



Interim Consolidated Financial Statements

for the half-year ended 31 December 2022



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These Financial Statements cover Core Lithium Ltd ("Core" or the "Company") as a Group consisting of Core Lithium Ltd and its subsidiaries, collectively referred to as the "Group". The financial report is presented in 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
ACN 146 287 809
Level 5, 149 Flinders Street
ADELAIDE South Australia 5000

Directors' Report

Your directors present their report together with the financial statements of the consolidated entity being Core Lithium Ltd ("Core" or "the Company") and its controlled entities ("the Group") for the half year ended 31 December 2022 and the Independent Auditor's Review Report thereon.

DIRECTORS

The Directors of the Company who held office during the half-year and up to the date of this report are stated below. Directors were in office for this entire period unless otherwise stated.

Greg English	Non-Executive Chairman
Heath Hellewell	Non-Executive Director
Malcolm McComas	Non-Executive Director
Stephen Biggins	Managing Director (resigned 16 October 2022)

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Operations

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

The half-year to 31 December 2022 was underpinned by significant operational and corporate activity as the Company transitioned from mine developer to lithium mine operator and producer.

During the reporting period and, early into the 2023 year, Core commenced the final construction milestone – commissioning of the dense media separation plant (DMS) to produce first spodumene concentrate.

Key milestones:

- Commenced mining of lithium ore at the Grants Pit
- Commissioned the crushing and screening plant
- Awarded a five-year operations and maintenance contract for the DMS plant to Primero
- Completed construction of the DMS plant, and advanced commissioning to a point where concentrate production has commenced (subsequent to period end)
- Upgraded Finnis' Mineral Resource Estimate (MRE) by 28% and Ore Reserve Estimate (ORE) by 43%, and extended Finnis' life of mine to a minimum of 12 years (ASX announcement 12 July 2022)
- Concluded 2022 drilling campaign targeting

Resource and Reserve upgrades to further extend Finnis' life of mine

- Successfully completed a \$100 million equity raise to fund an extensive drilling campaign in 2023, pursue growth opportunities and provide additional working capital
- Significant additions to leadership including appointment of CEO Gareth Manderson, COO Mike Stone and subsequent to the half year, CFO Doug Warden.
- Announced corporate head office relocation to Perth, Western Australia (subsequent to the period end)

Sustainability

A series of engagements with the local communities were completed to support safe transport of the first shipment of DSO from the Finnis mine to the Darwin Port. A business wide sustainability assessment was undertaken, and the findings and recommendations will form the basis of the ESG framework.

Early mining

In mid-September 2022, Core uncovered first lithium ore at the Grants pit and commenced mining. In the December quarter, following the commissioning of the crushing and screening plant, sufficient ore was mined to produce a one-off Direct Shipping Ore (DSO) shipment. The DSO shipment was trucked to Darwin Port in December and shipped to customers in China in early January 2023.

The Northern Territory, and much of northern Australia, saw significantly higher than average rainfalls in the month of December. At the end of reporting period, this led to the accumulation of a significant volume of water in the base of the stage one portion of the Grants pit. Impacts of the wet

season on mining volumes are being assessed and strategies implemented to manage this impact in the March quarter.

Construction to operations

The crushing and screening plant was commissioned in November and successfully crushed first ore from Finniss to be shipped as a DSO cargo.

The DSO shipment allowed Core to commission all logistics processes and procedures between the Finniss Operation and Darwin Port.

In the September quarter, Core implemented a double shift to accelerate construction of the DMS plant ahead of commissioning activities.

Subsequent to the reporting period, Core completed construction of the DMS plant and advanced commissioning to a point where concentrate production has commenced. Commissioning of the DMS plant represents the final construction milestone for the Finniss Lithium Operation.

Sales and marketing

Core used a digital exchange platform to successfully tender a shipment of 15,000 dry metric tonnes (dmt) of spodumene DSO, with an average grade of 1.4% Li₂O. The tender was offered on a CIF basis to several pre-screened participants active in the lithium-ion battery supply chain and sold for US\$951/dmt.

Trucking to the Darwin Port commenced in November and loading of the shipment onto the Rossana commenced in late December. The ship departed Darwin Port on 4 January 2023 for Fangcheng, China.

In October 2022, Core concluded discussions with Tesla regarding a definitive product purchase agreement without an agreement being reached.

