

CORE LITHIUM

Annual Report 2019

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Corporate information

Core Lithium Ltd ACN 146 287 809

Directors

Greg English
Non-executive Chairman

Stephen Biggins
Managing Director

Heath Hellewell
Non-executive Director

Company Secretary

Jaroslaw (Jarek) Kopias

Registered and Principal Office

Level 1,
366 King William Street
ADELAIDE
South Australia 5000

Telephone: +61 8 8317 1700

Postal address

PO Box 6028
HALIFAX STREET
South Australia 5000

Web address

www.corelithium.com.au

Auditors

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

Solicitors

Piper Alderman
Level 16,
70 Franklin Street
ADELAIDE
South Australia 5000

Home Stock Exchange

Australian Securities Exchange
20 Bridge Street
SYDNEY
New South Wales 2000

ASX Code

CXO – fully paid ordinary shares

Share Registry

Security Transfer Australia Pty Ltd
770 Canning Highway
APPLECROSS
Western Australia 6153

Telephone: +61 8 9315 2333

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Contents

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Chairman's Letter	4
Managing Director's Report	7
Project Overview	11
Tenement Schedule	29
Ore Reserves and Mineral Resources Statement	30
Competent Person Statements	32
Directors' Report	34
Auditor's Independence Declaration	49
Financial Report	
Statement of Profit or Loss and Other Comprehensive Income	51
Statement of Financial Position	52
Statement of Changes in Equity	53
Statement of Cash Flows	54
Notes to the Consolidated Financial Statements	55
Directors' Declaration	75
Independent Auditor's Report	77
ASX Additional Information	80

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

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

Core Lithium Ltd
Level 1,
366 King William Street
ADELAIDE
South Australia 5000

Chairman's Letter

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Dear Shareholder

Much has been achieved over the past financial year as the Company has made substantial advances in the development of the Finniss Lithium Project (Project).

Of great satisfaction has been the maturing of the Company as it moves from a junior explorer to an emerging lithium producer. From the primary building block of resource delineation, grant of the Mining Lease through to engineering and the completion of the Definitive Feasibility Study (DFS), the continuing momentum demonstrates the Company's resolve to bring the Project to rapid fruition.

The macro environment of continuing high future demand for lithium and the continuing supply/demand imbalance is providing the Company with a unique opportunity to progress its objective of becoming an emerging producer of spodumene. The increasing use of lithium in applications such as mobile devices, electrification of vehicles and energy storage, to name a few, has driven significant demand growth for lithium raw materials.

Lithium is one of the basic requirements of a world moving toward electric vehicles. Accordingly, we expect demand for raw materials like spodumene to remain strong for the foreseeable future. Core's initial model of a fully ramped production of 180,000 tpa spodumene concentrate forms the basis of the completed DFS. Due to the growth in Core's resource portfolio and its potential markets, it is logical on the infrastructure platform we are developing, that we will have the potential to expand the Project life beyond the forecast of 3.5 years. Management is currently working on a material increase to mine life.

In addition to the DFS, Core has successfully focussed on the delineation of abundant resources to underwrite the Project. To date the resource estimate for all areas drilled is nearing 10 million tonnes (measured, indicated and inferred categories under JORC) at an overall grade of 1.3% Li_2O. This resource has been generated by a drill campaign that has been ongoing for the last three years.



The Company's first planned mining area is referred to as Grants and BP33. The most recent JORC reserve estimate for this area of 2.2 million tonnes was announced in the DFS on 17 April 2019. The Company is also undertaking drilling and exploration of the "next generation" of sites within its overall Finniss tenement footprint. Some areas to the north of the Grants deposit have been assessed as prospective and selective wide spaced drilling is being conducted to determine the extent and nature of the mineralisation present. Early drill results and outcrop sampling lend confidence in the Company's ability to further expand the Project resource base.

With the DFS complete, the Company is positioning itself to embark on full Project financing and implementation. The Company was able to raise $8.125 million through the granting of a 2.5% lithium royalty to LRC. The Company has also executed a pre-funding agreement with our major offtake partner Yahua for a further US$20 million.

With this initial financial platform established, Core has now embarked on the broader task of raising funds to accommodate the main Project finance requirements in the most optimal manner to all stakeholders. Specialist investment banks have assisted the Company to formulate an overall financial plan with various capital raising options including direct equity and debt being considered. The Company is progressing discussions on a number of fronts with potential partners.

One of the most fundamental achievements during the year was the completion of the Finniss Project DFS. It covered all mining, mineral processing and associated infrastructure. The end result was the announcement by the Company of a capital estimate of A$73 million, Project pre-tax NPV10 of $114 million, IRR of 80% and 3.5 year mine life, based on an accuracy variance of +/- 10%.

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The mining plan is based on the mining of spodumene ore at Grants and BP33, the processing of the ore at the nearby processing plant and then the transport of the spodumene concentrate by road train to Darwin Port for loading onto ships.

Detailed engineering and design of the Project infrastructure have been completed and the various key components have been put to tender. As a result, Lucas TCS has been selected as the preferred mining contractor, Primero the preferred processing plant construction company and Qube Logistics the preferred ore haulage and ship loading contractor.

The market for lithium products remains very buoyant, as reflected in the long term price rises for spodumene, lithium hydroxide and associated products. The supply/demand imbalance exists because industrialising Asian markets are consuming lithium more aggressively than ever before. This trend of substantial year on year consumption growth is predicted to continue. Benchmark Market Intelligence are continuing to project rising demand for spodumene and lithium products in the long term future.

Core's marketing team has taken a targeted approach to its objective of securing offtake agreements within the world's largest lithium market of China. The first round of negotiations provided for sales totalling 75,000 tpa to Yahua and up to 150,000 tpa to Ruifu on a non-binding basis. Core's marketing effort will continue to focus on Asian countries. The team has cultivated good relationships in the largest of these markets being China but is also focussed on developing strong relationships with lithium industry companies in Japan, Korea and Taiwan.

Core's environmental team has made excellent progress during the year with the Northern Territory Environment Protection Authority delivering a positive Assessment Report for the Project in June 2019. The remaining approvals are expected later this year. The process for attaining ministerial approval involves extensive public and government department consultation.

Core's team has been particularly sensitive to this and has made efforts to ensure it has undertaken an inclusive process. There have been numerous community and stakeholder meetings at which Core has presented and fielded questions regarding the nature and impacts of the Project. This has facilitated a relatively smooth public review process.

The Finniss Lithium Project has progressed rapidly to financial execution and implementation principally due to the high-grade ore body and the proximity of the deposits to infrastructure. Combined with the strong support from the NT Government and the continuing efforts from a dedicated and highly experienced management team, the Project has come a long way in a relatively short time frame.

In many ways the convergence of a range of external and internal factors has cleared the way for the successful implementation of Core's plans. The world's consumption of lithium based commodities is growing at a rate that is demanding the establishment of new and competitive supply lines. Simultaneously Core's aggressive and targeted exploration program has resulted in a continued growth of the spodumene resource at Finniss.

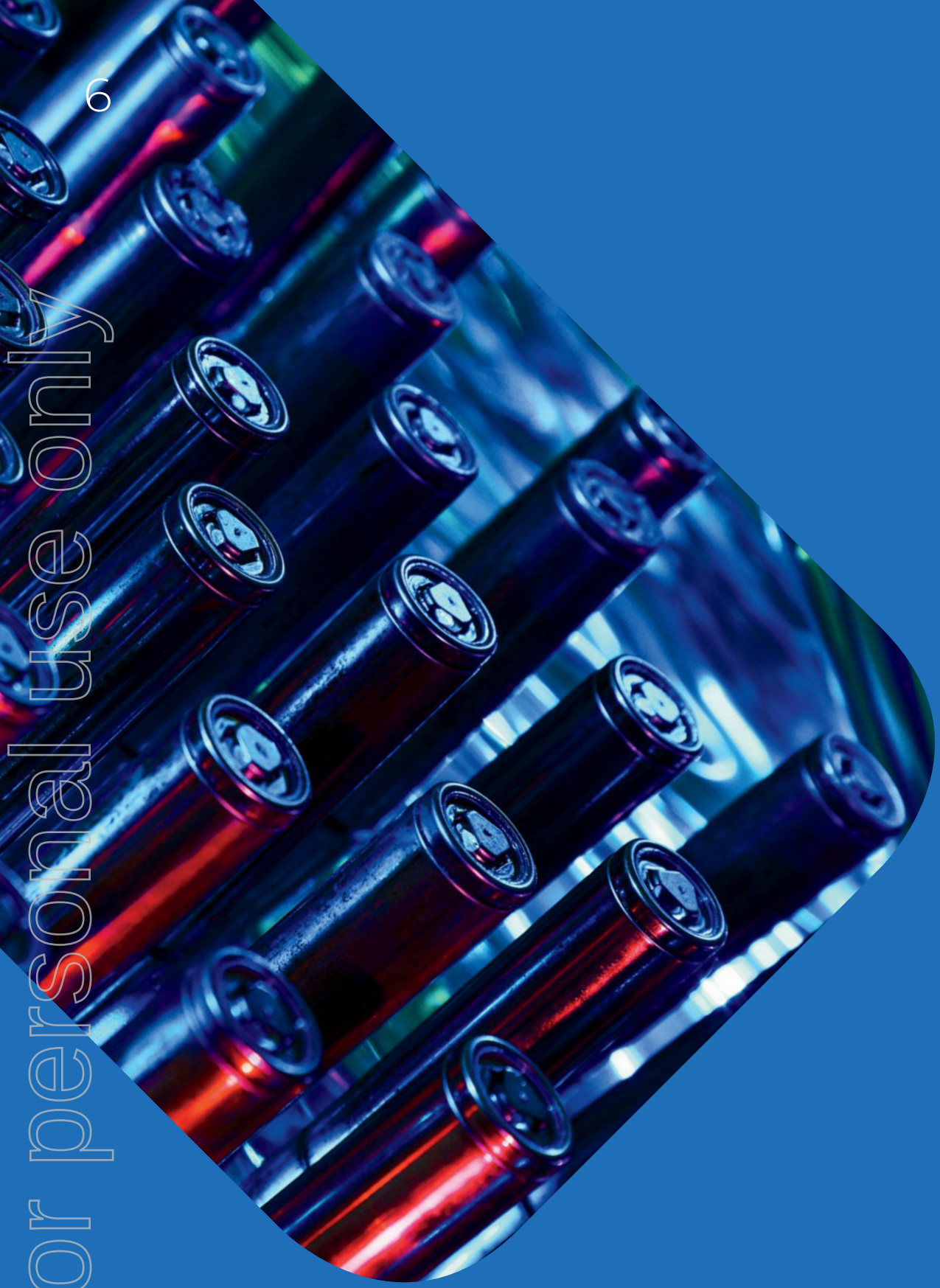
The challenges of bringing together all requisite Project components such as people, services, approvals and finance are both substantial and exciting. Core is certainly not underestimating the task ahead and I hope shareholders will be encouraged and equally excited by the achievements detailed in this report.

I believe the Core team is responding remarkably to the challenge and opportunity as evidenced by the extraordinary advances made over the last 12 months.



Greg English
Chairman

Core Lithium Ltd



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Managing Director's Report

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LITHIUM PROJECTS



Finniss Lithium Project

NORTHERN TERRITORY

CXO 100%

Core is well placed to be Australia's next lithium producer following successful completion of the Definitive Feasibility Study (DFS). The Company is working towards securing resource and project life growth, additional offtake and project finance and approvals.

Core's development of the Finniss Lithium Project is initially centred on production from the high-grade Grants deposit as an open pit mining operation, and construction of a simple 1Mtpa DMS process plant that will produce a high quality spodumene concentrate for export.

The high grade of Grants, when coupled with the low capital and operating costs, results in a development capable of delivering excellent cash generation. The strong cash surplus will ensure Core is well placed with a first-mover advantage in this exciting new lithium province and lays solid foundations for the building of a long-term lithium production hub.

Existing road infrastructure will provide access for daily road train movements of concentrate product to the Darwin Port forshipment which is located 88km from the project area. The Project also has other substantial infrastructure advantages, including being close to grid power, gas and rail infrastructure and being less than a 1-hour drive from the skills, trades, workshops and services in suburban Darwin.

