,973	54,579	120,500	112,644	19,133	437,609	2,196,883	25

1 *Expense recognised for performance rights and options issued to personnel over the vesting period.*
2 *Contract payments are made to Kopias Consulting – an entity associated with J Kopias.*
3 *Short term cash incentive bonuses for achievement of performance targets for the reporting period and paid in July 2019.*
4 *M McComas was appointed as a Non-executive Director on 17 October 2019.*
5 *Leave entitlements are calculated using the KMP's provision year on year, being the net accrued and taken during the year.*

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

Directors' Report

REMUNERATION REPORT (AUDITED)

C. SERVICE AGREEMENTS

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

NAME	POSITION	BASE REMUNERATION	UNIT OF MEASURE	TERM OF AGREEMENT	NOTICE PERIOD[1]	TERMINATION BENEFITS
S Biggins[2]	Managing Director	$260,000	Salary	Indefinite	Three months	Six months
B Duncan	Chief Operating Officer	$260,000	Salary	Indefinite	Twelve weeks	Twelve weeks
S Iacopetta	Chief Financial Officer	$260,000	Salary	Indefinite	Three months	Three months
J Kopias	Company Secretary	Variable	Hourly rate contract	As required	One month	None

1 *To be given by the employee.*

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

Directors' Report

D. SHARE-BASED REMUNERATION

All options refer to a right to subscribe for one fully paid ordinary share in the Company, under the terms of the option. There were no options convertible to ordinary shares in the Company that were granted as remuneration to each KMP during the year.

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

2021 PERFORMANCE RIGHTS	NUMBER GRANTED	GRANT DATE	FAIR VALUE AT GRANT DATE[2]		VESTING CRITERA	LAST VESTING DATE	EXPIRY DATE UPON VESTING
GRANTED			$/right	Full value ($)			
S Iacopetta	250,000	04/11/2020	0.047	11,750	Arrange a strategic funding package, approved by the Board of the Company, and including, but not limited to offtake prepayment, of at least US$10 million	30/06/2021[1]	30/06/2024
Total S Iacopetta	250,000			11,750			

1 *The vesting conditions for these performance rights were subsequently extended to 30 September 2021.*

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

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

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

2021 KEY MANAGEMENT PERSONNEL	HELD AT 30 JUNE 2020	MOVEMENT DURING YEAR	OPTIONS / RIGHTS EXERCISED	OTHER CHANGE[1]	HELD AT 30 JUNE 2021
G English	6,265,000	-	-	-	6,265,000
M McComas	-	1,448,400	-	-	1,448,400
S Biggins	8,206,347	-	-	-	8,206,347
B Duncan	375,000	(1,625,000)	1,250,000	-	-
D Rawlings[1]	1,970,000	-	-	(1,970,000)	N/A
S Iacopetta	250,000	200,000	200,000	-	650,000
J Kopias	884,685	-	-	-	884,685
Total	17,951,032	23,400	1,450,000	(1,970,000)	17,454,432

1 *The Exploration Manager ceased to meet the definition of a Key Management Personnel as at 1 July 2020.*

Directors' Report

REMUNERATION REPORT (AUDITED)

D. SHARE-BASED REMUNERATION (cont)

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

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

Options

2021 KEY MANAGEMENT PERSONNEL	HELD AT 30 JUNE 2020	GRANTED DURING YEAR	LAPSED DURING YEAR	EXERCISED DURING YEAR	OTHER CHANGE[2]	HELD AT 30 JUNE 2021	VESTED AND EXERCISABLE AT 30 JUNE 2021
G English[1]	5,000,000	-	-	-	-	5,000,000	5,000,000
H Hellewell[1]	5,000,000	-	-	-	-	5,000,000	5,000,000
M McComas[1]	5,000,000	-	-	-	-	5,000,000	5,000,000
S Biggins[1]	5,000,000	-	-	-	-	5,000,000	5,000,000
D Rawlings	1,000,000	-	-	-	(1,000,000)	N/A	-
Total	21,000,000	-	-	-	(1,000,000)	20,000,000	20,000,000

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

2 *The Exploration Manager ceased to meet the definition of a Key Management Personnel as at 1 July 2020.*

PERFORMANCE RIGHTS HOLDINGS OF KEY MANAGEMENT PERSONNEL

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

2021 KEY MANAGEMENT PERSONNEL	HELD AT 30 JUNE 2020	GRANTED DURING YEAR	LAPSED DURING YEAR	EXERCISED DURING YEAR	OTHER CHANGE[2]	HELD AT 30 JUNE 2021	VESTED AND EXERCISABLE AT 30 JUNE 2021
S Biggins	14,000,000	-	(2,083,334)	-	-	11,916,666[3]	2,166,666
B Duncan	4,750,000	-	-	(1,250,000)	-	3,500,000	250,000
D Rawlings	700,000	-	-	-	(700,000)	N/A	-
S Iacopetta	3,700,000	250,000[1]	(250,000)	(200,000)	-	3,500,000[4]	-
R Sills	3,500,000	-	-	-	(3,500,000)	N/A	-
Total	26,650,000	250,000	(2,333,334)	(1,450,000)	(4,200,000)	18,916,666	2,416,666

1 *Represents re-issued performance rights under the Company's Performance Share Plan.*

2 *The Commercial Marketing Manager and Exploration Manager ceased to meet the definition of a Key Management Personnel as at 1 July 2020.*

3 *Subsequent to year end, of the 30 June 2021 performance rights held, 2,031,666 vested and 1,218,334 lapsed.*

4 *Subsequent to year end, of the 30 June 2021 performance rights held, 500,000 vested.*

E. OTHER INFORMATION

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

Amounts paid to Director related entities:

RELATED PARTY	RELATIONSHIP TO KEY MANAGEMENT PERSONNEL / DIRECTOR	SERVICES PROVIDED	2021 $	2020 $
Piper Alderman[1]	A firm of which G English is a partner	Legal services	9,159	50,296
Neogold Enterprises Pty Ltd[2]	A company of which H Hellewell holds a beneficial interest	Director's fees	40,333	40,673
McComas Capital Pty Ltd[3]	A company of which M McComas holds a beneficial interest	Director's fees	40,201	28,477
Kopias Consulting[4]	A business of which J Kopias is a Director	Consulting fees	65,149	115,733

The total amount of fees due to the Piper Alderman as at 30 June 2021 was $nil (2020: $nil).