The Company continues to receive strong inbound interest in lithium spodumene concentrate from Finniss and is well-positioned to capitalise on high demand for available battery grade lithium concentrate to complement existing binding offtake arrangements with Ganfeng Lithium and Yahua.

Exploration

In mid-July 2022, Core reported a Mineral Resource Estimate (MRE) and Ore Reserve Estimate (ORE) update based on results from drilling undertaken in the 2021 drilling season.

Importantly, the updated MRE and ORE supported a minimum 12-year mine plan for Finniss – representing a 50% year-on-year life of mine increase (12 July 2022 announcement).

- The Finniss MRE increased by 28% to 18.9Mt @ 1.32% Li₂O.
- Measured and Indicated Resource categories increased by 61% to 13.3Mt @ 1.40% Li₂O.
- About 70% of the MRE is now in the higher confidence Measured and Indicated categories, with excellent conversion of Inferred to Indicated.
- The Ore Reserve Estimate for Finniss has increased by 43% to 10.6Mt @ 1.3% Li₂O.

As part of Core's continuous work to grow the Finniss Mineral Resource, the Company undertook extensive drilling in the reporting period.

In September 2022, Core completed a 12-hole deep diamond drilling program at BP33 – the second proposed mine at Finniss. The program was largest undertaken by the Company to date.

Drilling intersected the main BP33 mineralisation at depths of up to 470 metres below surface, and a further five holes intersected variable thicknesses of mineralised pegmatite associated with the southern BP33 body at depths below any previous drilling, and up to 420 metres below surface.

Importantly, new spodumene intersections were reported more than 400m outside of the current Mineral Resource, which is expected to deliver substantial ore body extensions.

In mid-December 2022, Core received assay results confirming that deep diamond holes NMRD035, NMRD038 and NMRD039 all intersected variable thicknesses of spodumene mineralised pegmatite at depths below any previous drilling, and up to 830m below surface (5 October 2022 announcement).

Significant intersections included:

- 72.74m @ 1.56% Li₂O in NMRD038 including 14m @ 2.00% Li₂O
- 22.0m @ 1.60% Li₂O in NMRD039 including 6m @ 2.16% Li₂O

In addition to drilling at BP33, Core conducted reverse circulation and diamond drilling at the Hang Gong deposit, and the Far West and Bilatos prospects that focused on confirming additional open pit deposits.

Far West and Hang Gong are adjacent to the DMS plant and Bilatos is within trucking distance, 22km south.

Several encouraging assay results were received at Far West, Hang Gong and Bilatos including (16 December 2022 announcement):

- Bilatos: 61m @ 0.87% Li₂O in SRC094 (from 48m) including 8m @ 1.57% Li₂O (from 83m and 8m @ 2.01% Li₂O in SRC087 (from 50m)
- Far West: 12m @ 1.66% Li₂O in FRC300 (Far West Central) from 124m and 8m @ 1.56% Li₂O in FRC299 (Far West North) from 137m; and
- Hang Gong: 11m @ 1.36% Li₂O in FRC345 (from 179m), 7m @ 1.86 Li₂O in FRC346 (from 157m) and 10m @ 1.35% Li₂O in FRC351 (from 182m).

Drilling for the calendar year concluded in mid-December.

Corporate

On 3 October 2022, Core completed a fully-underwritten institutional placement to raise \$100 million.

The raising strengthened Core's balance sheet and provided flexibility to pursue growth options, accelerate resource growth, advance development of the BP33 underground mine and provide working capital in the ramp up to completion of construction at Finnis.

The placement was well supported by new and existing high-quality domestic and global institutional investors.

Core issued 97.1 million shares at \$1.03 per share, representing a 6.8% discount to the 29 September 2022 closing price of \$1.105 and a 13% discount to the five-day volume weighted average price of \$1.184.

In August 2022, Core announced the appointment of Gareth Manderson as Chief Executive Officer.

Mr Manderson is a well-credentialed mining executive with 28 years' experience in the mining and minerals sector and joined Core after having served in various leadership and technical roles within mining giant Rio Tinto for more than 22 years. Mr Manderson commenced his role on 8 August 2022.

Core further built its organisational capability with the appointment of senior executives:

- Samantha Rees - Executive General Manager, People and Culture
- Mike Stone - Chief Operating Officer
- Melissa Winks - Executive General Manager, Sustainability
- Andrew Forman - Interim CFO with Doug Warden to commence as CFO – effective 17 April 2023

The evolution of Core's leadership team aligns with the Company's decision, announced subsequent to the period, to relocate its head office to Perth - the corporate centre of Australia's lithium industry.