Key DFS Outputs

The DFS demonstrates compelling Project economics, with globally competitive cash costs that result in high operating margins and rapid capital payback. Key outputs include:

Key DFS Outputs

TECHNICAL METRICS	RESERVE CASE	FINANCIAL METRICS[4]	RESERVE CASE
Schedule production	481,018t conc.	Commodity prices[1]	A$981/t US$687/t
Spodumene conc. grade	5.5%	C1 operating costs FOB[3]	A$429/t US$300/t
Total ore mined	2.6mt	FX rate (AUD:USD)	$0.70
Average grade mined	1.42%	Start-up capital[2]	A$73m US$51m
Design throughput	1Mtpa	Free Cash Flow	A$158m US$111m
Production mine life	3.5 years	NPV10	A$114m US$80m
Payback period[4]	<1.5 years	IRR	80%

1 *Commodity Pricing assumptions are derived from Concentrate Benchmark Pricing - January 2019 and represents an average over the life-of-mine. Exchange Rate assumption is $0.70.*

2 *Start-Up Capital costs includes pre-strip mine development costs for Grants Project of A$30m million.*

3 *C1 Operating Costs are defined as direct cash operating costs of production FOB, net of by-product credits, divided by the amount of payable spodumene concentrate. Direct cash operating costs include mining, processing, transport, treatment and refining costs. C1 Operating Costs exclude royalties and pre-strip mine development costs.*

4 *NPV has been discounted using a discount rate of 10% and NPV, IRR and Free Cash Flow are pre-tax nominal calculations. Payback is calculated from sale of first concentrate. Where nominal values are noted, costs and revenues are escalated at 2% CPI.*

Managing Director's Report

LITHIUM PROJECTS

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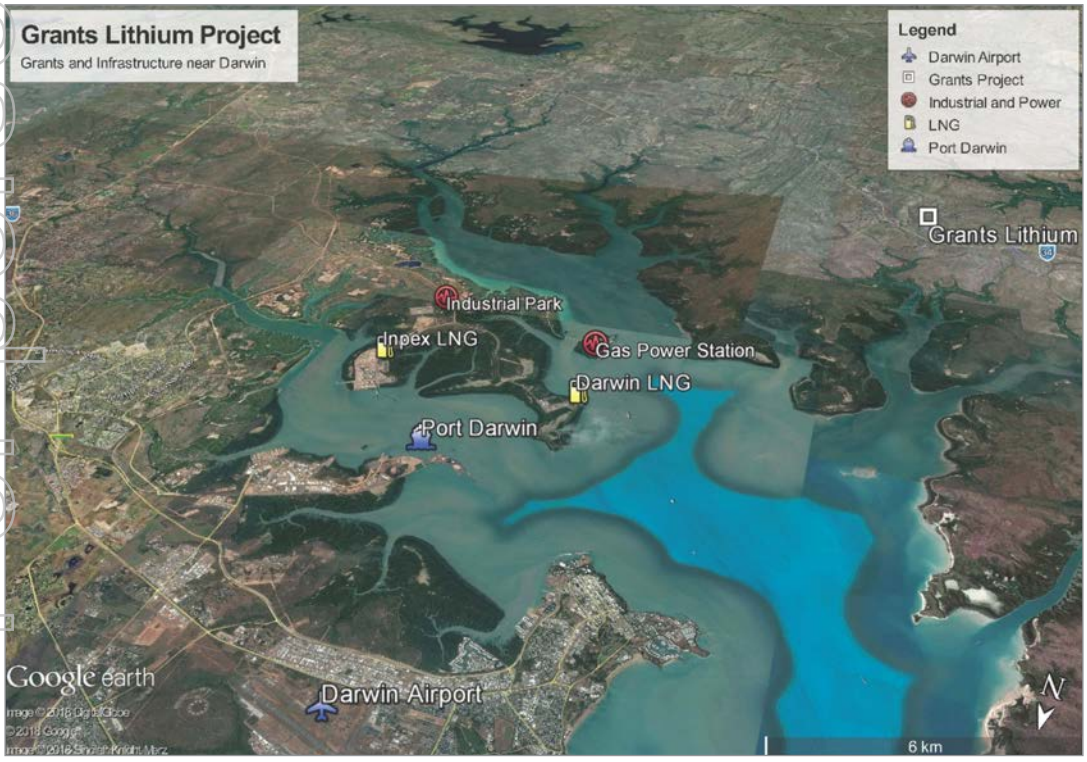
The April 2019 DFS confirms Grants and BP33 as a robust operation, with high annual revenues to be generated over the life-of- mine, at a strong operating margin.

The strong free cash generation as outlined in the DFS of the Finniss Project development is expected to enable Core to be self-funding on future development opportunities within the Finniss Project.

Expansion of the current resources, along with the additional resource from the highly prospective Bynoe Pegmatite Field, has the potential to substantially extend the mine life and cashflows considered in the initial DFS. Core has further announced the potential to add fine lithium (FL) products from the Finniss lithium project to further enhance returns through production of 200,000tpa to 250,000tpa of FL. The FL product was initially planned to be stored for





Aerial view of Darwin, the Port of Darwin and the Grants Lithium development.

Managing Director's Report

LITHIUM PROJECTS

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processing at a later date, but Core is considering adding potential sales of FL to the revenues of the Finniss Lithium Project.

Core is assessing other options and opportunities to add value to the Finniss Lithium Project to enhance returns for the Company and its shareholders.

The low capex and opex of the project reflect the high-grade orebody at Grants and BP33 with the simple process flowsheet based on the construction of a new 1Mtpa Dense Media Separation ("DMS") plant. Highly effective "gravity only separation" results in a relatively low capital cost estimate and low processing costs. Importantly, simple DMS processing reduces commissioning risk relative to some peer spodumene concentrate operations that require additional capital costs and operating complexity associated with flotation circuits.

Completion of the DFS now paves the way for the Company to advance its offtake and financing discussions, and project permitting to ensure Core is positioned to commence development and construction in 2019, targeting delivery of spodumene concentrate to customers by 2020.

DFS – Key Project Statistics

TABLE 1 Key Project Statistics

FEASIBILITY RESULTS	RESERVE CASE	UNITS
Life of mine (LOM)	40	Months
Contributing pits	Grants (MI) & BP33 (MI)	
Mining		
Mining method	Conventional open pit	
Strip ratio[1]	13.0 : 1	W:O
Li_2O ore grade	1.42%	%
Processing - DMS		
Feed	2,600,204	t
Li_2O head grade	1.42%	%
Recovery	71.7%	%
DMS output	481,018	t
Li_2O bene. grade	5.50%	%
Road haulage		
Ore hauled (88km)	481,018	t
Max. truck movements / day	10	#
Shipping		
First product sold	Jan-20	Month
Conc. shipped	481,018	t
Nominal vessel size (monthly)	~15,000	t

1 *Excludes pre-strip activity*



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Project Overview

LITHIUM PROJECTS



Finniss Lithium Project

ML31726, NORTHERN TERRITORY

100% CXO owned

FINNISS LITHIUM RESOURCE

The Grants Lithium Deposit, located near Darwin in the Northern Territory, is one of the highest grade spodumene resources in Australia.

The high-grade Grants lithium deposit is supported by one of the best logistics chain to Asia of any Australian lithium project. Focused drilling and metallurgical studies at the deposit have defined an orebody with the potential to produce high-grade lithium products that suit commercial end users.

Results from this DFS have highlighted the strongly positive outcomes for the potential development of Grants, suggesting a strong case for a standalone 1Mpta Dense Media Separation (DMS) concentrate production and export operation.

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

The key components of the Project are summarised below:

- Mining of the high-grade spodumene pegmatite deposit using standard mining methods;
- Simple water-based DMS processing, to produce a high quality spodumene (lithium) concentrate product; and
- Transport of the lithium concentrate product to Darwin Port by sealed public road for overseas export.



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Project Overview

LITHIUM PROJECTS

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GRANTS LITHIUM RESOURCE

The Grants Lithium Resource estimated at 2.9Mt at 1.5% Li_2O is one of the highest grade spodumene resources in Australia. Grants is located within Core's large ground holding over one of Australia's significant spodumene pegmatite fields near Darwin in the Northern Territory (Finniss Lithium Project). Core has an excellent geoscientific dataset and a well-resourced exploration team focused on further discoveries.

Table 1 Mineral Resource summary for the Grants Lithium Deposit (0.75% Li_2O cut-off).

RESOURCE CATEGORY	TONNES	Li_2O (%)	CONTAINED Li_2O (t)
Grants Measured	1,090,000	1.5	16,100
Grants Indicated	820,000	1.5	12,600
Grants Inferred	980,000	1.4	14,000
Total	2,890,000	1.5	42,700

Drilling by Core between 2016-2019 at the Grants Lithium Deposit for the current Mineral Resource Estimate totalled 95 drill holes for 14,555m, comprising 73 reverse circulation (RC) drill holes and 22 diamond drill (DD) holes. Holes were drilled at angles of between 55º and 60º either due east or west with a small proportion drilled vertically.

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.

APPROVALS

Core Lithium made significant progress with the approvals required for the Grants Lithium Project during the year. The Northern Territory Environment Protection Authority (NTEPA) determined that an Environmental Impact Assessment (EIS) was required for the Grants Lithium Project (Proposed Action under the NT Environmental Assessment Act). After development of the EIS Terms of Reference by the NTEPA, that included advertising for public and government review, Core prepared and then submitted its EIS for the Grants Lithium Project. The EIS was advertised for a 6-week period to seek comments from the public and government. Following the review period, the NTEPA requested Core prepare a Supplement to the EIS. The Supplement was prepared, submitted and the NTEPA then prepared its Assessment Report and provided it to Core and the Environment Minister in June of 2019. In its Assessment Report the NTEPA stated that it considers that, subject to the implementation of all recommendations, the Proposal can be managed in a manner that is likely to meet the NTEPA's objectives and avoid significant or unacceptable environmental impacts and risks. The company is pleased to have satisfactorily chartered the Northern Territory Environmental Impact Assessment Process and thanks the NTEPA for its consideration and guidance.

Core is pleased to advise that it is now seeking Authorisation under the Mining Management Act (MMA) for the project. Core prepared and submitted a Mining Management Plan for the project in June 2019 following receipt of the NTEPA Assessment Report. The company anticipates an Authorisation to be issued in the second half of calendar year 2019. Which will result in the Project being ready for operational activity under section 35 of the MMA.

In addition to the above progress Core was granted first lithium mineral lease (ML) in the NT for the Grants Project, ML 31726. Core Lithium also received an Aboriginal Areas Protection Authority (AAPA) Authority Certificate covering its proposed activities.

Project Overview

LITHIUM PROJECTS

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MINING

During the Feasibility Study Core sought commercial tenders for the mining scope required for the project. Following tender appraisal Lucas Total Contact Solutions (Lucas TCS) were granted Preferred Contractor Status for the mining services at the Grants Lithium Project (Grants). Lucas TCS have been in operation since 1969 and have workforce of 520. Lucas TCS are a national service provider with over 500 pieces of plant and equipment. Their projects range from load and haul mining, ore mining, waste rock dump management, civils and drill and blast. Lucas TCS have been contracted to complete open pit mining at the Grants Project.



Figure 1 *Proposed Grants lithium project processing facility.*

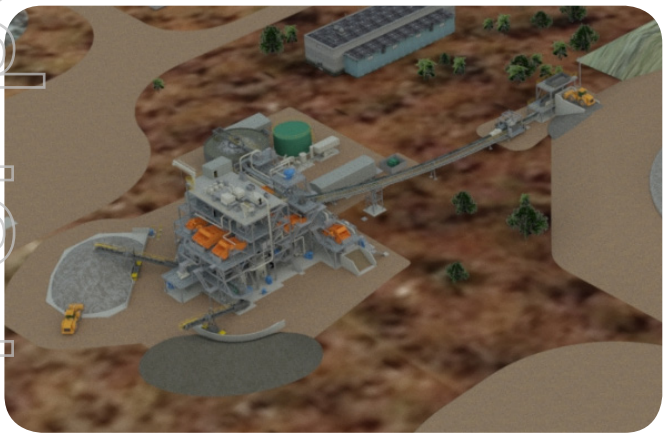

Figure 2 *Proposed Grants lithium project processing facility.*



Figure 3 *Proposed site layout at Grants lithium project.*

Project Overview

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PROCESSING

During the Feasibility Study Core sought proposals for the preparation of Engineering Procurement & Construction (EPC) estimates for the gravity concentrate plant. Following that process Primero was selected to prepare an EPC estimate for the gravity concentrate plant. Following delivery of the EPC estimate Core engaged the Primero Group to complete to 30% a Front-End Engineering & Design (FEED) study for the Grants Project. Following delivery of the FEED study Core granted the Primero Group Preferred Contractor status for the EPC and operation and maintenance (O & M) of the gravity concentrate plant. In addition, Primero Group were also granted preferred contractor status for a 1.5 Mtpa fixed crushing & screening plant. The PRIMERO generated layouts for the project are depicted in Figures 1, 2 & 3.