The total amount of fees due to Neogold Enterprises Pty Ltd as at 30 June 2021 was $3,330 (2020: $3,330).

The total amount of fees due to McComas Capital Pty Ltd as at 30 June 2021 was $3,333 (2020: $3,333).

The total amount of fees due to Kopias Consulting as at 30 June 2021 was $4,583 (2020: $8,905).

END OF AUDITED REMUNERATION REPORT

Directors' Report

ENVIRONMENTAL LEGISLATION

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

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

The Group has previously completed an approved Environmental Impact Statement for the Grants Lithium Project. The Group has begun the Environmental Approval process for the BP33 Project under the Northern Territory's newly enacted *Environmental Protection Act 2019*. Approvals, licences, hearings and other regulatory requirements are performed, as required, by the Group's management for each permit or lease in which the Group has an interest.

ROUNDING OF AMOUNTS

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

INDEMNITIES GIVEN AND INSURANCE PREMIUMS PAID TO AUDITORS AND OFFICERS

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

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

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

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

NON-AUDIT SERVICES

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

The Board has considered the non-audit services provided during the reporting period by the auditor and is satisfied that the provision of those non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* (Cth) 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 19 to the Financial Statements.

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* (Cth) is included on page 47 of this Financial Report and forms part of this Directors' Report.

Directors' Report

PROCEEDINGS ON BEHALF OF THE COMPANY

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

CORPORATE GOVERNANCE

The Board has adopted the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations – 4th Edition" (ASX Recommendations). The Board continually monitors and reviews its existing and required policies, charters, and procedures with a view to ensuring its compliance with the ASX Recommendations to the extent deemed appropriate for the size of the Company and its operations as an explorer and project developer.

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

Signed in accordance with a resolution of the Directors.

Stephen Biggins
Managing Director

Adelaide

20 September 2021

Auditor's Independence Declaration

Grant Thornton

Level 3, 170 Frome Street
Adelaide SA 5000

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666

Auditor's Independence Declaration

To the Directors of Core Lithium Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Core Lithium Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 20 September 2021

Financial Report

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	NOTES	2021 $	2020 $
Interest income		66,320	52,847
Grant income		249,037	161,303
Employee benefits expense	10(b)	(1,110,839)	(1,276,613)
Exploration expense		(91,592)	(27,197)
Impairment expense	5	-	(1,169,762)
Depreciation expense	6	(136,810)	(141,481)
Share based payments expense	13(a)	(317,137)	(478,047)
Other expenses	10(a)	(1,571,233)	(1,507,462)
Loss before tax		(2,912,254)	(4,386,412)
Income tax benefit / (expense)	11	-	-
Loss for the year from continuing operations attributable to owners of the Parent		(2,912,254)	(4,386,412)
Other comprehensive income attributable to owners of the Parent		-	-
Total comprehensive loss for the year attributable to owners of the Parent		(2,912,254)	(4,386,412)
Earnings per share			
Basic and diluted Loss – cents per share	14	(0.27)	(0.55)

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	NOTES	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	1	38,107,642	8,679,521
Trade and other receivables	2	114,989	37,683
Financial assets	3	80,250	30,250
Other assets	4	73,180	22,623
Total current assets		38,376,061	8,770,077
Non-current assets			
Other assets	4	793,027	421,036
Exploration and evaluation expenditure	5	33,718,808	26,380,721
Plant and equipment	6	305,971	219,042
Total non-current assets		34,817,806	27,020,799
TOTAL ASSETS		73,193,867	35,790,876
LIABILITIES			
Current liabilities			
Trade and other payables	7	1,575,891	1,970,395
Lease liability	8	57,433	109,833
Employee provisions	9	136,088	100,904
Total current liabilities		1,769,412	2,181,132
Non-current liabilities			
Lease liabilities	8	44,908	9,777
Employee provisions	9	65,086	32,107
Total non-current liabilities		109,994	41,884
TOTAL LIABILITIES		1,879,406	2,223,016
NET ASSETS		71,314,461	33,567,860
EQUITY			
Issued capital	12	90,606,910	49,856,210
Reserves	13	652,522	746,536
Accumulated losses		(19,944,971)	(17,034,886)
TOTAL EQUITY		71,314,461	33,567,860

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 2021

2021	SHARE CAPITAL $	OPTION / RIGHTS RESERVE $	ACCUMULATED LOSSES $	TOTAL EQUITY $
Balance at beginning of year	49,856,210	746,536	(17,034,886)	33,567,860
Share placement	41,563,283	-	-	41,563,283
Shares issued as consideration to consultants	75,000	-	-	75,000
Issue costs	(2,435,076)	-	-	(2,435,076)
Performance rights and options issued to officers and employees at fair value	-	245,983	-	245,983
Lapse of options and performance rights[1,2]	-	(6,016)	2,169	(3,847)
Exercise of options	1,516,896	(303,384)	-	1,213,512
Exercise of performance rights at fair value	30,597	(30,597)	-	-
Transactions with owners	40,750,700	(94,014)	2,169	40,658,855
Comprehensive income:				
Total profit or loss	-	-	(2,912,254)	(2,912,254)
Total other comprehensive income	-	-	-	-
Balance 30 June 2021	90,606,910	652,522	(19,944,971)	71,314,461

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

1 *A portion of performance rights issued in the period lapsed in the same financial year and as such have been recognised in the Statement of profit and loss*

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

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	NOTES	2021 $	2020 $
Operating activities			
Interest received		66,320	59,623
Payments to suppliers and employees		(2,658,386)	(2,696,648)
Proceeds from grant funding		249,006	161,303
Net cash used in operating activities	10(c)	(2,343,060)	(2,475,722)
Investing activities			
Payments for plant and equipment		(140,663)	(20,671)
Net proceeds / (payments) for security bond		(374,491)	130,798
Proceeds from sale of project royalty		-	6,875,000
Payments for capitalised exploration expenditure		(7,859,586)	(5,603,775)
Net cash generated by/ (used in) investing activities		(8,374,740)	1,381,352
Financing activities			
Proceeds from issue of share capital		41,563,283	7,879,652
Proceeds from exercise of options		1,213,512	-
Payments of issue costs		(2,455,035)	(361,033)
Payments of lease liabilities		(125,837)	(102,142)
Net cash from financing activities		40,195,923	7,416,477
Net change in cash and cash equivalents		29,478,122	6,322,106
Cash and cash equivalents, beginning of year		8,709,771	2,387,665
Cash and cash equivalents, end of year	1	38,187,892	8,709,771