Liquidity

At 31 December 2022 the Company had a cash and cash equivalents balance of \$125.3 million (30 June 2022: \$135.2 million).

Significant cash inflows and outflows during the half-year included:

- receipt of \$96.2 million (net of fees) from capital raising activity in the period;
- receipt of \$1.7 million from exercise of options;
- payment of \$84.2 million for construction activities;
- payment of \$10.0 million for exploration activities; and
- \$13.4 million for corporate and other expenses.

Forward Looking Statements

Certain statements made in the Directors' Report contain or comprise forward-looking statements regarding Core's Mineral Resources and Ore Reserves, exploration and project development operations, production rates, life of mine, sales price forecasts and projected cash flow, capital expenditure, operating costs and other economic performance and financial condition as well as general market outlook. Although Core believes that the expectations reflected in such forward-looking statements are reasonable, such expectations are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward-looking statements and no assurance can be given that such expectations will prove to have been correct. Those inherent risks and uncertainties include, among other factors, changes in economic and market conditions, delays or changes in project development, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in commodity prices and exchange rates, business and operational risk management and the impacts of the COVID-19 pandemic.

Except for statutory liability which cannot be excluded, each of Core, its officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in these forward-looking statements and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in forward-looking statements or any error or omission. Core undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events other than required by the Corporations Act and ASX Listing Rules. Accordingly, you should not place undue reliance on any forward looking statement.

Competent Person Statement

Core confirms that it is not aware of any new information or data that materially affects the information included in this report. The company confirms that all material assumptions and technical parameters underpinning the Mineral Resource Estimate and Ore Reserve Estimate, and forecast financial information derived from these estimates, in this report, continue to apply and have not materially changed.

Events Subsequent to Reporting Date

In January 2023, the Group recorded its maiden DSO sale. The proceeds from the sale were USD \$14.0 million (AUD \$20.1 million) and were received on 17 January 2023.

Drilling completed as part of the ongoing Finnis Lithium Operation exploration program has led to a more than doubling of the Mineral Resource Estimate at BP33 from 4.37Mt @ 1.53% Li₂O to 10.1Mt @ 1.48% Li₂O (ASX announcement 6 March 2023).

Except for the above items, no matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent period.

Significant Changes

There have been no changes in the state of affairs of the Group that occurred during the half year under review not otherwise disclosed in this report.

Auditor independence

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 (Cth) is included on page 7 of this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.



Greg English
Chairman
9 March 2023
Adelaide, South Australia

Auditor's Independence Declaration



Grant Thornton Audit Pty Ltd
Grant Thornton House
Level 3
170 Frome Street
Adelaide SA 5000
GPO Box 1270
Adelaide SA 5001
T +61 8 8372 6666

Auditor's Independence Declaration

To the Directors of Core Lithium Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Core Lithium Ltd for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

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

A stylized blue ink signature of the firm name "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A blue ink signature of J L Humphrey.

J L Humphrey
Partner – Audit & Assurance

Adelaide, 9 March 2023

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2022

	Notes	31 December 2022 \$	31 December 2021 \$
Interest income		1,004,240	153,700
Employee benefits expense		(1,749,111)	(1,049,375)
Site contractors expense		(3,238,273)	-
Depreciation		(84,510)	(39,802)
Share based payment expense		(99,011)	(124,414)
Impairment expense	8	(1,048,826)	(849)
Interest on leases		(328,609)	(1,737)
Consultants and advisors expense		(1,074,353)	(350,948)
Legal and insurance expense		(690,711)	(238,089)
Other expenses	3	(1,923,453)	(1,637,153)
Loss before tax		(9,232,617)	(3,288,667)
Income tax benefit / (loss)		-	-
Loss from continuing operations attributable to owners of the group		(9,232,617)	(3,288,667)
Other comprehensive income attributable to owners of the group		-	-
Total comprehensive loss attributable to owners of the group		(9,232,617)	(3,288,667)
Earnings per share from continuing operations			
Loss per share – basic and diluted (cents)	4	(0.52)	(0.22)