Figure 4 *Concentration shed, Esperance WA.*

Product Haulage

During the Feasibility Study Core sought commercial tenders for the concentrate product haulage. Following that process Core granted Qube Bulk and Haulage preferred contractor status for the Grants Lithium Project. Qube Bulk and Haulage is a division of Qube Ports and Bulk, a national company. Qube will be responsible for the haulage of the concentrate product, via quad road trains, from the Grants Lithium Project to the Darwin Port for export. Qube provides integrated logistics chain services across a number of market segments including bulk, automotive and general cargo. Services include road, rail and port services and infrastructure investment. Qube have sophisticated safety systems and offer outstanding community and Indigenous engagement capabilities. Qube currently provide stevedoring and mooring services to the Darwin Port.

THE DARWIN PORT

The Darwin Port Authority (Darwin Port) continue to support Core's plans to export concentrate from the East Arm port in Darwin. Darwin Port extended Core Lithium's Heads of Agreement 2019 through until February 2020. However, during the year Core formally submitted an Access Application for Non-Standard Services and associated common user facilities in accordance with paragraph 6.5 of the Darwin Port Access Policy. Core Lithium continues to work positively with the Darwin Port to have this approved.

During the year Core and Darwin Port toured each of the major Western Australian port facilities shipping Lithium concentrates.

Project Overview

LITHIUM PROJECTS



BP33 Resource

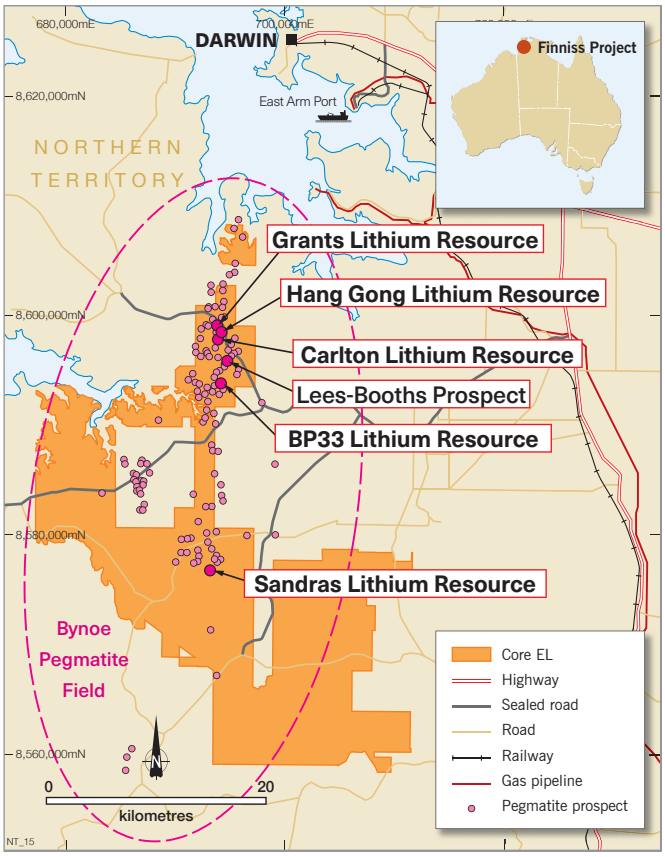
The Mineral Resource estimate at BP33 has been substantially increased since it was originally defined in May 2018. The BP33 Deposit now comprises a Resource of 2.15Mt at 1.5% Li_2O.

TABLE 2 MINERAL RESOURCE SUMMARY

for the BP33 Lithium Deposit (0.75% Li_2O cut-off).

RESOURCE CATEGORY	TONNES	Li_2O%	CONTAINED
BP33 Indicated	820,000	1.4	9,000
BP33 Inferred	1,520,000	1.6	24,000
Total	2,150,000	1.5	33,000

Core's immediate plan is to improve the category of the current resource at BP33, through infill drilling. This is expected to allow conversion of a majority of the resource to Indicated and some may even be converted to Measured.



Pegmatite prospects within the Finniss and Bynoe Lithium Projects near Darwin, NT.

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Finniss Lithium Project Regional Exploration

Exploration drill results from Lees, Booths, Carlton and Hang Gong, which are located on mining tenure within 2.5km of the Grants Lithium Deposit, demonstrate the significant potential to expand and define substantial additional lithium resources at the Finniss Lithium Project in the Northern Territory through exploration drilling.

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 drilling in 2019 is aimed at substantially growing the Mineral Resource base to underpin a potential long-life lithium mining and production operation.

Finniss Project Resource Additions: 2018–2019 FY

During the last year Core has added several new resources to the Project Global Resource inventory – Carlton, Hang Gong, Lees and Sandras. These bring the inventory to 9.63Mt at 1.3% Li_2O for 129,400 tonnes of contained Li_2O.

In addition, Exploration Target Ranges ("ETRs") have been defined at Hang Gong and Lees-Booths of 3-5Mt and 2-3Mt respectively.

It is expected that these ETRs will be converted to Inferred resources during the course of 2019.

In addition, Core will be exploring the broader Finniss project area in 2019 in search of new prospects and resources. The Company was able to discover five new prospects in 2018 using a variety of exploration techniques, and these will be tested during 2019. It is reasonable to expect further prospects will be discovered in 2019.

The Company's objective is to grow the resource base to 20Mt in 2020.

The potential quantity and grade of this Exploration Target is conceptual in nature; there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of additional Mineral Resources.







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Project Overview

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Market Views Driving Ongoing Offtaker Engagement

Ongoing engagement by Core executives with globally significant lithium processors, cathode material producers and LIB manufacturers has provided the Company with an excellent perspective of the true market conditions and future prospects.

Contrary to current market sentiment the major supply chain participants are still very much focussed on securing strategic supplies of pre-cursor lithium materials in anticipation of the significant medium and long term demand forecasts. For example it is reported that the 2017-2025 CAGR for lithium carbonate equivalent (LCE) is 41%, growing from 108 kt LCE in 2019 to 693 kt LCE in 2025 (LG Chem 2019). There is absolute consensus that the demand for cathode materials will increase significantly, leading also to a significant increase in lithium raw material demand.

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



Project Overview

LITHIUM PROJECTS

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Lithium Offtake Agreements

The Company has initiated and received considerable attention from global lithium players interested in securing lithium concentrate offtake. This includes companies based in China, Europe, Korea and Japan with significant investment in the ongoing development of the lithium-ion battery (LIB) supply chain.

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

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

Additionally, Core has employed Mr Robert Sills as Commercial Marketing Manager to increase efforts in this very important area of business for Core, leveraging his background and experience in the battery materials space.

Ya Hua Offtake Agreement

Core signed a Binding Offtake Agreement and Prepayment Agreement in December 2017 with Ya Hua, 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.

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

Additionally, Core has employed Mr Robert Sills as Commercial Marketing Manager to increase efforts in this very important area of business for Core, leveraging his background and experience in the battery materials space.

Ya Hua Prepayment Agreement

Pursuant to the Prepayment Agreement that has been executed with Ya Hua, subject to the satisfaction of various conditions precedent, Ya Hua has agreed to provide a US$20 million prepayment to Core to be used for the development of Grants. This has the potential to provide a funding solution for the relatively low capex required to get the Finniss Lithium Project into production.

The prepayment will be offset by Core through the delivery of either DSO or Li_2O concentrate production from the Finniss Lithium Project or cash payment.

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Project Overview

LITHIUM PROJECTS



Anningie and Barrow Creek Lithium Projects

NORTHERN TERRITORY

100% CXO owned

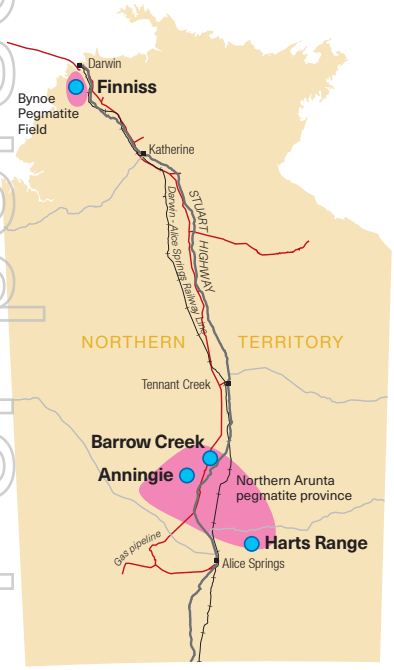
As with Greenbushes in WA and Finniss in the Bynoe Pegmatite Field in the NT, the Barrow Creek Pegmatite Field has also had a long history of tin and tantalum mining prior to lithium mineralisation being recognised.

Core's Anningie and Barrow Creek Lithium Projects encompass five exploration licences covering over 2,500 square kilometres in and around the Anningie and Barrow Creek Tin Tantalum Pegmatite fields in the north Arunta Region of the NT, which are considered highly prospective for lithium.

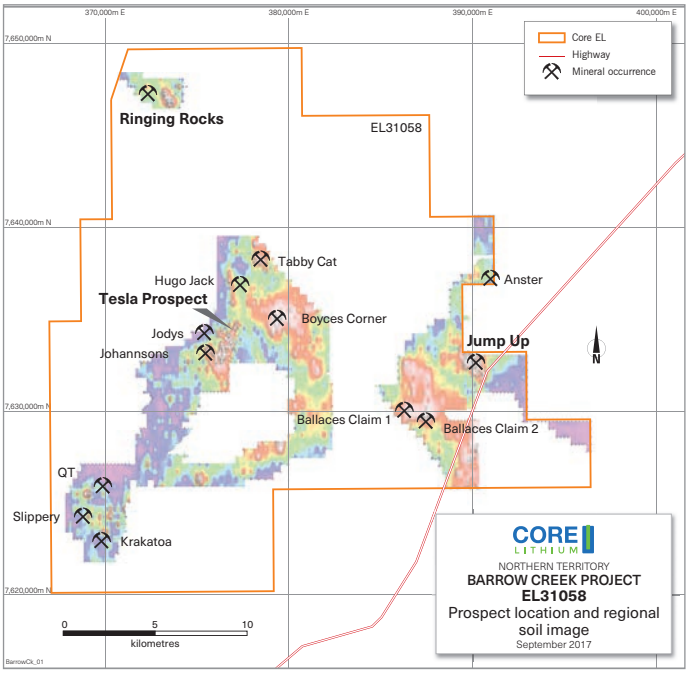
Core believes there is an excellent fit between the lithium potential of Barrow Creek Pegmatite Field, direct rail link to Darwin Port and Core's objectives to make Darwin and Core's Finniss Lithium Project near Darwin a central processing and global transport hub for NT lithium and spodumene production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

Regional-spaced soils 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.



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



Main prospects within Core's EL31058, Barrow Creek Pegmatite Field, NT. Gridded lithium in soils base.

Project Overview

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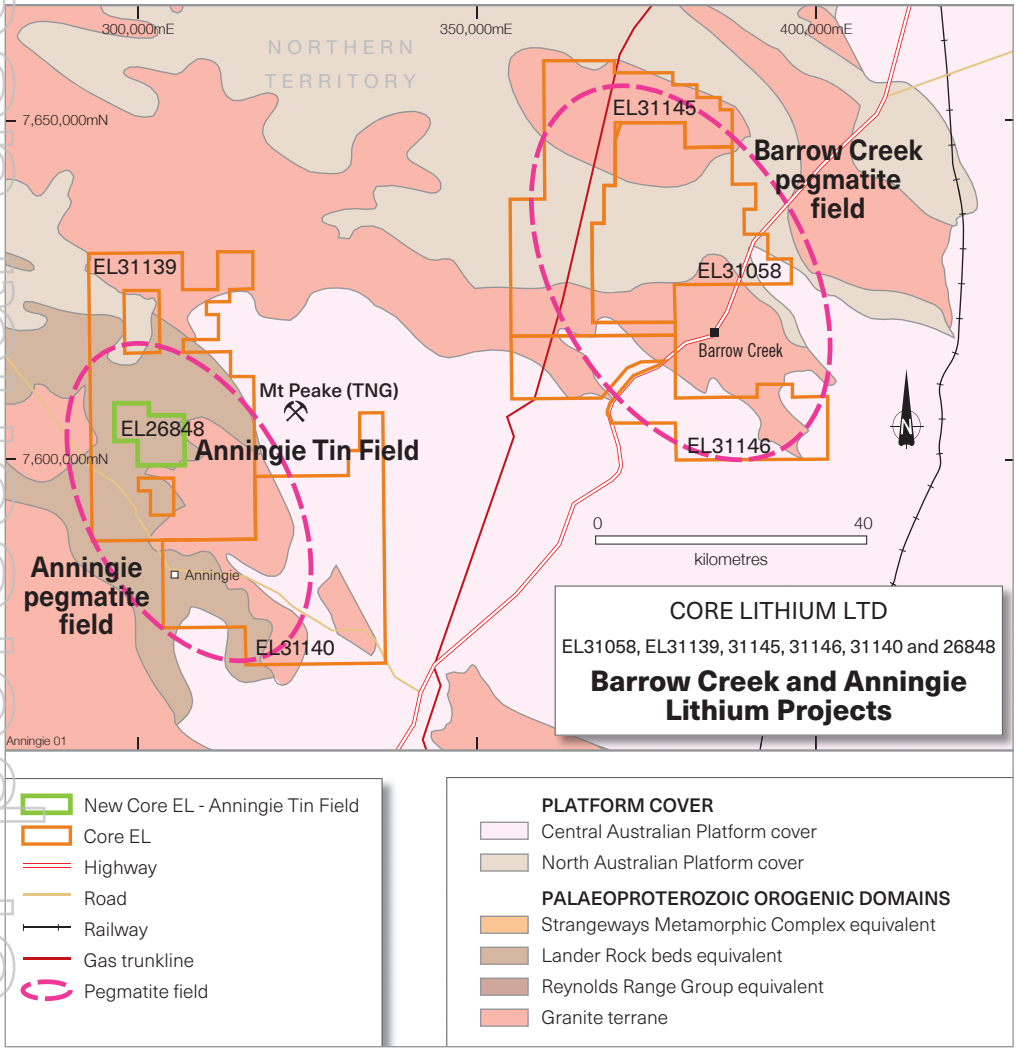

Location of Barrow Creek and Anningie Lithium Projects.