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 2021

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

Capital

Company Structure

Additional Disclosures

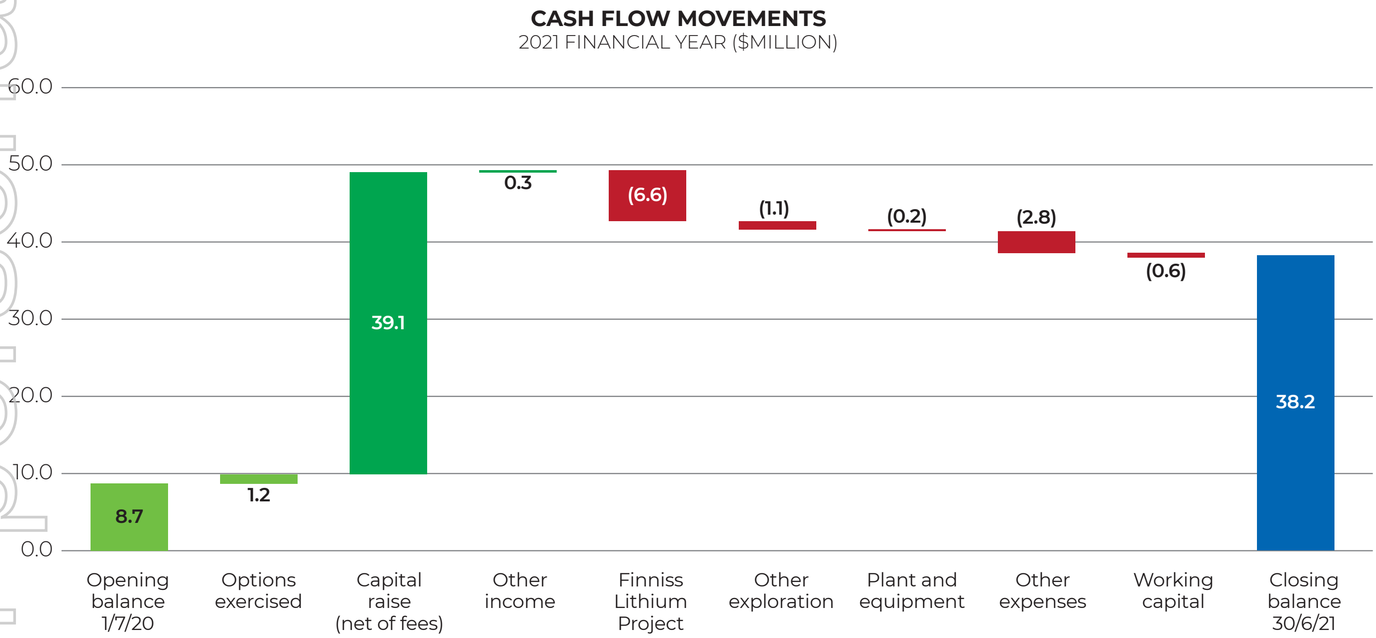
Key Numbers

1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	2021 $	2020 $
Cash at bank	38,107,642	8,679,521
Total cash and cash equivalents	38,107,642	8,679,521
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	38,107,642	8,679,521
Financial instruments - Term deposits	80,250	30,250
Total per the Statement of Cash Flows	38,187,892	8,709,771

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



2 TRADE AND OTHER RECEIVABLES

Trade and other receivables include the following:

	2021 $	2020 $
GST receivable	97,164	37,683
Other receivable	17,825	-
Total trade and other receivables	114,989	37,683

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

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

3 FINANCIAL ASSETS

Other assets include the following:

	2021 $	2020 $
Term deposits	80,250	30,250
Total financial assets	80,250	30,250

An amount of $80,250 (2020: $30,250) of short-term deposits are in place to secure bank guarantees in respect of a bond for the corporate office rent and environmental rehabilitation security bond over the land under an option agreement, refer section 5(a). As the maturity term when entering into 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.

4 OTHER ASSETS

Other assets include the following:

	2021 $	2020 $
Current		
Prepayments	68,280	17,723
Other bonds / deposits	4,900	4,900
	73,180	22,623
Non-current		
Drilling bonds receivable	793,027	421,036
Total other assets	866,207	443,659

Drilling bonds receivable represent funds held by the Northern Territory Department of Primary Industry and Resources as security for rehabilitation works for exploration activity in the Northern Territory as per the Group's Mine Management Plan for various project areas pursuant to the *Mining Management Act 2001*.

5 EXPLORATION AND EVALUATION EXPENDITURE

The Group's exploration and evaluation expenditure policy is for expenditure incurred and is accumulated at cost in respect of each identifiable area of interest. These costs are only carried forward to the extent that right of tenure is current and those costs are expected to be recouped through the successful development of the area of interest (or alternatively by 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	2021 $	2020 $
Opening balance		26,380,721	27,321,225
Expenditure on Finniss Lithium Project exploration during the year		5,712,144	4,983,449
Bynoe Lithium acquisition costs	(a)	527,225	-
Expenditure on other exploration during the year		1,098,718	520,809
Fair value of exploration licence and mineral leases acquired	(b)	-	100,000
Fair value of contingent consideration to Liontown Resources Ltd	(c)	-	1,500,000
Sale of future royalty on the Finniss Lithium Project	(d)	-	(6,875,000)
Impairment of capitalised exploration	(e)	-	(1,169,762)
Closing balance		33,718,808	26,380,721

a) During the year Core entered into an option agreement to acquire six granted Mineral Leases (MLs) adjacent to the Group's Finniss Lithium Project in the NT and paid a fee to the owners for the option to acquire the Mineral Titles in addition to a bank guarantee regarding environmental rehabilitation. Further future commitments under this agreement have been disclosed within note 20.