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	31 December 2022 \$	30 June 2022 \$
ASSETS			
Current assets			
Cash and cash equivalents		125,339,447	135,197,639
Trade and other receivables	5	6,718,813	2,554,674
Inventory	6	8,956,865	176,557
Other financial assets		190,069	190,069
Other assets	7	3,321,966	538,328
Total current assets		144,527,160	138,657,267
Non-current assets			
Other assets	7	4,513,666	12,513,666
Exploration and evaluation expenditure	8	48,493,041	40,153,774
Plant, equipment and development assets	9	184,853,299	70,528,508
Total non-current assets		237,860,006	123,195,948
TOTAL ASSETS		382,387,166	261,853,215
LIABILITIES			
Current liabilities			
Trade and other payables	10	22,929,395	14,038,732
Contract liability	11	2,368,263	2,368,263
Lease liabilities	12	3,050,697	1,189,422
Provisions	13	703,450	530,916
Total current liabilities		29,051,805	18,127,333
Non-current liabilities			
Lease liabilities	12	18,423,873	896,834
Provisions	13	7,681,940	4,104,293
Total non-current liabilities		26,105,813	5,001,127
TOTAL LIABILITIES		55,157,618	23,128,460
NET ASSETS		327,229,548	238,724,755
EQUITY			
Issued capital	14	363,509,612	265,668,360
Reserves	15	312,452	453,890
Accumulated losses		(36,592,516)	(27,397,495)
TOTAL EQUITY		327,229,548	238,724,755

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

STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2022

2022	SHARE CAPITAL \$	RESERVES \$	ACCUMULATED LOSSES \$	TOTAL EQUITY \$
Balance at 1 July 2022	265,668,360	453,890	(27,397,495)	238,724,755
Issue of shares - Share placement	100,000,000	-	-	100,000,000
Share Issue transaction costs	(3,780,792)	-	-	(3,780,792)
Performance rights and options issued to officers and employees at fair value	-	99,011	-	99,011
Fair value of performance rights and options lapsed	-	(37,596)	37,596	-
Exercise of options	1,487,389	(68,198)	-	1,419,191
Exercise of performance rights at fair value	134,655	(134,655)	-	-
Transactions with owners	97,841,252	(141,438)	37,596	97,737,410
Comprehensive income:				
Total loss	-	-	(9,232,617)	(9,232,617)
Total other comprehensive income	-	-	-	-
Balance 31 December 2022	363,509,612	312,452	(36,592,516)	327,229,548

2021	SHARE CAPITAL \$	RESERVES \$	ACCUMULATED LOSSES \$	TOTAL EQUITY \$
Balance at 1 July 2021	90,606,910	652,522	(19,944,971)	71,314,461
Issue of shares - Share placement	124,875,464	-	-	124,875,464
Issue of shares - Share purchase plan	25,000,003	-	-	25,000,003
Share Issue transaction costs	(6,721,975)	-	-	(6,721,975)
Performance rights and options issued to officers and employees at fair value	-	137,547	-	137,547
Fair value of performance rights and options lapsed	-	(26,284)	13,150	(13,134)
Exercise of options	9,234,221	(27,279)	-	9,206,942
Exercise of performance rights at fair value	131,000	(131,000)	-	-
Transactions with owners	152,518,713	(47,016)	13,150	152,484,847
Comprehensive income:				
Total loss	-	-	(3,288,667)	(3,288,667)
Total other comprehensive income	-	-	-	-
Balance 31 December 2021	243,125,623	605,506	(23,220,488)	220,510,641

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

STATEMENT OF CASH FLOWS

For the half year ended 31 December 2022

	31 December 2022 \$	31 December 2021 \$
Operating activities		
Interest received	1,004,240	153,700
Payments to suppliers and employees	(13,408,090)	(4,318,482)
Net cash used in operating activities	(12,403,850)	(4,164,782)
Investing activities		
Payments for plant, equipment, and development assets	(84,180,728)	(19,522,087)
Payments for capitalised exploration expenditure	(9,951,477)	(8,254,139)
Government co-funding grants received	86,222	2,425,081
Payments for financial assets	-	(109,819)
Net payments for security bond	-	(3,720,639)
Net cash used in investing activities	(94,045,983)	(29,181,603)
Financing activities		
Proceeds from issue of share capital	100,000,000	149,875,467
Proceeds from exercise of options	1,737,192	9,206,942
Payment of share issue transaction costs	(3,780,968)	(6,713,728)
Payments of lease liabilities	(1,364,583)	(53,375)
Net cash from financing activities	96,591,641	152,315,306
Net change in cash and cash equivalents	(9,858,192)	118,968,921
Cash and cash equivalents at the beginning of the period	135,197,639	38,107,642
Cash and cash equivalents at the end of the period	125,339,447	157,076,563