At Ringing Rocks Prospect a distinct lithium-in-soils anomaly is coincident with the outcrop position of two large pegmatite bodies, with surface expressions measuring 700m x 220m and 360m x 150m that may represent a single pegmatite body of approximately 1200m x 300m with surface rock chips assaying up to 0.6% Li_2O.

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.

Many other pegmatite occurrences were identified and investigated during the conduct of regional reconnaissance work.

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Project Overview

COPPER, LEAD & ZINC PROJECTS



Yerelina Zinc Project

EL 5015, SOUTH AUSTRALIA

CXO 100%

Zinc assays from broad mineralised breccia zones drilled by Core during the 2016 reporting period indicate that the Company has possibly discovered a new sedimentary- hosted zinc system on the Yerelina Zinc Project, which covers a total area of 1,000km^2 in northern South Australia.

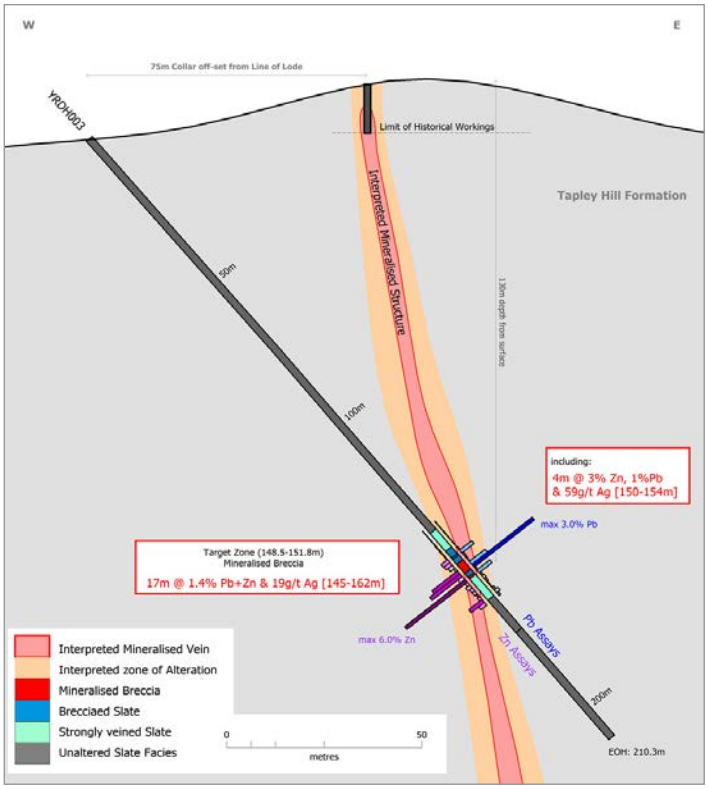
At the Great Gladstone prospect, a 17m intersection from 145m depth of mineralised breccia and veining averages a zinc plus lead grade of 1.4% and 19g/t silver and includes higher grade zones of 4m at 3% zinc, 1% lead and 59g/t silver from 150-154m.

The 33m intersection (approx. true width) of oxidised breccias and veining at Big Hill prospect, 5km to the east of Great Gladstone, also contained consistently elevated zinc levels. Due to the near surface oxidation of base metals sulphides, zinc levels at Big Hill were lower and averaged 0.2% zinc over 33m from 14m-47m depth – YRDH005.

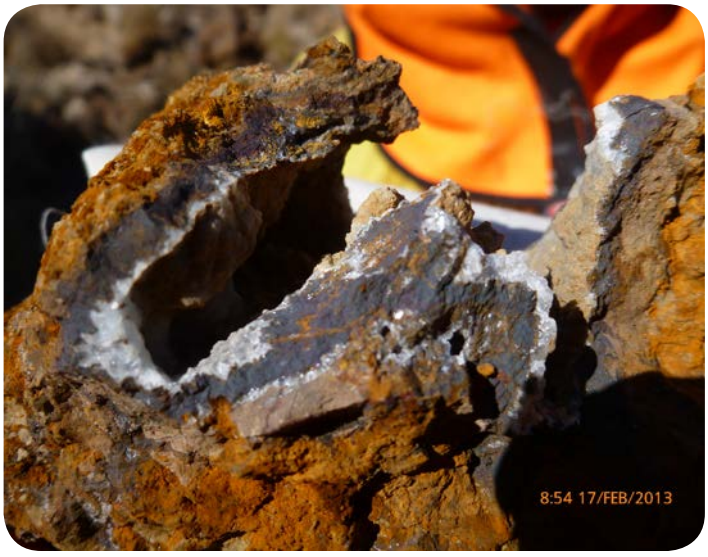
The mineralised zones intersected are located down dip of outcropping mineralised gossans. Surface channel sampling of these gossans at Great Gladstone and Big Hill returned significant zinc, lead and silver assays. The gossans are interpreted as the mineralised surface expression of a fault zones mapped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

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

Core's analysis of modern satellite imagery and the Company's detailed heli-borne magnetic and radiometric



Yerelina Project cross section.



Project Overview

COPPER, LEAD & ZINC PROJECTS

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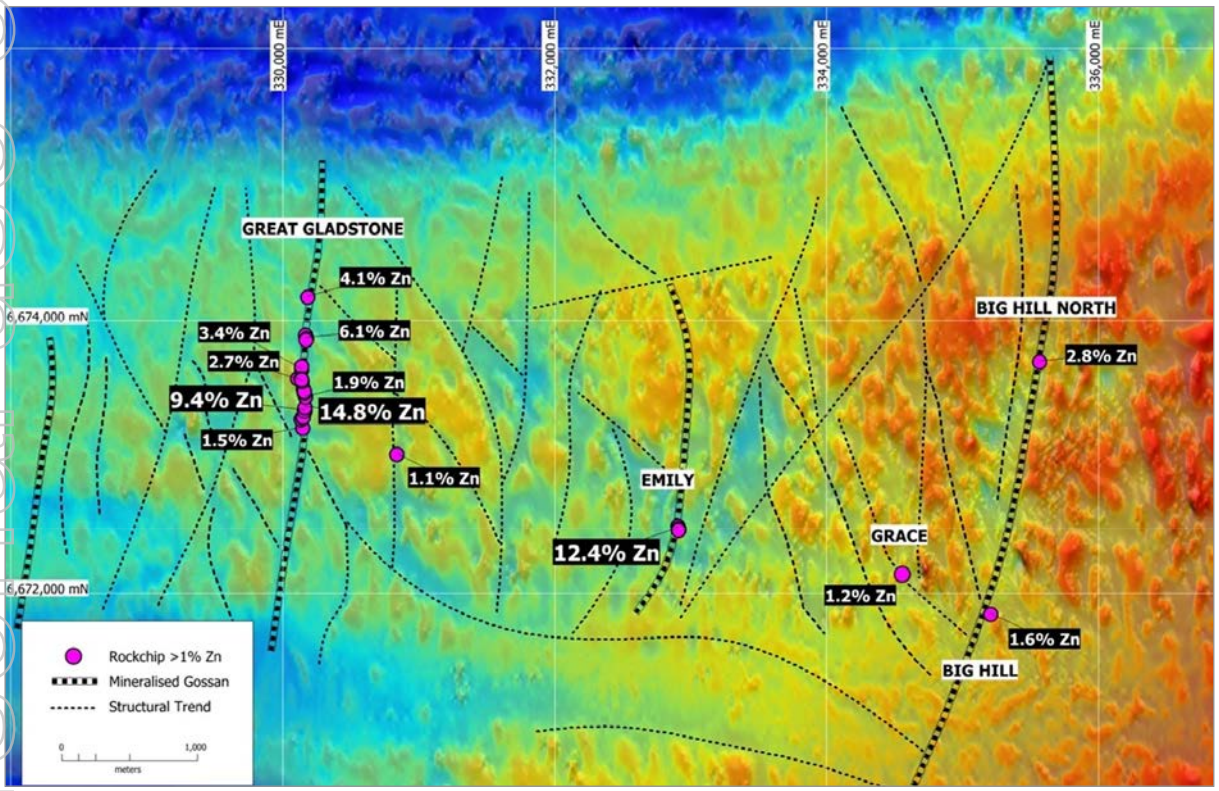

Yerelina Project area.



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.

Many sediment-hosted zinc deposits (e.g. Lennard Shelf in WA) have strong structural control or influence on mineralising fluid movement through the sedimentary package.

Often this is associated with mineralised breccias and veining and alteration in fault zones and zones of shearing as observed at Yerelina.

Typically, the economic scale of these deposits is driven by stratiform (often flat lying) deposits proximal to the identified discordant mineralised structures / transport system.

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.

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Project Overview

COPPER, LEAD & ZINC PROJECTS



Blueys and Inkheart Lead/Silver Project

EL28136, NORTHERN TERRITORY

CXO 100%

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

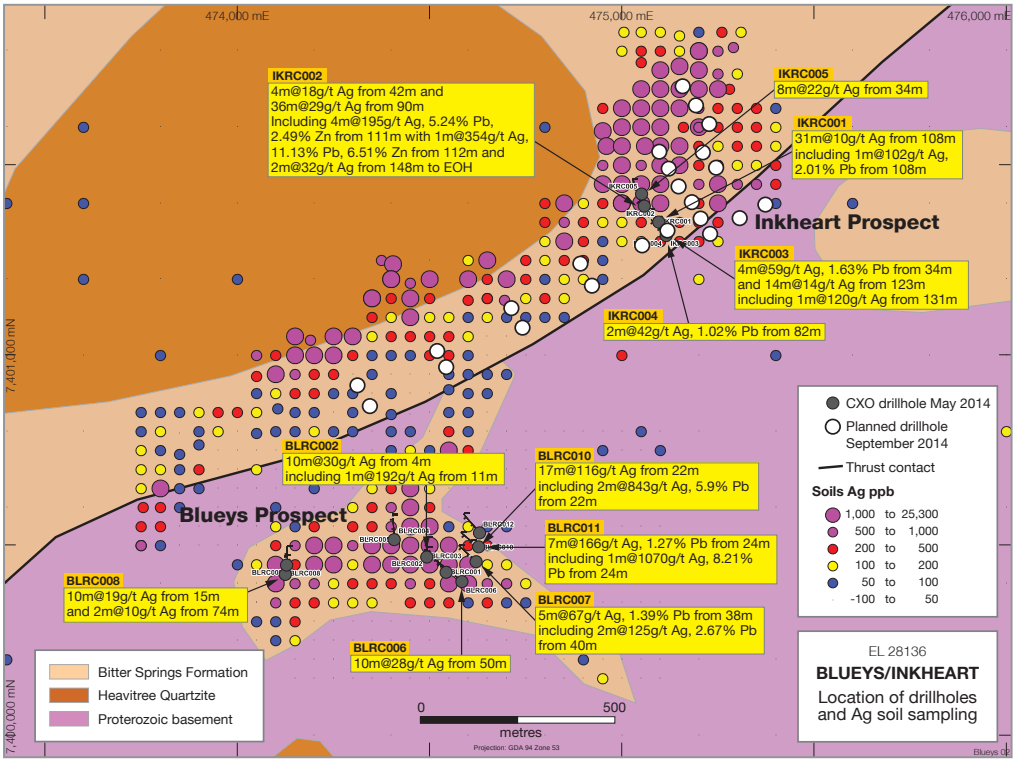
Drill hole BLRC011 intersected 1m @ 1070g/t Ag and 8.21% Pb from 24m down hole in a broader halo of 7m @ 166g/t Ag and 1.27% Pb. Drill hole BLRC010 drilled from the same pad as BLRC011 intersected 2m @ 843g/t Ag and 5.9% Pb in a broader halo of 17m @ 116g/t Ag and 0.83% Pb.