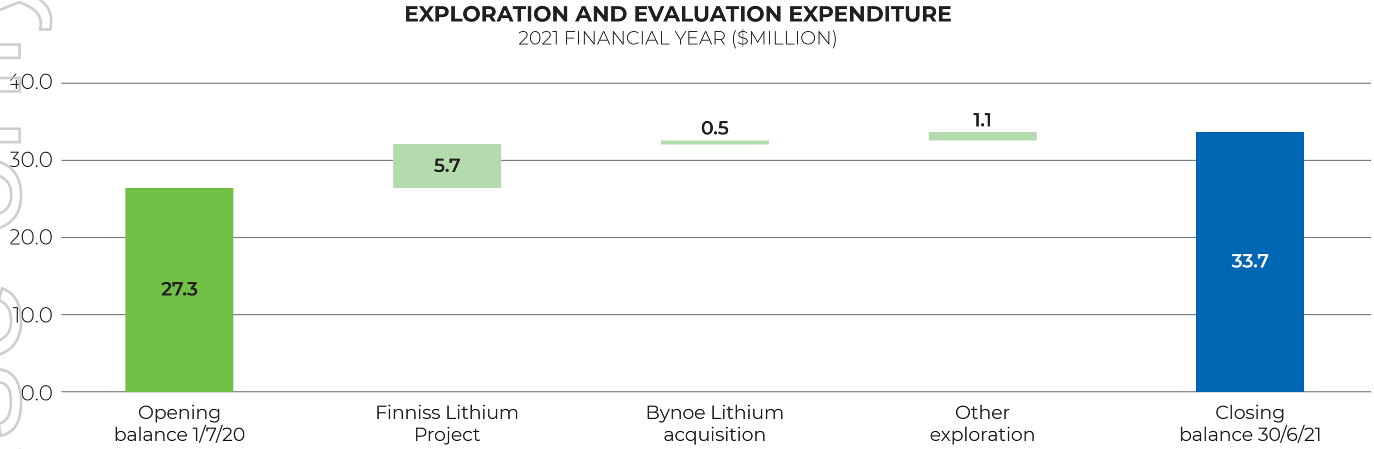
b) In the 2020 financial year, the Group issued 1,317,792 shares upon completion of the agreement to acquire Exploration Licence EL26848 (Walanbanba) in the Northern Territory. The fair value of the shares issued totals $100,000 and is reflected above.

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

d) In the 2020 financial year, the Group received a payment in advance of $6.875 million from Lithium Royalty Corp (LRC) for the right to receive 2.115% of gross revenue from the sale of products from the Finniss Lithium Project. This has been treated as a credit to exploration as funds received represent the fair value for the disposal of a portion of interest in future production from the area of interest. Under this royalty agreement there is an additional $1.25million of funding that is conditional on the Group announcing a 15 million tonne JORC Mineral Resource for the Finniss Lithium Project and achieving continuous operation of the processing plant for more than 14 consecutive days (Stage 2). The Royalty rate on receipt of initial proceeds under Stage 1 is 2.115% and increases to 2.50% upon achievement of the Stage 2 milestone resulting in the payment of the balance of the purchase price by LRC. The Finniss Lithium Project assets are held as security for the transaction.

e) All accumulated costs, in relation to an abandoned area of interest, are written off in full in the Statement of Profit or Loss in the period in which the decision to abandon the area is made or where there is an indication that asset value are not recoverable through sale. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. In the 2020 financial year EL29579 (Jervois North), EL28940 (Mordor) and EL27709 (Pattersons) were relinquished and after 30 June 2020 the decision was also made to relinquish EL 29689 (Riddoch). The full value of accumulated costs allocated to these exploration licences has been impaired and expensed in the Statement of Profit or Loss at 30 June 2020. During the current year no tenements were relinquished, and the Group does not have any intentions to relinquish existing tenure at this stage. No impairment has been recorded for the year ended 30 June 2021.

5 EXPLORATION AND EVALUATION EXPENDITURE (cont)



Key judgement, estimates and assumptions:

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

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

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

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

6 PLANT AND EQUIPMENT

2021	EXPLORATION EQUIPMENT $	OFFICE AND IT EQUIPMENT $	MOTOR VEHICLES $	LEASEHOLD IMPROVEMENTS $	RIGHT OF USE ASSETS – BUILDINGS $	TOTAL $
Gross carrying amount						
Opening balance	64,138	111,222	125,648	21,575	226,602	549,185
Additions	11,000	107,530	34,364	-	97,804	250,698
Disposals	(9,228)	(51,484)	(39,652)	-	-	(100,364)
Balance 30 June 2021	65,910	167,268	120,360	21,575	324,406	699,519
Depreciation and impairment						
Opening balance	(47,532)	(79,553)	(88,416)	(5,873)	(108,769)	(330,143)
Depreciation[1]	(6,366)	(22,921)	(12,417)	(4,317)	(113,607)	(159,628)
Disposals	8,134	51,484	36,605	-	-	96,223
Balance 30 June 2021	(45,764)	(50,990)	(64,228)	(10,190)	(222,376)	(393,548)
Carrying amount 30 June 2021	20,146	116,278	56,132	11,385	102,030	305,971

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

1 *Depreciation of equipment and right of use asset – buildings utilised for exploration activities is charged to exploration assets. The remaining depreciation of $136,810 (2020: $141,481) is charged to the Statement of Profit or Loss in the reporting period.*

6 PLANT AND EQUIPMENT (cont)

Plant and equipment asset are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the items. Repairs and maintenance are charged to profit or loss during the reporting period in which they were incurred.

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

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

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

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

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

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).

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

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

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

ASSET CLASS	ESTIMATED USEFUL LIFE
Exploration equipment	3 years
Office and IT equipment	3 years
Right of use assets – buildings	Over the lease period

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

7 TRADE AND OTHER PAYABLES

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

	NOTES	2021 $	2020 $
Current			
Trade and other payables	(a)	627,124	155,854
Accrued expenses	(b)	948,767	1,814,541
Total trade and other payables		1,575,891	1,970,395

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

b) As at 30 June 2020, accrued liabilities included an amount of $1,500,000 owing to Liontown Resources Ltd. This amount was disclosed as a contingent liability in the 2019 Annual Financial Report and has been reflected as a trade and other payable as at 30 June 2020 as the trigger event for payment of the contingent consideration of establishing a JORC compliant Mineral Resource totaling 5Mt within the Bynoe project was satisfied in June 2020. The amount was paid in full to Liontown Resources Ltd in cash in the 2021 financial year.