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2022

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting entity

Core Lithium Ltd (the "Company") is a listed public company registered and domiciled in Australia. These consolidated interim financial statements ("interim financial statements") as at and for the 6 months ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is an Australian hard-rock lithium mining company that owns and operates the Finniss Lithium Operation on the Cox Peninsula, south-west and 88km by sealed road from the Darwin Port, Northern Territory.

b) General information and basis of preparation

The interim financial statements of the Group are for the six months ended 31 December 2022 and are presented in Australian dollars (\$), which is the functional currency of the Group. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) and *AASB 134 - Interim Financial Reporting*. They do not include all the information required in annual financial statements in accordance with AIFRS and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2022 and any public announcements made by the Group during the half-year in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001* (Cth). The Company is a for profit entity for the purposes of preparing its financial statements.

The interim financial statements have been approved and authorised for issue by the board of directors on 9 March 2023.

c) Critical accounting estimates and judgements

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.

d) Significant accounting policies

The accounting policies applied by the Group in the consolidated interim report are the same as those applied by the Group in its consolidated financial report as at year ended 30 June 2022 except for the new policies detailed in Note 6 – Inventory, in relation to product inventory and Note 9 Plant, Equipment and Development Assets, in relation to Deferred Mining Expenditure – Surface Mining Costs.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

e) 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. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2 OPERATING SEGMENTS

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

The Group has identified two reportable segments of its business:

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

The CODM monitors performance in these areas separately. Unless stated otherwise, all amounts reported to the CODM are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group. Operating segment performance details for the 6 month periods ended December 2022 and December 2021 are set out below:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2022

2. OPERATING SEGMENTS (CONT.)

Segment results

December 2022 Segment results	Notes	Finniss Lithium Project - operations \$	Exploration \$	Total \$
Segment revenue		-	-	-
Site contractors	a	(3,238,273)	-	(3,238,273)
Impairment		-	(1,048,826)	(1,048,826)
Segment result		(3,238,273)	(1,048,826)	(4,287,099)
Interest income		-	-	1,004,240
Finance costs		-	-	(328,609)
Other expenses		-	-	(5,621,149)
Loss before tax				(9,232,617)

a. This amount excludes Finniss site costs capitalised to mine development and inventory.

December 2021 Segment results		Finniss Lithium Project - operations \$	Exploration \$	Total \$
Segment revenue		-	-	-
Site Contractors		-	-	-
Impairment		(551,285)	(1,599)	(552,884)
Segment result		(551,285)	(1,599)	(552,884)
Interest income				153,700
Finance costs				(1,737)
Other expenses				(2,887,746)
Loss before tax				(3,288,667)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2022

2. OPERATING SEGMENTS (CONT.)

Operating segment assets are reconciled to total assets as follows:

	Dec 2022	June 2022
	\$	\$
Segment assets		
Finniss Lithium Project - operations	205,496,174	84,533,395
Exploration	49,304,858	41,078,175
Total	254,801,032	125,611,570
<i>Unallocated assets:</i>		
Cash and cash equivalents	125,339,447	135,197,639
Other receivables	286,532	20,655
Other financial assets	190,069	190,069
Other assets	1,044,163	220,258
Plant and equipment assets	725,923	613,024
Total assets	382,387,166	261,853,215

Operating segment liabilities are reconciled to total liabilities as follows:

	Dec 2022	June 2022
	\$	\$
Segment liabilities		
Finniss Lithium Project - operations	50,325,169	17,196,124
Exploration	2,821,654	3,380,386
Total	53,146,823	20,576,510
<i>Unallocated liabilities:</i>		
Trade and other payables	1,147,762	1,653,087
Lease liabilities	356,926	403,265
Provisions	506,107	495,598
Total liabilities	55,157,618	23,128,460

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2022

3 OTHER EXPENSES

	31 December 2022 \$	31 December 2021 \$
Statutory and compliance expenses	618,960	514,002
Office expenses	675,459	232,643
Public road improvements – Northern Territory	-	551,285
Public and investor relations expense	420,548	166,097
Other expenses	208,486	173,126
	1,923,453	1,637,153

4 EARNINGS PER SHARE

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:

	6 Months to December 2022	6 Months to December 2021
Weighted average number of shares used in basic earnings per share	1,782,788,669	1,487,620,237
Weighted average number of securities used in diluted earnings per share	1,782,788,669	1,487,620,237
Loss per share – basic and diluted (cents)	(0.52)	(0.22)