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

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

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

The near surface silver and lead mineralisation at the Blueys Silver Prospect is believed to be enhanced by supergene processes with the majority of high grade mineralisation at



Location and results of drilling and Ag soil sampling at Blueys and Inkheart Project.

Project Overview

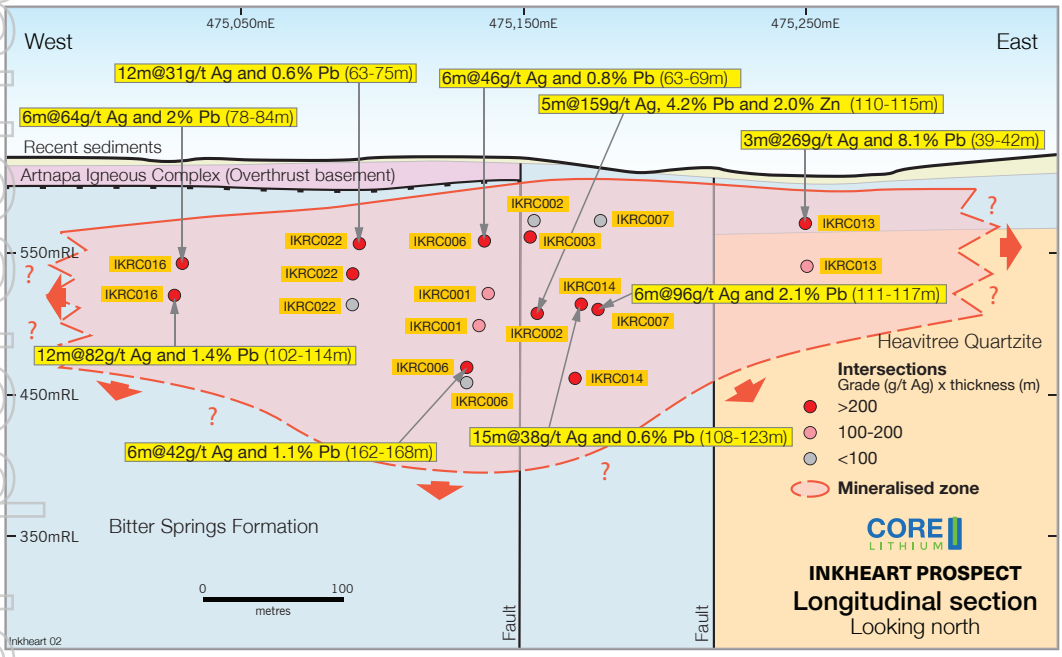
COPPER, LEAD & ZINC PROJECTS

the base of oxidation of the Bitter Spring Formation sediments.

At depth, the epigenetic veins, mineralisation and broader alteration appear to have a primarily structurally controlled with some secondary influence by rock type.

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.

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Project Overview

COPPER, ZINC & LEAD PROJECTS



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Jervois Domain

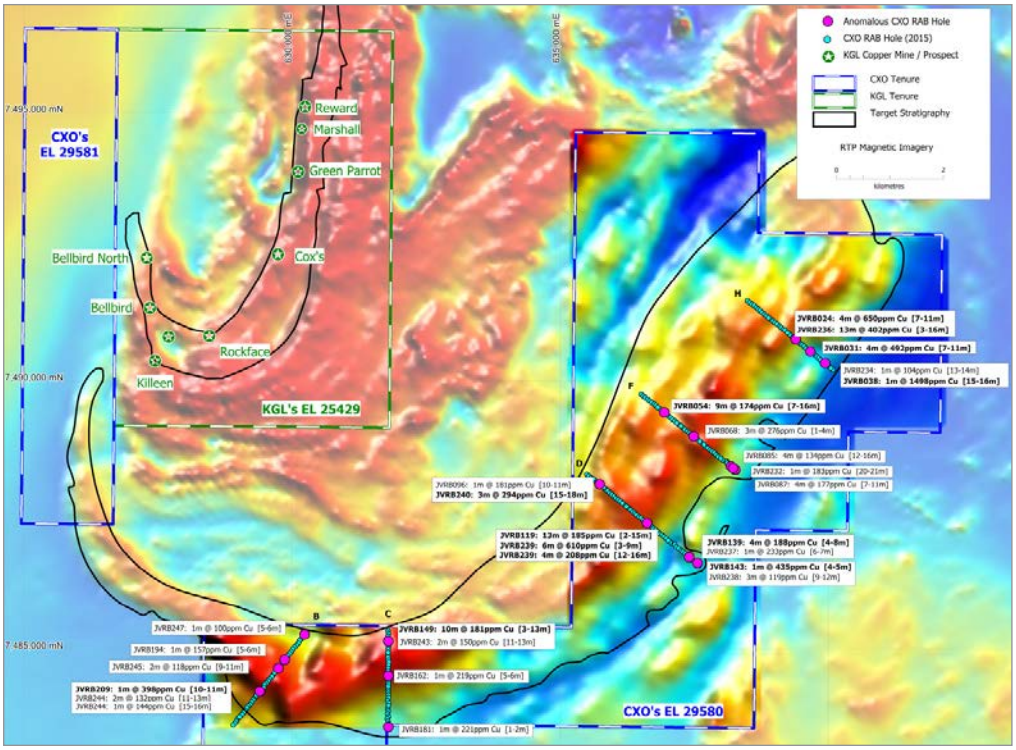
EL 29579, EL 29580, EL 29581 & EL 29669, NORTHERN TERRITORY

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.

Much of the geology at Big-J is obscured by a veneer of sand and soil. The primary purpose of the drilling was to determine this subsurface geology. Drilling showed that cover is thin, and copper concentrations are anomalous by regional standards.



Plan showing Jervois RAB Cu Intersections on RTP Mags inc KGL.

Core's copper assays are comparable in magnitude with KGL's nearby surface copper exploration results in and around KGL's J-fold line of lode which hosts the Jervois Copper Project, but represent a much larger area of prospective geology.

Previous explorers had disregarded the huge potential of this area of Bonya Metamorphics as earlier exploration and development activity has focused on nearby areas of outcropping mineralisation.

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

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

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

Project Overview

URANIUM PROJECTS



Napperby Advanced Uranium Project

EL31449, NORTHERN TERRITORY

CXO 100%

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

During the last year, the Napperby Uranium Resource has been re-estimated 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; announcement 12/10/2018).

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

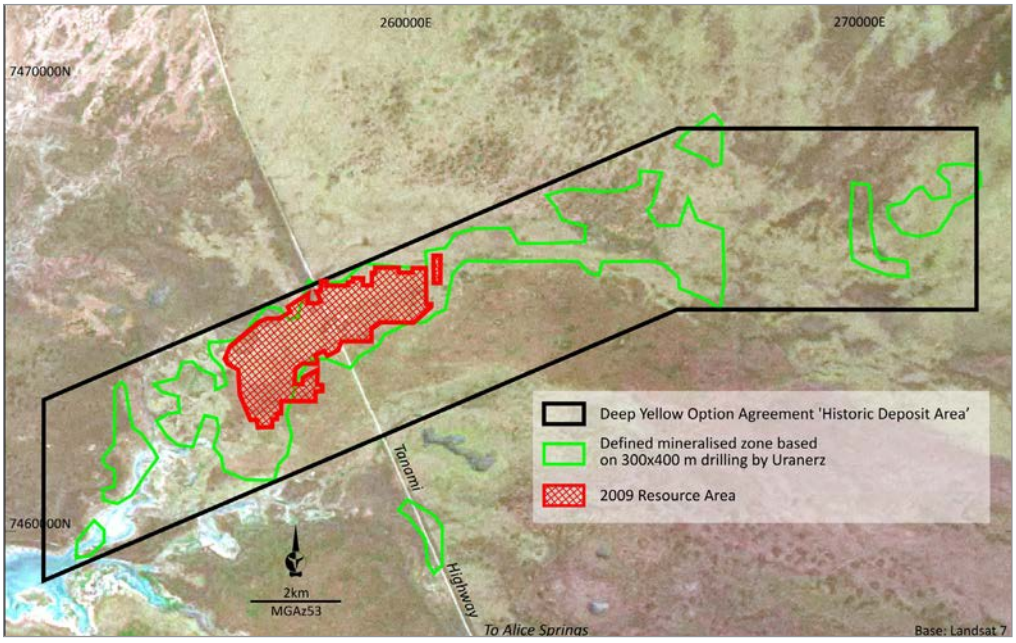
Only half of the area of the much larger mineralised uranium zone defined earlier at Napperby by Uranerz was drilled to define this resource. Consequently, there remains obvious potential to substantially expand and increase the size of the Napperby Uranium Project.

Core has gained access to a Napperby Scoping Study prepared by Toro in 2009, including metallurgical testwork studies on bulk representative samples, which examined various conventional mining and processing options available at the time.

Core also inherits excellent project data that includes auger, sonic core and aircore drillholes (1,117 by TOE-DYL and 820 by Uranerz), downhole gamma and assay data, PFN (Prompt Fission Neutron) and disequilibrium data, airborne EM (Electro-Magnetics) and high-resolution magnetics/ radiometrics, gravity, and environmental monitoring data.

Core is currently undertaking R&D into potential mining and processing techniques that may enable development of the project with an improved uranium price market.

The extensive mineralised zone at Napperby occurs within 3 to 8 metres of the surface almost exclusively hosted by unconsolidated paleochannel sediments.



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

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Project Overview

URANIUM PROJECTS

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Fitton Uranium Project

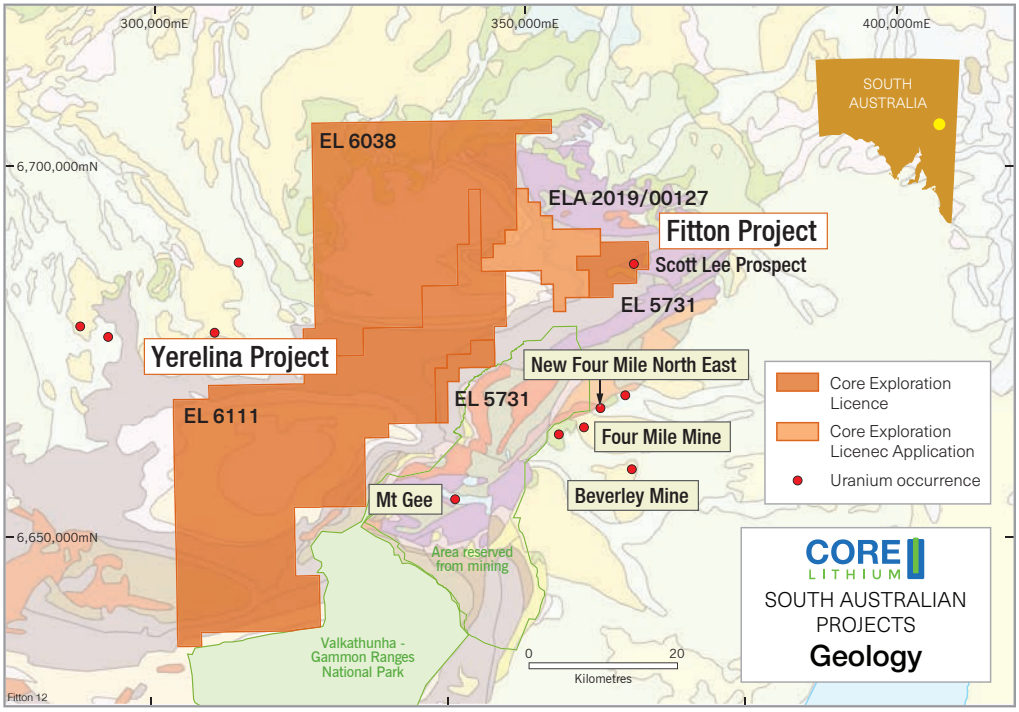
EL 5731, SOUTH AUSTRALIA

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.



Location of tenure and major uranium deposits, Fitton Project, South Australia.

TABLE 3 KEY DRILL INTERSECTIONS AT SCOTT LEE PROSPECT, FITTON PROJECT SA.