8 LEASE LIABILITIES

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

	2021 $	2020 $
Current		
Lease liabilities	57,433	109,833
Non-current		
Lease liabilities	44,908	9,777

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or 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 liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

9 EMPLOYEE PROVISIONS

Employee benefits provisions can be analysed as follows:

	CURRENT ANNUAL LEAVE $	NON-CURRENT LONG SERVICE LEAVE $	TOTAL $
Carrying amount as at 1 July 2020	100,904	32,107	133,011
Additional provision recognised during the year	110,785	32,979	143,764
Amounts used during the year	(75,601)	-	(75,601)
Carrying amount as at 30 June 2021	136,088	65,086	201,174

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

Short term employee benefit obligations

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

Other long-term employee benefit obligations

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

10 OPERATING ACTIVITIES

a) Other expenses

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

	2021 $	2020 $
Statutory compliance, insurance and legal	609,038	347,756
Marketing and office expenses	281,196	318,292
Contractors and consultants	368,827	506,362
Broker and investor relations	231,993	171,263
Travel	73,771	159,328
Interest on lease liabilities	1,681	4,447
Foreign exchange loss	585	-
Loss on sale or disposal of assets	4,142	14
Total other expenses	1,571,233	1,507,462

b) Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2021 $	2020 $
Salaries and wages, directors' fees and contract payments to officers	2,022,663	2,004,765
Superannuation expense	125,297	163,584
Movement in employee entitlement provisions	68,406	95,209
Other employee related expenses	98,870	156,609
Less: Transfer to exploration assets[1]	(1,204,397)	(1,143,554)
	1,110,839	1,276,613

1 *Employee benefits expenses directly attributable to exploration and evaluation activities are capitalised to exploration and evaluation expenditure in the Statement of Financial Position as disclosed in accounting policy at note 5.*

During the year employees have also been remunerated through share-based payments via issue of performance rights (2020: options and performance rights) during the reporting period. Refer to Note 13a share-based payment disclosures.

c) Reconciliation of cashflows from operating activities

OPERATING ACTIVITIES	NOTES	2021 $	2020 $
Loss after tax		(2,912,254)	(4,386,412)
Share based payments expense	13(a)	317,137	478,047
Exploration impairment	5	-	1,169,762
Depreciation expense	6	136,810	141,481
Loss on disposal of assets		4,142	14
Interest on leases		1,468	4,447
Unrealised Foreign exchange gain / (loss)		(30)	-
Net change in working capital		109,667	116,939
Net cash used in operating activities		(2,343,060)	(2,475,722)

11 INCOME TAX BENEFIT / (LOSS)

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

This note provides an analysis of the Group's income tax expense, amounts recognised and deferred tax assets and liabilities. The income tax expense of nil for the year ended 30 June 2021 (2020: nil) represents the tax payable on the current period's taxable loss adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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

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

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

	2021 $	2020 $
a) The components of income tax expense comprise:		
Current income tax expense / (benefit)	-	-
b) The prima facie tax loss before income tax is reconciled to the income tax (benefit) / expense as follows:		
Net gain / (loss)	(2,912,254)	(4,386,412)
Income tax rate	30%	30%
Prima facie tax benefit on loss from activities before income tax	(873,676)	(1,315,923)
Tax effect of non-deductible expenditure for tax	76,612	142,105
Tax effect of non-assessable income	(15,000)	(15,000)
Timing differences and tax losses not brought to account	812,064	1,188,818
Current income tax expense / (benefit)	-	-
c) Deferred tax assets have not been recognised in respect of the following:		
Tax losses	35,954,063	27,693,444
Deferred tax asset arising from carried forward tax losses not recognised	11,755,409	9,277,223

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

An assessment was undertaken as at 30 June 2021 which confirmed Core should satisfy the Continuity of Ownership test and on that basis be able to carry forward its current tax losses and its entitlement to utilise in future periods.

Capital

12 ISSUED CAPITAL

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

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

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 effectively manages the Group's capital and capital structure by assessing the Group's financial risks through regular monitoring of budgets and forecast cashflows. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business, including through the issue of shares. The Group's capital is shown as issued capital in the statement of financial position. The Group is not subject to any external capital restrictions.

13 RESERVES AND SHARE BASED PAYMENTS

Nature and purpose of reserves

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

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

RECONCILIATION OF SHARE BASED PAYMENTS	2021 $	2020 $
Opening balance	746,536	487,339
Issue of options	964	314,360
Issue of performance rights	245,019	183,865
Exercise of options	(303,384)	-
Exercise of performance rights	(30,597)	(38,681)
Lapse of options and performance rights	(6,016)	(200,347)
Closing balance	652,522	746,536

SHARE OPTION RESERVE	NUMBER OF OPTIONS	2021 $	WEIGHTED AVERAGE EXERCISE PRICE
Opening balance	42,273,810	615,941	$0.066
Issued[1]	81,003,467	964	$0.450
Exercised	(17,273,810)	(303,384)	$0.070
Lapsed	(1,000,000)	(3,133)	$0.060
Balance at 30 June 2021	105,003,467	310,388	$0.362

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

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

13 RESERVES AND SHARE BASED PAYMENTS (cont)

PERFORMANCE RIGHTS RESERVE	NUMBER OF PERFORMANCE RIGHTS	2021 $
Opening balance	27,550,000	130,595
Issued to Key Management Personnel as remuneration[1]	250,000	137,569
Issued to employees and consultants as remuneration[1]	1,375,000	107,450
Exercised	(1,650,000)	(30,597)
Lapsed	(4,733,334)	(2,883)
Balance at 30 June 2021	22,791,666	342,133

PERFORMANCE RIGHTS RESERVE	NUMBER OF PERFORMANCE RIGHTS	2020 $
Opening balance	9,665,000	143,974
Issued to Key Management Personnel as remuneration[1]	26,400,000	162,649
Issued to employees and consultants as remuneration[1]	1,700,000	21,216
Exercised	(2,603,000)	(38,681)
Lapsed	(11,745,334)	(158,563)
Performance rights with 30 June 2021 vesting conditions that were not met[2]	4,133,334	-
Balance at 30 June 2020	27,550,000	130,595

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

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

Performance rights were issued to Key Management Personnel, consultants and employees as remuneration with related KPI's as detailed in the Directors' Report and note 13(a) below.

a) Share-based payments

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

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

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

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

13 RESERVES AND SHARE BASED PAYMENTS (cont)

a) Share-based payments (cont)

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

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

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

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

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

Key judgement, estimates and assumptions:

The Group measures the cost of equity-settled transactions with Key Management Personnel and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined 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 this note. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

RECONCILIATION OF SHARE BASED PAYMENTS EXPENSE	2021 $	2020 $
Options issued to directors and employees	964	274,961
Options issued to consultants	-	39,399
Performance rights issued to directors, consultants, and employees	245,020	183,865
Shares issued as consideration for exploration lease and mineral lease	-	100,000
Shares issued to consultants	75,000	20,000
Total share-based payments	320,984	618,225
Options and performance rights lapsed due to failing vesting condition recognised in profit or loss	(3,847)	(40,178)
Shares recognised in exploration and evaluation expenditure	-	(100,000)
Net share-based payment expense in the statement of profit or loss	317,137	478,047

Share based employee remuneration

As at 30 June 2021 the Group maintained a share option plan and performance share plan for employee, and director and consultant remuneration.