There were 17,104,632 Options (2021: 82,810,262) and 8,671,105 (2021: 19,238,332) Performance Rights outstanding at the end of the period that have not been taken into account in calculating diluted EPS due to their effect being anti-dilutive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2022

5 TRADE AND OTHER RECEIVABLES

	Notes	31 December 2022 \$	30 June 2022 \$
GST receivable		6,057,057	2,306,164
Other receivables		661,756	248,510
		<u>6,718,813</u>	<u>2,554,674</u>

6 INVENTORY

	Notes	31 December 2022 \$	30 June 2022 \$
Product inventory – Work in progress		5,289,963	-
Product inventory – Finished goods		3,425,386	-
Consumables - Fuel		241,516	176,557
		<u>8,956,865</u>	<u>176,557</u>

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

Consumables and stores are valued at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting any applicable rebates and discounts. A periodic review is undertaken to establish the extent of any surplus or obsolete items and where necessary a provision is made. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion of sale.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2022

7 OTHER ASSETS

	Notes	31 December 2022 \$	30 June 2022 \$
Prepayments		2,394,219	533,428
Customer fulfillment costs		920,847	-
Other bonds and deposits		6,900	4,900
Total current other assets		3,321,966	538,328
Prepayments - EPC contract		-	8,000,000
Environmental exploration and mining bonds receivable		4,513,666	4,513,666
Total non-current other assets		4,513,666	12,513,666

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

8 EXPLORATION AND EVALUATION EXPENDITURE

	Notes	31 December 2022 \$	30 June 2022 \$
Opening balance		40,153,774	33,718,808
Expenditure during the period	a	9,388,093	11,800,603
Acquisition costs		-	5,880,273
Transfer to development assets		-	(11,245,061)
Impairment expense	b	(1,048,826)	(849)
Closing balance		48,493,041	40,153,774

a During the current period, the Group's exploration activity was primarily focused on extension lithium drilling programs to further define and grow Mineral Resources and project mine life as well as further exploration on other lithium prospects in and around the Finnis Lithium Project.

b Given the Groups focus is on the production of lithium concentrate rather than more advanced processing options, it was considered appropriate to impair the carrying value of evaluation expenditure related to this initiative at 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2022

9 PLANT, EQUIPMENT AND DEVELOPMENT ASSETS

	PLANT & EQUIPMENT - OTHER \$	RIGHT OF USE ASSETS - BUILDINGS \$	ASSETS UNDER CONSTRUCTION - FINNISS \$	MINE DEVELOPMENT - FINNISS \$	TOTAL \$
Gross carrying amount					
Opening balance	746,221	3,390,810	27,133,123	40,610,239	71,880,393
Additions	464,629	24,317,528	35,723,489	56,414,237	116,919,883
Transfer from exploration assets	-	-	-	-	-
Disposals	-	-	-	-	-
Balance 31 December 2022	1,210,850	27,708,338	62,856,612	97,024,476	188,800,276
Accumulated Depreciation					
Opening balance	(236,832)	(1,115,053)	-	-	(1,351,885)
Depreciation ¹	(78,511)	(1,307,610)	-	(1,208,971)	(2,595,092)
Disposals	-	-	-	-	-
Balance 31 December 2022	(315,343)	(2,422,663)	-	(1,208,971)	(3,946,977)
Carrying amount 31 December 2022	895,507	25,285,675	62,856,612	95,815,505	184,853,299

	PLANT & EQUIPMENT - OTHER \$	RIGHT OF USE ASSETS - BUILDINGS \$	ASSETS UNDER CONSTRUCTION - FINNISS \$	MINE DEVELOPMENT - FINNISS \$	TOTAL \$
Gross carrying amount					
Opening balance 1 July 2021	375,113	324,406	-	-	699,519
Additions	399,913	3,066,404	27,133,123	29,365,178	59,964,618
Transfer from exploration assets	-	-	-	11,245,061	11,245,061
Disposals	(28,805)	-	-	-	(28,805)
Balance 30 June 2022	746,221	3,390,810	27,133,123	40,610,239	71,880,393
Accumulated Depreciation					
Opening balance 1 July 2021	(171,172)	(222,376)	-	-	(393,548)
Depreciation ¹	(85,143)	(892,677)	-	-	(977,820)
Disposals	19,483	-	-	-	19,483
Balance 30 June 2022	(236,832)	(1,115,053)	-	-	(1,351,885)
Carrying amount 30 June 2022	509,389	2,275,757	27,133,123	40,610,239	70,528,508