Hole SLRC017	21m @ 384ppm (0.04%) U_3O_8 from 40m, inc. 6m @ 978ppm (0.10%) U_3O_8 from 54m
Hole SLRC022	19m @ 487ppm (0.05%) U_3O_8 from 79m, inc. 6m @ 1,112ppm (0.11%) U_3O_8 from 89m
Hole SLRC028	60m @ 482ppm (0.05%) U_3O_8 from 53m, inc. 35m @ 750ppm (0.08%) U_3O_8 from 53m, inc. 4m @ 3,100ppm (0.31%) U_3O_8 from 55m
Hole SLRC029	75m @ 268ppm (0.03%) U_3O_8 from 82m, inc. 31m @ 452ppm (0.05%) U_3O_8 from 126m

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
- Four Mile Mine.



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Tenement Schedule

as at 30 June 2019

TENEMENT NUMBER	TENEMENT NAME	STATUS	EQUITY
SOUTH AUSTRALIA			
EL 5731	Fitton	Granted	100%
EL 6038	Mt Freeling	Granted	100%
EL 6111	Yerelina	Granted	100%
NORTHERN TERRITORY			
EL 27709	Pattersons	Granted	100%
EL 28029	White Range East	Granted	100%
EL 28136	Blueys	Granted	100%
EL 28940	Mordor	Granted	100%
EL 29347	Yambla	Granted	100%
EL 29389	Mt George	Granted	100%
EL 29579	Jervois North	Granted	100%
EL 29580	Jervois East	Granted	100%
EL 29581	Jervois West	Granted	100%
EL 29689	Riddoch	Granted	100%
EL 29698	Finniss	Granted	100%
EL 29699	Bynoe	Granted	100%
EL 30012	Bynoe	Granted	100%
EL 30015	Bynoe	Granted	100%
EL 30669	Ross River	Granted	100%
EL 30793	McLeish	Granted	100%
EL 31058	Barrow Creek	Granted	100%
EL 31126	Bynoe	Granted	100%
EL 31127	Bynoe	Granted	100%
EL 31139	Anningie West	Granted	100%
EL 31140	Anningie South	Granted	100%
EL 31145	Barrow Creek North	Granted	100%
EL 31146	Barrow Creek South	Granted	100%
EL 31271	Bynoe	Granted	100%
EL 31279	Sand Palms	Granted	100%
EL 31449	Napperby	Granted	100%
EMP 28651	Bynoe Extractive Licence	Granted	100%
MLN16	Bynoe Mineral Lease	Granted	100%
ML 31726	Grants Mineral Lease	Granted	100%

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Mineral Resource and Ore Reserves Statement

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

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

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

2019	INFERRED URANIUM MINERAL RESOURCE (NAPPERBY URANIUM PROJECT, NORTHERN TERRITORY)				
Ore tonnage (Mt)	Grade (U_3O_8 ppm)	Metal (U_3O_8 t)	Metal (U_3O_8 Mlb)		Vanadium (V_2O_5 ppm)
9.54	382	3,643	8.03	236	9. 54

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

2018	LITHIUM MINERAL RESOURCE (FINNISS LITHIUM PROJECT, NORTHERN TERRITORY)				
Deposit	Category	Tonnes (Mt)	Li_2O (%)	Li_2O (t)	$LiCO_3$ (t)
Grants	Indicated	1.13	1.5	17,000	42,041
	Inferred	0.90	1.4	13,000	32,149
	Total	**2.03**	**1.5**	**30,000**	**74,190**
BP33	Inferred	1.42	1.56	20,000	49,460
	Total	**1.42**	**1.56**	**20,000**	**49,460**
FINNISS PROJECT	**TOTAL**	**3.45**	**1.5**	**50,000**	**123,650**
TOTAL	Indicated	1.13	1.5	17,000	42,041
	Inferred	2.32	1.5	33,000	81,609
FINNISS PROJECT	**TOTAL**	**3.45**	**1.5**	**50,000**	**123,650**

Competent Person Statements

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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 2018 and 2019 Mineral Resource Summary for Lithium. The information in this release that relates to the Estimation and Reporting of Mineral Resources has been compiled by Dr Graeme McDonald. Dr McDonald acts as an independent consultant to Core Lithium Ltd on the Grants Deposit Mineral Resource estimation. 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 documentation prepared by Dr David Rawlings and reviewed by Messrs David Slater and Daniel Guibal for Uranium. Dr David Rawlings is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and a full-time employee of Core Lithium 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. Dr Rawlings consents to the inclusion in this report of the contained technical information relating to the Mineral Resource Estimation in the form and context in which it appears.

The information in this release that relates to the Estimation and Reporting of Ore Reserves is based on, and fairly represents, information and supporting documents compiled by Mr Blair Duncan. Core confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning the Mineral Resource and Ore Reserve estimates in the announcements "Napperby Uranium Resource Update and Increase" dated 12 October 2018, "Grants Lithium Resource Increased by 42% ahead of DFS" dated 22 October 2018, "Over 50% Increase in BP33 Lithium Resource to Boost DFS" dated 6 November 2018, "Maiden Sandras Mineral Resource Grows Finniss to 6.3Mt" dated 29 November 2018, "Finniss Mineral Resource Grows to 8.6Mt with Hang Gong" dated 31 January 2019, "Upgrade of Mineral Resource at Carlton Grows Finniss Project" dated 12 March 2019, "Finniss Feasibility Study and Maiden Ore Reserve" dated 17 April 2019 and "Initial Resource for Lees Drives Finniss Mineral Resource" dated 6 May 2019 continue to apply and have not materially changed. Core confirms that it is not aware of any new information or data that materially affects the Exploration Results included in this announcement as cross referenced in the body of this announcement. The Mineral Resources underpinning the production target have been prepared by a Competent Person in accordance with the requirements of the JORC code.

Core confirms that all material assumptions underpinning production target and forecast financial information derived from the product target announced on 17 April 2019 continue to apply and have not materially changed.

Core's lithium Mineral Resource inventory at 30 June 2019 has increased significantly from that reported at 30 June 2018. During the year, through successful drilling, the Grants and BP33 Mineral Deposits have increased from a total of 3.45 million tonnes to 5.04 million tonnes as well as an increase in indicated Mineral Resources. Additionally, Core announced a Mineral Resource at Sandras, Carlton, Hang Gong and Lees prospects at the Finniss Lithium Project. The changes increased Core's total Mineral Resource inventory by approximately 180%. Additionally, Core announced its maiden Ore Reserve during the year in conjunction with the announcement of the Definitive Feasibility Study at the Finniss Lithium Project.

In addition to the lithium Mineral Resource, Core also announced a uranium Mineral Resource of 9.54 million tonnes at the Napperby Uranium project in the Northern Territory after undertaking its own review of the JORC resource on the project.

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

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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.

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.

The Hang Gong Exploration Target (previously announced on 31/1/2019) is based on a number of very broadly space RC drill holes immediately surrounding the Hang Gong SW Mineral Resource Estimate. The Exploration Target assumes extensions of the existing Hang Gong SW mineralised pegmatites to the south and north with average thicknesses of between 5-8m and density of 2.72g/cm^3. Giving a range of 3-5 Mt. The average grade range of 1.0-1.4% Li_2O was derived from the typical range of grades seen for drilling at this and other similar deposits nearby.

The Lees-Booths Exploration Target (previously announced on 6/5/2019) is based on a number of very broadly spaced RC drill holes stretching between the Lees Mineral Resource Estimate and the historic open pits mines at Booths – "Lees-Booths Link". The Exploration Target assumes extensions of the existing Lees and Booths mineralised pegmatites along the Link with average thicknesses of between 5-8m and density of 2.72 g/cm^3. Giving a range of 2-3 Mt. The average grade range of 1.0-1.3 % Li_2O was derived from the typical range of grades seen for drilling at this and other similar deposits nearby. This is not unreasonable given recently received assays results:

- NRC117: 4m @ 1.20% Li_2O from 121m, 3m @ 1.53% Li_2O from 156m & 3m @ 1.24% Li_2O from 174m
- NRC114: 4m @ 0.96% Li_2O from 143m & 6m @ 1.23% Li_2O from 170m (inc 4m @ 1.60% Li_2O from 172m)

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 announcement.

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

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

Directors' Report

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Core's Directors have pleasure in submitting their report on the Company and its subsidiaries, for the year ended 30 June 2019.

DIRECTORS

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



Greg English

B.E. (Hons) Mining, LLB

Non-Executive Chairman (appointed 10 September 2010)

EXPERIENCE AND EXPERTISE

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

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

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

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

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

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

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

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

None

INTEREST IN SHARES

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

INTEREST IN OPTIONS / PERFORMANCE RIGHTS

400,000 unquoted Performance Rights subject to various performance based hurdles.

Directors' Report

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Stephen Biggins

MBA, BSc (Hons) Geol, MAusIMM

Managing Director (appointed 10 September 2010)

EXPERIENCE AND EXPERTISE

Mr Biggins has 25 years' experience as geologist and geophysicist and 15 years as an executive in mineral exploration in the mining industry in Australia and internationally.

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

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

These earliest projects provided the foundation for Southern Gold Ltd and as Managing Director, Stephen led the Company to the discovery of the Cannon Gold Resource that is currently in gold production in Western Australia.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

None

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

None

INTEREST IN SHARES

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

INTEREST IN OPTIONS / PERFORMANCE RIGHTS

4,000,000 unquoted Performance Rights subject to various performance based hurdles.

Directors' Report

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Heath Hellewell

BSc (Hons) MAIG

Non-Executive Independent Director
(appointed 15 September 2014)

EXPERIENCE AND EXPERTISE

Heath is an exploration geologist with over 25 years of experience in gold, base metals and diamond exploration predominantly in Australia and West Africa. Heath has previously held senior exploration positions with a number of successful mining and exploration groups including DeBeers Australia and Resolute Mining. Heath joined Independence Group in 2000 prior to the Company's IPO and was part of the team that identified and acquired the Tropicana project area, eventually leading to the discovery of the Tropicana and Havana gold deposits. Heath was the co-founding Executive Director of Doray Minerals, following the discovery of the Andy Well gold deposits, Doray Minerals was named "Gold Explorer of the Year" in 2011 by The Gold Mining Journal and in 2014 Heath was the co-winner of the prestigious "Prospector of the Year" award, presented by the Association of Mining and Exploration Companies. More recently Heath was responsible for acquiring the Karlawinda Gold Project through his private investment group and the formation of ASX-listed Capricorn Metals Limited.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

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

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

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

INTEREST IN SHARES

None

INTEREST IN OPTIONS / PERFORMANCE RIGHTS

400,000 unquoted Performance Rights subject to various performance based hurdles.





COMPANY SECRETARY

Jaroslaw (Jarek) Kopias

BCom, CPA, AGIA, ACIS

Company Secretary
(appointed 21 June 2011)

Mr Kopias is a Certified Practising Accountant and Chartered Secretary. Mr Kopias has over 20 years' industry experience in a wide range of financial and secretarial roles within the resources industry. As an accountant, Mr Kopias 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 Northern Cobalt Limited (ASX: N27) and Company Secretary of Iron Road Limited (ASX: IRD) and Lincoln Minerals Limited (ASX: LML). Mr Kopias has held similar roles with other ASX entities in the past and has other business interests with numerous unlisted entities.

Directors' Report

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PRINCIPAL ACTIVITIES



Core's principal activities are the exploration for lithium and base metals deposits in Northern Territory and South Australia.

OPERATING AND FINANCIAL REVIEW

The net loss of the Group, from the year ended 30 June 2019, was $2,404,217 (2018 $2,094,330) after providing for income tax – an increase of $309,887.

The key contributor to the increased loss for the year was an increase in administrative costs of $508,501 and employee benefits of $292,750 due to an increase in corporate activity and resultant labour costs supporting an increased exploration and development program.

The increased loss was partly offset by a reduction in impairment expense of $330,640 due to a lower value of tenements relinquished during the year.

The risks associated with the projects listed in the Project Overview of this Annual Report are those common to exploration and development activities generally. Exploration targets are conceptual in nature such that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource. The Group faces risks in developing its projects including, but not limited to: Mineral Resources not being economic; Mineral Lease not being granted; ability to fund development of the project; and commodity prices.

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.

The financial impact of the Group's projects is a requirement for further expenditure where successful exploration leads to follow-up activities. All exploration activities may be funded by the Group's own cash reserves, equity or debt finance or through joint venture arrangements.

Further technical detail on each of the prospects listed below is in the Project Overview of the Annual Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Core Lithium Ltd changed its name from Core Exploration Ltd on 9 November 2018 following approval at its 2018 Annual General Meeting.