There were nil options (2020: 21,000,000) and 250,000 performance rights (2020: 26,400,000) granted to KMP and 1,375,000 performance rights (2020: 1,700,000) issued to other employees as remuneration during the year.

Fair value of performance rights granted

The fair value at grant date of the performance rights issued for performance rights with market based conditions have been determined using a valuation methodology approximating a Monte Carlo pricing model that takes into account the term of the performance right, the impact of dilution, the impact of the KPI on the underlying share price, the non-tradeable nature of the performance right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance right. For those performance rights issued where a non-market performance condition exists the share price at grant date is the fair value at grant date.

13 RESERVES AND SHARE BASED PAYMENTS (cont)

a) Share-based payments (cont)

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

PERFORMANCE RIGHTS VALUATION INPUTS[4]	2021	2020
Exercise price	Nil	Nil
Performance right life	0.25 – 2.25 years	0.3 – 6.6 years
Underlying share price	$0.047 – $0.225	$0.036 – $0.041
Expected share price volatility (weighted average)[1]	N/A	69%
Risk free interest rate[2]	N/A	0.8%
Weighted average fair value[3]	$0.0981	$0.0163
Weighted average contractual life	1.2 years	4.7 years

1 *Expected volatility has been based on the evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected performance right life. Only utilised for those performance rights with market based conditions.*
2 *Based on high quality government bonds sourced from the Reserve Bank of Australia which reflect the period commensurate with the performance right life. Only utilised for those performance rights with market based conditions.*
3 *The probability of achievement of vesting conditions has been considered when calculating the fair value of the performance rights at grant date.*
4 *Performance conditions attached to performance rights for KMPs have been disclosed within the remuneration report. Remaining performance rights issued to employees during the period have been detailed in the table below.*

PERFORMANCE RIGHTS GRANTED	GRANT DATE	FAIR VALUE AT GRANT DATE		VESTING CRITERA	LAST VESTING DATE	EXPIRY DATE UPON VESTING
		$/right	Full value ($)			
250,000	06/11/2020	0.047	11,750	Maintain >90% Binding Offtake Agreements	30/06/2021[1]	30/06/2024
250,000	01/04/2021	0.225	56,250	Defining >20Mt JORC (2012) Resource above 1% Li_2O.	30/06/2021	30/06/2024
250,000	01/04/2021	0.225	56,250	Maintain a high standard of environmental and safety compliance resulting in no notifiable breaches of exploration-related environmental & safety compliance.	30/06/2021	30/06/2024
125,000	01/04/2021	0.225	28,125	Defining >20Mt JORC (2012) Resource above 1% Li_2O.	30/06/2023	30/06/2027
125,000	01/04/2021	0.225	28,125	Defining >25Mt JORC (2012) Resource above 1% Li_2O.	30/06/2023	30/06/2027
125,000	01/04/2021	0.225	28,125	Defining >30Mt JORC (2012) Resource above 1% Li_2O.	30/06/2023	30/06/2027
125,000	01/04/2021	0.225	28,125	Defining >35Mt JORC (2012) Resource above 1% Li_2O.	30/06/2023	30/06/2027
125,000	01/04/2021	0.225	28,125	The introduction and execution of a transaction of an asset to CXO. This can take the form of a JV, Outright sale, Option or EL application of material value.	30/06/2023	30/06/2027

1 *The vesting conditions for these performance rights were subsequently extended to 30 September 2021.*

13 RESERVES AND SHARE BASED PAYMENTS (cont)

a) Share-based payments (cont)

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

NUMBER OF PERFORMANCE RIGHTS	2021	2020
Opening balance as at 1 July	27,150,000	8,865,000
Granted as remuneration to the Directors	-	13,000,000
Granted as remuneration to other KMP	250,000	13,400,000
Granted as remuneration to other employees	1,375,000	1,300,000
Exercised	(1,650,000)	(2,403,000)
Lapsed	(4,333,334)	(7,012,000)
Outstanding as at 30 June	22,791,666	27,150,000

Fair value of options granted

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

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

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

2021	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Opening balance as at 1 July 2020	21,000,000	$0.060
Expired	(1,000,000)	($0.060)
Outstanding as at 30 June 2021	20,000,000	$0.060

2020	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Opening balance as at 1 July 2020	1,500,000	$0.070
Granted as remuneration to the Directors during the period	20,000,000	$0.060
Granted as remuneration to other KMP during the period	1,000,000	$0.060
Expired	(1,500,000)	($0.070)
Outstanding as at 30 June 2021	21,000,000	$0.060

14 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing:

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

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

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

	2021 #	2020 #
Weighted average number of shares used in basic earnings per share	1,060,237,514	802,061,204
Loss per share - basic and diluted (cents)	(0.27)	(0.55)

There were 105,003,467 options (2020: 42,273,810) and 22,791,666 performance rights (2020: 27,550,000) outstanding at the end of the year that have not been considered in calculating diluted EPS due to their effect being anti-dilutive.

15 INVESTMENTS IN CONTROLLED ENTITIES

Controlled Entities

The Company has the following subsidiaries:

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION	CLASS OF SHARES	PERCENTAGE HELD	
			2021	2020
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[1]	Australia	Ordinary	100%	N/A

1 *Bynoe Lithium Pty Ltd was registered on 25 February 2021.*

Company Structure

16 PARENT ENTITY INFORMATION

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

	2021 $	2020 $
Statement of financial position		
Current assets	38,376,061	8,770,077
Total assets	73,193,867	35,790,876
Current liabilities	1,769,412	2,181,132
Total liabilities	1,879,406	2,223,016
Issued capital	90,606,910	49,856,210
Retained losses	19,944,971	17,034,886
Share based payments reserve	652,522	746,536
Statement of profit of loss and other comprehensive income		
Loss for the year	2,912,254	4,386,412
Total comprehensive loss for the year	2,912,254	4,386,412

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 20.