- ¹ Depreciation of plant and equipment and right of use assets which are used for exploration or mine development activities is charged to exploration and evaluation and mine development assets in the Statement of Financial Position. Depreciation of plant and equipment used in mining and processing ore is included in the cost of inventory as detailed in Note 6.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2022

9 PLANT, EQUIPMENT AND DEVELOPMENT ASSETS (continued)

Mine Development – Finniss includes deferred mining expenditure in relation to the production stage of operations. The accounting policy for such expenditure is set out below:

Deferred Mining Expenditure - Surface Mining Costs

Mining costs incurred during the production stage of operations are deferred, to recognise the future economic benefit associated with accessing the identified Ore Reserves. This is generally the case where there are fluctuations in deferred mining costs over the life of the mine, and the effect is material. The amount of mining costs deferred is based on the ratio obtained by dividing the volume of waste material moved by the volume of ore mined. Mining costs incurred in the period are deferred to the extent that the current period waste to ore ratio exceeds the expectation being the life of mine waste to ore (life of mine) ratio. The life of mine ratio is based on economically recoverable reserves of the operation.

10 TRADE AND OTHER PAYABLES

	31 December 2022 \$	30 June 2022 \$
Trade payables and accrued expenses	22,232,730	12,704,839
Other payables	696,665	1,333,893
	<u>22,929,395</u>	<u>14,038,732</u>

11 OTHER LIABILITIES

	31 December 2022 \$	30 June 2022 \$
Grant funding received in advance	<u>2,368,263</u>	<u>2,368,263</u>

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

This is recognised as a liability by the Group in accordance with the performance obligations set out in the grant agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2022

12 LEASE LIABILITIES

	31 December 2022 \$	30 June 2022 \$
Current		
Lease liabilities	3,050,697	1,189,422
Non-Current		
Lease liabilities	18,423,873	896,834

The increase in lease liabilities from 30 June 2022 is primarily due to the commencement of the operations and maintenance contract related to crushing activities.

13 PROVISIONS

	31 December 2022 \$	30 June 2022 \$
Current Provisions		
Employee benefits	703,450	530,916
Total Current Provisions	703,450	530,916
Non-Current Provisions		
Employee benefits	20,827	72,097
Mine rehabilitation	7,127,806	3,867,687
Demobilisation of right of use assets	533,307	164,509
Total Non-Current Provisions	7,681,940	4,104,293

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2022

14 ISSUED CAPITAL

31 December 2022	Number of Shares	\$
a) Issued and paid-up capital		
Fully paid ordinary shares	1,841,844,522	363,509,612
	1,841,844,522	363,509,612
b) Movements in fully paid shares		
Opening balance as at 1 July 2022	1,732,611,716	265,668,360
Share placements	97,087,379	100,000,000
Exercise of unquoted options	7,487,094	1,487,389
Exercise of unquoted performance rights	4,658,333	134,655
Issue costs	-	(3,780,792)
Balance as at 31 December 2022	1,841,844,522	363,509,612
30 June 2022	Number of Shares	\$
a) Issued and paid-up capital		
Fully paid ordinary shares	1,732,611,716	265,668,360
	1,732,611,716	265,668,360
b) Movements in fully paid shares		
Opening balance as at 1 July 2021	1,174,117,254	90,606,910
Share placements	393,738,374	124,875,464
Share purchase plan	80,646,015	25,000,003
Exercise of unquoted options	76,411,741	31,750,761
Exercise of unquoted performance rights	7,698,332	249,033
Issue costs	-	(6,813,811)
Balance as at 30 June 2022	1,732,611,716	265,668,360

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2022

15 RESERVES

Reserves	Dollars (\$)	
	6 Months to 31 December 2022	Year Ended 30 June 2022
Options Reserve	109,117	214,911
Performance Rights Reserve	203,335	238,979
Balance at end of period	312,452	453,890

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.