There have been no other 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

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EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

Since the end of the financial year, the Company has issued the following securities:

- On 10 July 2019, 8,750,000 shares to underwriters of the Company's Share Purchase Plan raising $350,000;
- On 19 July 2019, 200,000 unquoted performance rights to employees as remuneration and 1,340,000 shares upon the exercise of unquoted performance rights where the vesting conditions were met; and
- On 1 August 2019, 2,000,000 unquoted performance rights lapsed as the vesting conditions were not met.

The Group entered into an agreement with Lithium Royalty Corp (LRC) whereby a total consideration of A$8.125 million will be paid by LRC for the right to receive 2.5% of gross revenue from the sale of products from the Finniss Lithium Project. On 10 July 2019, the Group received $6,875,000 under the terms of the agreements with LRC, the amount was paid on execution of the agreements and held in escrow pending FIRB approval of the royalty transaction (Stage 1).

The balance of A$1.25 million is conditional on the Group announcing a 15 million tonne JORC Mineral Resource for the Finniss Lithium Project and the 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 and payment of the balance of the purchase price by LRC.

The Group is required to assign all of the project's assets as security and if the project is abandoned, must transfer the tenements to LRC.

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 continued exploration and drilling of key prospects at Finniss as well as development of the Finniss Lithium Project. As well as ongoing exploration from time to time at Anninge, Yerelina, Jervois, Fitton and other tenements held by the Group, Core will continue to identify and evaluate numerous other projects and opportunities.

Core's efforts are focussed on securing funding for the Finniss Lithium Project, which will see the Group moving from explorer to developer and producer during 2019/20.

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	13	13	4	4
SR Biggins	13	13	4	4
HA Hellewell	13	13	4	4

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.

Directors' Report

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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 UNDER OPTION
27 November 2017	30 September 2020	$0.07	1,500,000
9 May 2018	9 May 2020	$0.10	500,000
5 September 2018	5 September 2022	$0.08	10,000,000
31 January 2019	31 January 2021	$0.08	4,000,000
24 June 2019	30 June 2022	$0.06	4,000,000
Total options on issue			**20,000,000**

Unissued ordinary Shares of Core subject to vesting and exercise of performance rights at the date of this report are:

DATE RIGHTS GRANTED	KPI VESTING	EXPIRY DATE	NUMBER OF RIGHTS
30 November 2016	30 November 2019	28 February 2020	1,200,000
27 November 2017	30 June 2019	30 September 2019	750,000
21 June 2018	30 June 2020	30 September 2020	2,000,000
5 September 2018	30 June 2019	30 September 2019	2,050,000
19 July 2019	30 September 2019	31 December 2019	150,000
Total rights on issue			**6,150,000**

During the year the following unlisted options were issued:

- 10,000,000 options were issued to brokers as remuneration for participating in a share placement;
- 4,000,000 options were issued as contractor remuneration; and
- 4,000,000 options were issued as underwriter remuneration for the Company's Share Purchase Plan.

During the year 2,940,000 unlisted rights were issued to employees and contractors as remuneration under the Company's Performance Share Plan.

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

Directors' Report

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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 long-term incentives through the issue of options and / or performance rights. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel and Directors to run and manage the Company. The key management personnel of the Company are the Board of Directors and Executive Officers.

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

1 The remuneration policy, setting the terms and conditions for the executive Directors and key management personnel, was developed by the Board. All key management personnel are remunerated on a consultancy or 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, executive performance and comparable information from industry sectors and other listed companies in similar industries.

2 The Board may exercise discretion in relation to approving incentives, bonuses, options and performance rights. The policy is designed to attract the highest calibre of key management personnel and reward them for performance that results in long-term growth in shareholder wealth.

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 2016 AGM held on 30 November 2016.

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-price based KPI performance rights. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in the Company's Share Option Plan and Performance Share Plan, which may exist from time to time.

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

There were no remuneration consultants used by the Group during the year.

Directors' Report

REMUNERATION REPORT (AUDITED)

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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	2019	2018	2017	2016	2015
Net (loss) for the year	2,404,217	2,094,330	1,933,689	1,794,756	1,274,401
(Loss) per share – cents	0.36	0.43	0.56	0.92	0.92
Shareholders' Equity	29,863,066	26,197,379	15,125,452	8,239,961	6,307,306
Number of issued shares – end of year	778,191,657	633,591,657	376,546,066	270,928,583	150,486,287
Share price – end of the year – cents	4.0	4.7	7.4	2.2	2.6

PERFORMANCE BASED REMUNERATION

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and other key management personnel. Currently, this is facilitated through the issue of options and/or performance rights to key management personnel to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. There is currently no relationship of board policy for KMP remuneration and the entity's performance for the last 5 years.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2018 ANNUAL GENERAL MEETING

Core received more than 83% of "yes" votes on its remuneration report for the 2018 financial year. The Company did not receive any specific feedback at the AGM on its remuneration report.

Directors' Report

REMUNERATION REPORT (AUDITED)

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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

2019	SHORT TERM BENEFITS			POST-EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS		
	Salary and fees (incl bonus)	Contract payments	Bonus[2]	Superannuation	Options and performance rights[1]	Total	At risk[7]
	$	$	$	$	$	$	%
Non-executive Directors							
G English	60,000	-	-	-	3,261	63,261	5
H Hellewell	-	40,000	-	-	3,261	43,261	8
Executive Directors							
S Biggins	260,000	-	40,000	24,700	-	324,700	-
Other key management personnel							
D Rawlings	-	248,425	-	-	1,520	249,945	1
B Duncan	258,250	-	-	24,534	6,159	288,943	2
S Iacopetta[3]	85,635	-	-	8,564	-	94,199	-
R Sills[4]	44,432	-	-	4,221	-	48,653	-
J Kopias[5]	-	139,078	-	-	3,261	142,339	2
Total	**708,317**	**427,503**	**40,000**	**62,019**	**17,462**	**1,255,301**	**1**

Directors' Report

REMUNERATION REPORT (AUDITED)

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2018	SHORT TERM BENEFITS			POST-EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS		
	Salary and fees	Contract payments	Bonus	Superannuation	Options and performance rights[1]	Total	At risk[7]
	$	$	$	$	$	$	%
Non-executive Directors							
G English	60,000	-	-	-	7,982	67,982	12
H Hellewell	-	40,000	-	-	7,982	47,982	17
Executive Directors							
S Biggins	260,000	-	-	24,700	71,139	355,839	20
Other key management personnel							
D Rawlings	-	236,550	-	-	3,459	240,009	1
B Duncan[6]	199,615	-	-	18,963	63,768	282,346	23
J Kopias[5]	-	121,890	-	-	7,982	129,872	6
Total	**519,615**	**398,440**	**-**	**43,663**	**162,312**	**1,124,030**	**14**

1 *Performance rights and options issued in 2018 and 2019.*

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

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

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

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

6 *B Duncan commenced as General Manager Development on 14 August 2017.*

7 *Represents share based payments linked to performance conditions.*

During the year, Mr Simon Iacopetta was appointed as the Group's Chief Financial Officer and Mr Robert Sills was appointed as Commercial Marketing Manager.

During the year, 200,000 performance rights were issued to D Rawlings as remuneration. There were no other options or rights granted to KMP during the year. The share based payments expense for 2019 includes expense brought to account from issues of options and performance rights in prior years.

Directors' Report

REMUNERATION REPORT (AUDITED)

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C. Service agreements

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

NAME	BASE REMUNERATION	UNIT OF MEASURE	TERM OF AGREEMENT	NOTICE PERIOD[1]	TERMINATION BENEFITS
S Biggins[2] Managing Director	$260,000	Salaried employee	Indefinite	Three months	Six months
D Rawlings Exploration Manager	$900/day	Day rate contract[3]	30 June 2019	Two months	Two months
B Duncan[4] Chief Operating Officer	$260,000	Salaried employee	14 August 2019	Three months	Three months
S Iacopetta Chief Financial Officer	$260,000	Salaried employee	Indefinite	Three months	Three months
R Sills Commercial Marketing Manager	$230,000	Salaried employee	Indefinite	Twelve weeks	Twelve weeks
J Kopias Company Secretary	Variable	Hourly rate contract	Indefinite	One month	None

1 *To be given by the employee.*

2 *Mr Biggins is to work 4 days per week during the year.*

3 *Mr Rawlings has executed an employment contract commencing 1 July 2019 ending 31 December 2020.*

4 *Mr Duncan has executed an employment contract during August 2019 with an indefinite term and 12 week notice period and termination benefit.*

Directors' Report

REMUNERATION REPORT (AUDITED)

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D. Share-based remuneration

All performance rights refer to a 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:

2019 GRANTED	NUMBER GRANTED	GRANT DATE	FAIR VALUE AT GRANT DATE		FIRST VESTING DATE[1]	LAST VESTING DATE
			per right	Full value $		
D Rawlings	200,000	05/09/2018	$0.0255	5,097	Business development	30/06/2019
TOTAL	**200,000**					

1 *Meeting criteria of the KPI listed below determines vesting of rights.*

D Rawlings

Business development

Mr Rawlings will be entitled to 200,000 Performance Rights subject to the introduction and execution of a transaction of an asset to Core by 30 June 2019. This can take the form of a JV, Outright sale, Option or EL application of material value. These rights did not vest at 30 June 2019 and have subsequently lapsed.

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

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

2019 KEY MANAGEMENT PERSONNEL	HELD AT 30 JUNE 2018	MOVEMENT DURING YEAR[1]	OPTIONS / RIGHTS EXERCISED	HELD AT 30 JUNE 2019
G English	6,265,000	-	-	6,265,000
S Biggins	8,196,347	-	-	8,196,347
D Rawlings	970,000	-	400,000	1,370,000
J Kopias	509,685	375,000	-	884,685
Total	**15,941,032**	**375,000**	**400,000**	**16,716,032**

1 *Movement represents participation in the Company's Share Purchase Plan (SPP).*

Directors' Report

REMUNERATION REPORT (AUDITED)

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

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

Options

2019 KEY MANAGEMENT PERSONNEL	HELD AT 30 JUNE 2018	ACQUIRED DURING YEAR	DISPOSED DURING YEAR	EXERCISED	HELD AT 30 JUNE 2019	VESTED AND EXERCISABLE AT 30 JUNE 2019
B Duncan	1,500,000	-	-	-	1,500,000	-
Total	**1,500,000**	**-**	**-**	**-**	**1,500,000**	**-**

Performance Rights holdings of key management personnel

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

2019 KEY MANAGEMENT PERSONNEL	HELD AT 30 JUNE 2018	ACQUIRED DURING YEAR	DISPOSED DURING YEAR[2]	EXERCISED	HELD AT 30 JUNE 2019	VESTED AND EXERCISABLE AT 30 JUNE 2019
G English	800,000	-	(400,000)	-	400,000	-
S Biggins	6,500,000	-	(2,500,000)	-	4,000,000	-
H Hellewell	800,000	-	(400,000)	-	400,000	-
D Rawlings[1]	800,000	200,000	-	(400,000)	600,000	-
B Duncan	1,500,000	-	(375,000)	-	1,125,000	-
J Kopias	800,000	-	(400,000)	-	400,000	-
Total	**11,200,000**	**200,000**	**(4,075,000)**	**(400,000)**	**6,925,000**	**-**

1 *Acquisition during the year represents issue of performance rights to Mr Rawlings under the Company's Performance Share Plan.*

2 *Represents performance rights that lapsed during the year as the performance conditions were not met.*

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Directors' Report

REMUNERATION REPORT (AUDITED)

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E. Other information

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

Gregory English

Core Lithium engaged Piper Alderman during the year, a firm in which Mr English is a partner, on commercial terms for the provision of legal services. Core Lithium has paid $188,839 (2018: $71,679) of legal fees during the financial year. The total amount of fees due to the legal firm as at 30 June 2019 was $26,156 (2018: $9,933).

Heath Hellewell

Neogold Enterprises Pty Ltd, a company of which Mr Hellewell holds a beneficial interest, was paid Director's fees in relation to the year totalling $39,985 (2018: $39,999) and is disclosed in the remuneration report. The total amount of fees due to Neogold Enterprises Pty Ltd as at 30 June 2019 was $3,350 (2018: $3,335).

Jarek Kopias

Kopias Consulting, a business of which Jarek Kopias is a Director, was paid consulting fees in relation to the year totalling $140,541 (2018: $119,745) and is disclosed in the remuneration report. The total amount of fees due to Kopias Consulting as at 30 June 2019 was $11,115 (2018: $12,578).

END OF AUDITED REMUNERATION REPORT

ENVIRONMENTAL LEGISLATION

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

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

INDEMNITIES GIVEN AND INSURANCE PREMIUMS PAID TO AUDITORS AND OFFICERS

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

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful 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.

Directors' Report

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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 15 to the Financial Statements.

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

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.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

CORPORATE GOVERNANCE

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

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

Signed in accordance with a resolution of the Directors.