17 OPERATING SEGMENTS

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

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in the nature of the minerals targeted. Operating segments that meet the quantitative criteria, as prescribed by AASB 8, are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

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

18 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:

	2021 $	2020 $
Short-term benefits	1,076,478	1,627,497
Post-employment benefits	68,229	112,644
Other long-term benefits	16,519	19,133
Share based payments	137,568	437,609
Total remuneration	1,298,794	2,196,883
The following transactions occurred with KMP:		
Payment for professional services to entities associated with related parties	154,842	294,176
Payables for professional services at reporting date	11,246	16,792

Transactions with Key Management Personnel and related parties as disclosed below are made on normal commercial terms and conditions and at market rates. Outstanding balances at reporting date are unsecured and are repayable in cash. These balances were paid in full subsequent to the reporting date.

Amounts paid to Director related entities:

RELATED PARTY	RELATIONSHIP TO KEY MANAGEMENT PERSONNEL / DIRECTOR	SERVICES PROVIDED	2021 $	2020 $
Piper Alderman[1]	A firm of which G English is a partner	Legal services	9,158	50,296
Neogold Enterprises Pty Ltd[2]	A company of which H Hellewell holds a beneficial interest	Director's fees	40,333	40,673
McComas Capital Pty Ltd[3]	A company of which M McComas holds a beneficial interest	Director's fees	40,201	28,477
Kopias Consulting[4]	A business of which J Kopias is a Director	Consulting fees	65,149	115,733

1 *The total amount of fees due to Piper Alderman as at 30 June 2021 was $nil (2020: $nil).*

2 *The total amount of fees due to Neogold Enterprises Pty Ltd as at 30 June 2021 was $3,330 (2020: $3,330).*

3 *The total amount of fees due to McComas Capital Pty Ltd as at 30 June 2021 was $3,333 (2020: $3,333).*

4 *The total amount of fees due to Kopias Consulting as at 30 June 2021 was $4,583 (2020: $8,905).*

Additional Disclosures

19 AUDITOR REMUNERATION

During the year ended 30 June 2021, total fees paid or payable for services provided by Grant Thornton and its related practices were as follows:

	2021 $	2020 $
Audit services		
Audit and review of Financial Reports	47,405	41,274
Other services		
Taxation compliance and advisory	16,258	29,400
Due diligence	6,500	-
Total other services remuneration	22,758	29,400
Total remuneration received by Grant Thornton	70,163	70,674

20 COMMITMENTS AND CONTINGENCIES

Contingencies

Option to Acquire Tenements

During the period Core Lithium Ltd and Bynoe Lithium Pty Ltd entered into a Call Option Deed with Outback Metals Proprietary Limited (Outback), Victory Polymetallic Pty Limited (Victory) (collectively the Grantors) and Australia New Zealand Resources Corporation Pty Ltd (the Landowner) to potentially acquire up to six granted Mineral Leases (MLs) adjacent to the Group's Finniss Lithium Project in the Northern Territory.

Bynoe has until 31 December 2021 to exercise its call option and may extend that date by three months until 31 March 2022 and a further three months until 30 June 2022, subject to paying $250,000 cash to the Grantors for each extension.

If the Group exercises the option, subject to securing the appropriate government authorisations, it must pay:

a) $5,000,000 to the Grantors, with $1,500,000 to be paid in cash and the balance of $3,500,000 to be paid in cash or Core Lithium Ltd shares, at Core's discretion (subject to any shareholder approval otherwise the balance of consideration will be cash). Any shares will be subject to a 4 month and 14-day escrow period.

b) Contingent consideration will also be payable of $500,000 to the Grantors, ($150,000 in cash and $350,000 in cash or Core Lithium Ltd shares, at Core's discretion (subject to any required shareholder approval)) for each 1 million tonne JORC resource identified by Bynoe, capped at an aggregate amount of $5,000,000. Any shares will be subject to a 3 month and 14-day escrow period.

Completion is conditional on Bynoe securing Ministerial approval within 6 months after the call option exercise date. If Ministerial approval is not obtained, then Bynoe can elect to terminate and the consideration will not become payable.

If the call option is exercised, the Landowners must enter 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. The Covenant is to be registered. Under the terms of the Covenant, the Landowners agree to give Bynoe a right of first refusal to purchase the underlying land if the Landowner intends to sell the land, and otherwise undertakes to ensure any third-party purchaser is bound by the Covenant.

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

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

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

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

20 COMMITMENTS AND CONTINGENCIES (cont)

Bank Guarantees

Bank guarantees have been disclosed at note 3.

Security Deposit

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

Exploration commitments

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

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

MINIMUM EXPENDITURE REQUIRED TO MAINTAIN TENURE OF TENEMENTS	2021 $	2020 $
Within one year	676,508	828,758
After one year but not more than five years	648,718	490,829
Greater than 5 years	46,751	17,000
Total commitments	1,371,977	1,336,587

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

21 EVENTS ARISING SINCE THE END OF THE REPORTING DATE

On 19 July 2021 Core announced the formal acceptance of a successful grant application from the Federal Government from the Modern Manufacturing Incentive totaling $6 million which will go towards co-funding feasibility studies and pilot plant test work through to March 2023 for a downstream lithium hydroxide chemical manufacturing facility in the Northern Territory.

On 8 August 2021 Core signed a Share Subscription Agreement with a subsidiary of Jiangxi Ganfeng Lithium Co., Ltd (Ganfeng) for a $34 million equity investment alongside a product Offtake Agreement for 75,000 per annum over 4 years from commercial production. The equity investment alongside the product offtake agreement has received Core Shareholder approval and is subject to Chinese regulatory approvals which must be satisfied or waived by 31 October 2021.

On 13 August 2021 Core completed a $91 million Share Placement primarily to global and domestic institutional investors and announced a Share Purchase Plan (SPP) offering to existing eligible shareholder. The SPP closed on 2 September 2021 raising $25 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.

22 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements for the reporting period ended 30 June 2021 were approved and authorised by the Board of Directors on 20 September 2021.

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

Comparative information

Comparative information for 2020 is for the full year commencing on 1 July 2019.

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

a) Principles of consolidation

Subsidiaries

The Group financial statements consolidate those of the Parent company and all of its subsidiary undertakings drawn up to 30 June 2021. 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 15 to the Financial Statements.