Movements in the period

Share based payments are in line with the Group's remuneration policy, details of which are outlined in the 30 June 2022 Annual Report. Movements in the share option reserve and performance rights reserve are illustrated below:

Option Reserve	Number of Options		Dollars (\$)	
	6 Months to 31 December 2022	Year Ended 30 June 2022	6 Months to 31 December 2022	Year Ended 30 June 2022
Opening balance at beginning of period	28,591,726	105,003,467	214,911	310,388
Issued	-	-	-	-
Exercised	(7,487,094)	(76,411,741)	(68,198)	(95,477)
Lapsed	(4,000,000)	-	(37,596)	-
Balance at end of period	17,104,632	28,591,726	109,117	214,911

The amount expensed includes options issued in previous financial periods with the expense recognised evenly over the vesting period and current assessment of likelihood of achieving vesting conditions attached to these existing options.

During the six months to 31 December 2022 the Group did not issue any unquoted options. There were 2,487,094 unquoted options with an exercise price of 45 cents exercised during the period which were issued as attaching in conjunction with a share placement undertaken in February 2021 and 5,000,000 unquoted options exercised by directors which were exercisable for 6 cents. There were 4,000,000 unquoted options with an exercise price of 8 cents that lapsed during the period.

During the year ended 30 June 2022 there were 69,411,741 unquoted options with an exercise price of 45 cents exercised during the period which were issued as attaching in conjunction with a share placement undertaken in February 2021 and 7,000,000 unquoted options exercised by directors which were exercisable for 6 cents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2022

15 RESERVES (continued)

Movements in the period (continued)

Performance Rights Reserve	Number of Rights		Dollars (\$)	
	6 Months to 31 December 2022	Year Ended 30 June 2022	6 Months to 31 December 2022	Year Ended 30 June 2022
Opening balance at beginning of period	14,329,438	22,791,666	238,979	342,133
Issued to directors and employees as remuneration	-	1,879,438	99,011	172,162
Exercised	(3,958,333)	(7,698,332)	(134,655)	(249,033)
Lapsed	(1,000,000)	(2,643,334)	-	(26,283)
Balance at end of period	9,371,105	14,329,438	203,335	238,979

The amount expensed includes performance rights issued in previous financial periods with the expense recognised evenly over the vesting period and current assessment of likelihood of achieving vesting conditions attached to these existing performance rights.

During the six months to 31 December 2022, 3,958,333 performance rights issued to employees were exercised upon KPI performance conditions being met and 1,000,000 performance rights issued to employees lapsed as KPI conditions were not met.

During the year ended 30 June 2022, the Group issued 1,129,438 performance rights to employees as remuneration. The performance rights have no exercise price and range in fair value from 27.5 cents to 114 cents with various KPI based performance conditions. There were also 750,000 performance rights issued to the Managing Director as remuneration which have no exercise price and a fair value of 54 cents with a non-market KPI based performance condition. During the prior period 7,698,332 performance rights issued to employees and contractors were exercised upon KPI performance conditions being met and 2,643,334 performance rights issued to the Managing Director, employees and contractors lapsed as KPI conditions were not met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2022

16 EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

In January 2023, the Group recorded its maiden DSO sale. The proceeds from the sale were USD \$14.0 million (AUD \$20.1 million) and were received on 17 January 2023.

Drilling completed as part of the ongoing Finnis Lithium Operation exploration program has led to a more than doubling of the Mineral Resource Estimate at BP33 from 4.37Mt @ 1.53% Li₂O to 10.1Mt @ 1.48% Li₂O (ASX announcement 6 March 2023).

Except for the above items, no matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent period.

17 CAPITAL COMMITMENTS

As at 31 December 2022 the group has outstanding contractual capital commitments of \$6,786,501 (30 June 2022: \$18,519,930).



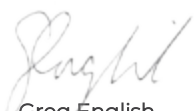
First DSO Stockpile

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 31 December 2022 and of its performance for the half-year ended on that date; and
 - ii) complying with Australian Accounting Standard 134 Interim Financial Reporting; 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.

Signed in accordance with a resolution of the Directors:



Greg English
Chairman
9 March 2023
Adelaide, South Australia

Independent Auditor's Review Report



Grant Thornton Audit Pty Ltd
Grant Thornton House
Level 3
170 Frome Street
Adelaide SA 5000
GPO Box 1270
Adelaide SA 5001
T +61 8 8372 6666

Independent Auditor's Review Report

To the Members of Core Lithium Ltd

Report on the half year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Core Lithium Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, and 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 half-year ended on that date, a description of accounting policies, other selected explanatory notes, and the Directors' declaration.

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

- a giving a true and fair view of the Core Lithium Limited's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J.L. Humphrey
Partner – Audit & Assurance

Adelaide, 9 March 2023

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