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

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

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

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

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

b) Financial instruments

Recognition, initial measurement and derecognition

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

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

22 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

b) Financial instruments (cont)

Classification and subsequent measurement of financial assets

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

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

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

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

Classifications are determined by both:

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

Subsequent measurement financial assets

FINANCIAL ASSETS AT AMORTISED COST

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

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

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

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

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

IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

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

22 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

b) Financial instruments (cont)

Classification and measurement of financial liabilities

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

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

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

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

c) Impairment of assets

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

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

d) Critical accounting estimates and judgements

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

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

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

Exploration and evaluation expenditure

Refer to disclosures in Note 5

Share based payments

Refer to disclosures in Note 13a

Impairment

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

e) 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).

f) 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.

g) 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.

h) 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 2021 but will be applicable to the Group in future reporting periods.

23 FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

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

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

	NOTE	2021 $	2020 $
Financial assets			
Cash and cash equivalents	1	38,107,642	8,679,521
Trade and other receivables	2	114,989	37,683
Financial assets	3	80,250	30,250
		38,302,881	8,747,454
Financial liabilities			
Trade and other payables	7	1,575,891	1,970,395

Financial risk management policy

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

a) Liquidity risk

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

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

Financial liabilities are expected to be settled within 12 months.

b) Interest rate risk

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

The Group is exposed to interest rate risk on cash balances and term deposits held in interest bearing accounts. The Board constantly considers return on investment such as interest rate exposure whilst ensuring sufficient funds are available for the Group's operating activities. The Group's net exposure to interest rate risk at 30 June 2021 approximates the value of cash and cash equivalents.

Sensitivity analysis

INTEREST RATE

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

2021		EFFECT ON:	
	Sensitivity[1]	Profit $	Equity $
Interest rate	+ 1%	+191,600	+191,600
	- 1%	-191,600	-191,600

2020		EFFECT ON:	
	Sensitivity[1]	Profit $	Equity $
Interest rate	+ 1%	+48,900	+48,900
	- 1%	-48,900	-48,900

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

23 FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (cont)

c) Net fair values of financial assets and financial liabilities

Fair value is the price that would be required to be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

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

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

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

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

DIRECTORS' DECLARATION

In the opinion of the Directors of Core Lithium Ltd:

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

   i) giving a true and fair view of its financial position as at 30 June 2021 and of its performance for the financial period ended on that date; and

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

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

The directors have been given the declaration required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2021.

Note 22 confirms that the consolidated financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Stephen Biggins
Managing Director

Adelaide

20 September 2021

INDEPENDENT AUDITOR'S REPORT

GrantThornton

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Adelaide SA 5000

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GPO Box 1270
Adelaide SA 5001

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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 2021, 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 2021 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.

GrantThornton

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation assets – Note 5	
At 30 June 2021 the carrying value of exploration and evaluation assets was $33,718,808. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.	Our procedures included, amongst others: • obtaining an understanding of management's processes and internal controls to evaluate impairment triggers in each area of interest; • obtaining management's reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • evaluating management's area of interest considerations against AASB 6; • evaluating management's assessment of trigger events prepared in accordance with AASB 6 including; – tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; – inquiries of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; – understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; • assessing the accuracy of impairment recorded for the year as it pertains to exploration interests; • evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and • assessing the appropriateness of the related financial statement disclosures.

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, 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.

Grant Thornton

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 Company's/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 Company/Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2021. In our opinion, the Remuneration Report of Core Lithium Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 20 September 2021


8:50 4/FEB/2018

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 2021.

The Company is listed on the Australian Securities Exchange.

SUBSTANTIAL SHAREHOLDERS

There are no substantial shareholders at the effective date.

VOTING RIGHTS

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

DISTRIBUTION OF EQUITY BY SECURITY HOLDERS

HOLDING	QUOTED ORDINARY SHARES		UNQUOTED OPTIONS			PERFORMANCE RIGHTS
	#	%	$0.08 5-SEP-22	$0.45 12-FEB-23	$0.06 30-JUN-23	
1 – 1,000	260	0.00	-	3	-	-
1,001 – 5,000	5,967	1.21	-	41	-	-
5,001 – 10,000	3,248	1.79	-	63	-	-
10,001 – 100,000	7,458	17.91	-	220	-	-
100,001 and over	1,660	79.08	1	68	4	7
Number of holders	18,593		1	395	4	7
Securities	1,467,263,913	100.00	4,000,000[1]	81,003,467	20,000,000[2]	21,613,332[2]

1 Held by Argonaut Investments Pty Ltd.

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

There were 779 holders of less than a marketable parcel of ordinary shares ($500 amounts to 1,515 shares). There are no restricted securities or securities subject to voluntary escrow.

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

ASX Additional Information

TWENTY LARGEST HOLDERS OF ORDINARY SHARES

		NO. OF SHARES HELD	% HELD
1	Ya Hua International Investment and Development Co. Ltd	69,815,094	4.76%
2	National Nominees Limited	55,293,057	3.77%
3	Citicorp Nominees Pty Limited	54,540,727	3.72%
4	HSBC Custody Nominees (Australia) Limited	48,320,347	3.29%
5	HSBC Custody Nominees (Australia) Limited - A/C 2	37,497,477	2.56%
6	Hooks Enterprises Pty Ltd <Hoeksema Superfund A/C>	26,463,225	1.80%
7	BNP Paribas Nominees Pty Ltd ACF Clearstream	23,017,906	1.57%
8	CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>	22,562,553	1.54%
9	Mr Leendert Hoeksema & Mrs Aaltje Hoeksema	21,923,225	1.49%
10	Tangshan Xinfeng (Hong Kong) Limited	21,739,130	1.48%
11	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	16,583,913	1.13%
12	CS Fourth Nominees Pty Limited <HSBC Cust Nom AU Ltd 11 A/C>	12,477,698	0.85%
13	Morgan Stanley Australia Securities (Nominee) Pty Limited <No 1 Account>	10,547,253	0.72%
14	Tarmo Investments Pty Ltd <Tjena Super Fund A/C>	9,400,032	0.64%
15	UBS Nominees Pty Ltd	9,100,020	0.62%
16	Mr Peter Palan & Mrs Clare Palan <Napla Provident Fund A/C>	6,000,000	0.41%
17	Nowak Investments Pty Ltd <Nowak Super Fund A/C>	5,979,680	0.41%
18	J P Morgan Nominees Australia Pty Limited	5,957,832	0.41%
19	WGS Pty Ltd	5,558,888	0.38%
20	Mrs Slavka Mincic	4,999,900	0.34%
	Top 20 shareholders as a 31 August 2021	467,777,957	31.89%
	Total ordinary shares on issue	1,467,263,913	100.00%