Stephen Biggins
Managing Director

Adelaide

25 September 2019

Auditor's Independence Declaration

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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 audit of Core Lithium Ltd for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

I S Kemp
Partner – Audit & Assurance

Adelaide, 25 September 2019

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Financial Report

CONTENTS

Statement of profit or loss and other comprehensive income	51
Statement of financial position	52
Statement of changes in equity	53
Statement of cash flows	54
Notes to the consolidated financial statements	55
Directors' declaration	75
Independent auditor's report	77

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	NOTES	2019 $	2018 $
Interest income		77,702	90,737
Employee benefits expense	18(a)	(838,626)	(545,876)
Exploration expense		(20,208)	(41,123)
Impairment expense	7	(171,826)	(502,466)
Depreciation expense	8	(50,494)	(33,023)
Share based payments (expense) / reversal	12	14,946	(155,369)
Other expenses	2	(1,415,711)	(907,210)
Loss before tax		(2,404,217)	(2,094,330)
Income tax benefit / (loss)	3	-	-
Loss for the period from continuing operations attributable to owners of the parent		(2,404,217)	(2,094,330)
Other comprehensive income attributable to owners of the parent		-	-
Total comprehensive loss for the period attributable to owners of the parent		(2,404,217)	(2,094,330)
Earnings per share from continuing operations			
Basic and diluted Loss – cents per share	4	(0.36)	(0.43)

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

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STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

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	NOTES	2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	5	2,387,665	8,003,629
Trade and other receivables	6	610,397	585,750
Total current assets		2,998,062	8,589,379
Non-current assets			
Exploration and evaluation expenditure	7	27,321,225	18,307,502
Plant and equipment	8	124,059	137,478
Total non-current assets		27,445,284	18,444,980
TOTAL ASSETS		30,443,346	27,034,359
LIABILITIES			
Current liabilities			
Trade and other payables	9	542,478	817,750
Employee provisions	10	37,802	19,230
Total current liabilities		580,280	836,980
TOTAL LIABILITIES		580,280	836,980
NET ASSETS		29,863,066	26,197,379
EQUITY			
Issued capital	11	42,184,370	36,386,835
Reserves	12	487,339	1,090,235
Accumulated losses		(12,808,643)	(11,279,691)
TOTAL EQUITY		29,863,066	26,197,379

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 2019

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2019	SHARE CAPITAL $	OPTION / RIGHTS RESERVE $	ACCUMULATED LOSSES $	TOTAL EQUITY $
Balance at beginning of year	36,386,835	1,090,235	(11,279,691)	26,197,379
Share purchase plan, placement and issue of options	6,349,180	-	-	6,349,180
Issue costs	(565,911)	301,581	-	(264,330)
Lapse of broker options	-	(875,265)	875,265	-
Fair value and lapse of performance rights and options issued to officers, employees and contractors	14,266	(29,212)	-	(14,946)
Transactions with owners	5,797,535	(602,896)	875,265	6,069,904
Comprehensive income:				
Total profit or loss for the reporting year	-	-	(2,404,217)	(2,404,217)
Total other comprehensive income for the reporting year	-	-	-	-
Balance 30 June 2019	42,184,370	487,339	(12,808,643)	29,863,066

2018	SHARE CAPITAL $	OPTION / RIGHTS RESERVE $	ACCUMULATED LOSSES $	TOTAL EQUITY $
Balance at beginning of year	23,945,311	627,377	(9,447,236)	15,125,452
Share purchase plan, acquisition of exploration projects and exercise of options / rights	13,582,704	-	-	13,582,704
Issue costs	(1,320,924)	-	-	(1,320,924)
Fair value and lapse of performance rights and options issued to officers, employees and shareholders	179,744	462,858	261,875	904,477
Transactions with owners	12,441,524	462,858	261,875	13,166,257
Comprehensive income:				
Total profit or loss for the reporting year	-	-	(2,094,330)	(2,094,330)
Total other comprehensive income for the reporting year	-	-	-	-
Balance 30 June 2018	36,386,835	1,090,235	(11,279,691)	26,197,379

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

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	NOTES	2019 $	2018 $
Operating activities			
Interest received		85,658	92,570
Research and development tax benefit		-	63,817
Payments to suppliers and employees		(2,182,802)	(1,437,190)
Net cash used in operating activities	13	(2,097,144)	(1,280,803)
Investing activities			
Payments for plant and equipment		(45,949)	(81,016)
Proceeds on sale of plant and equipment		882	14,050
Payments for capitalised exploration expenditure		(9,573,103)	(7,782,507)
Net cash used in investing activities		(9,618,170)	(7,849,473)
Financing activities			
Proceeds from issue of share capital		6,349,180	11,573,491
Capital raising costs		(249,830)	(562,603)
Net cash from financing activities		6,099,350	11,010,888
Net change in cash and cash equivalents		(5,615,964)	1,880,612
Cash and cash equivalents, beginning of year		8,003,629	6,123,017
Cash and cash equivalents, end of year	5 (a)	2,387,665	8,003,629

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 2019

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1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements for the reporting period ended 30 June 2019 were approved and authorised by the Board of Directors on 25 September 2019.

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

COMPARATIVES

Comparative information for 2018 is for the full year commencing on 1 July 2017.

The significant policies which have been adopted in the preparation of this financial report are summarised below.

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 2019. 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 14 to the Financial Statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted, where necessary, to ensure consistency with the accounting policies adopted by the Group.

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

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

b) Business combinations

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

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

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

c) Segment reporting

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.

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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.

d) Finance income and expense

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

Interest income is recognised as it accrues in the statement of profit or loss, using the effective interest rate method. All income is stated net of goods and services tax (GST).

e) Plant and equipment

Plant and equipment is 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.

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

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

The 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 profit or loss.

f) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated 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 (or, alternatively by its sale) or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and operations in relation to the area are continuing.

Accumulated costs, in relation to an abandoned area, are written off in full against profit in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. 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.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

g) Financial instruments

Recognition, initial measurement and derecognition

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

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

Classification and subsequent measurement of financial assets

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

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

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

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

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Classifications are determined by both:

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

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

Subsequent measurement financial assets

FINANCIAL ASSETS AT AMORTISED COST

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

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

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

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

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

IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

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

CLASSIFICATION AND MEASUREMENT OF FINANCIAL LIABILITIES

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

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 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.

h) 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.

i) Trade and other receivables

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.

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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.

j) Trade and other payables

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.

Trade and other payables are stated at amortised cost.

k) Income tax

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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 on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

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

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.

The Research & Development tax credit is brought to account as a tax benefit and offsets any tax losses during the reporting period.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

The Company and its wholly-owned Australian resident subsidiaries have formed a tax-consolidated group. As a consequence, 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.

l) Leases

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

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

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

m) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

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.

n) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

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o) 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 or 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 and Scholes methodology depending on the nature of the option terms. The fair value in relation to performance rights is calculated using a Monte Carlo simulation.

The Black and Scholes option pricing model takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The Monte Carlo simulation used in pricing the performance rights takes into account the target share price resulting from meeting the KPI, the term of the right, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

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

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

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

p) Employee benefits

The Group provides post-employment benefits through various defined contribution plans.

A defined contribution plan is a superannuation plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The Group contributes to several plans and insurances for individual employees that are considered defined contribution plans. Contributions to the plans are recognised as an expense in the period that relevant employee services are received.

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result on the unused entitlement. Annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability as the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of the reporting period. Annual leave liability is still presented as a current liability for presentation purposes under AASB 101 Presentation of Financial Statements.

q) 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.

r) Parent entity

The financial information of the parent entity, Core Lithium Ltd, disclosed in the notes to the financial report has been prepared on the same basis as the consolidated financial statements.

s) 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.

i) Key estimates – 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.

ii) Key judgements – exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of 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.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

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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 period in which this determination is made.

iii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with key management personnel and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Board of Directors with reference to quoted market prices or using the Black and Scholes valuation method or Monte Carlo valuation method as appropriate taking into account the terms and conditions upon which the equity instruments were granted. The assumptions in relation to the valuation of the equity instruments are detailed in note 18. 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.

t) Adoption of the new and revised accounting standards

In the current year, there are no new and/or revised Standards and Interpretations adopted in these Financial Statements affecting presentation or disclosure and the reported result or financial position other than:

AASB 15 replaces AASB 118 Revenue and several revenue related interpretations. The new Standard has been applied as at 1 January 2018. There is no impact to the Group's historical financial results given the company is not currently in production.

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement requirements. AASB 9 addresses the classification, measurement and derecognition of financial assets, financial liabilities and hedging and a new impairment model for financial assets. There has been no impact on the Group's previously reported financial performance or financial position following the adoption of AASB 9.

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

The accounting standards that have not been early adopted for the year ended 30 June 2019 but will be applicable to the Group in future reporting periods are detailed below. Apart from these standards, we have considered other accounting standards that will be applicable in future periods but are considered insignificant to the Group.

STANDARD / INTERPRETATION	NATURE OF CHANGE	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
AASB 16 'Leases'	Requires all leases to be accounted for 'on-balance sheet' for lessees other than short-term and low value asset leases.	1 January 2019	30 June 2020

The Group is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the Group's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2020 includes:

- there will be a minor increase in lease assets and financial liabilities recognised on the statement of financial position.
- the reported equity will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities.
- EBIT in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off statement of financial position leases will be presented as part of finance costs rather than being included in operating expenses.
- operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities.

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2 OTHER EXPENSES

	2019 $	2018 $
Compliance	127,116	112,411
Office expenses	217,337	130,607
Legal, insurance and registry	199,311	115,240
Contractors / consultants	150,043	80,364
Broker and investor relations	347,306	273,756
Travel	371,392	194,832
Loss on sale of assets	3,206	-
Total other expenses	1,415,711	907,210

3 INCOME TAX BENEFIT / (LOSS)

	2019 $	2018 $
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)	(2,404,217)	(2,094,330)
Income tax rate	30%	27.5%
Prima facie tax benefit on loss from activities before income tax	(721,265)	(575,941)
Tax effect of temporary differences not brought to account as they do not meet the recognition criteria	(3,399)	43,184
Distribution of Exploration Development Incentive credits	-	952,967
Distribution of Junior Minerals Exploration Incentive credits	-	750,000
Deferred tax asset not realised as recognition criteria not met	724,664	(1,170,210)
Subtotal	-	-
c) Deferred tax assets have not been recognised in respect of the following:		
Deferred tax asset has not been recognised	22,300,086	18,831,573
Tax losses	6,649,190	5,448,637

The Group has incurred assessable income during the year on entering into the LRC royalty agreement reducing the carry forward tax loss at 30 June 2019 by $2,138,138.

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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:

	2019 #	2018 #
Weighted average number of shares used in basic earnings per share	665,943,917	490,534,911
Weighted average number of securities used in diluted earnings per share	748,325,575	527,939,580
Loss per share – basic and diluted (cents)	(0.36)	(0.43)

There were 29,665,000 options and rights outstanding at the end of the year (2018: 37,404,669) that have not been taken into account in calculating diluted EPS due to their effect being anti-dilutive.

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	2019 $	2018 $
Cash at hand and in bank:		
Cash at bank	2,357,415	753,629
Short-term deposits	30,250	7,250,000
Cash and cash equivalents	2,387,665	8,003,629

a) Reconciliation of cash at the end of the period.

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	2,387,665	8,003,629

6 TRADE AND OTHER RECEIVABLES

Trade and other receivables include the following:

	2019 $	2018 $
Interest receivable	6,776	14,732
Drilling bonds receivable	551,834	494,201
GST receivable	49,387	74,417
Other receivables	2,400	2,400
Total receivables	610,397	585,750

No receivables are considered past due and / or impaired.

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7 EXPLORATION AND EVALUATION EXPENDITURE

	2019 $	2018 $
Opening balance	18,307,502	9,392,840
Expenditure on exploration during the year	9,185,549	7,417,128
Fair value of exploration tenements acquired	-	2,000,000
Impairment of capitalised exploration	(171,826)	(502,466)
Closing balance	27,321,225	18,307,502

The impairment of capitalised exploration represents the write down of tenements that have been relinquished during the financial year.

8 PLANT AND EQUIPMENT

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

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2018	EXPLORATION EQUIPMENT $	OFFICE AND IT EQUIPMENT $	MOTOR VEHICLES $	TOTAL $
Gross carrying amount				
Opening balance	69,962	99,595	69,683	239,240
Additions	4,577	32,585	55,965	93,127
Disposals	(14,545)	-	-	(14,545)
Balance 30 June 2018	59,994	132,180	125,648	317,822
Depreciation and impairment				
Opening balance	(31,520)	(74,463)	(33,588)	(139,571)
Depreciation[1]	(10,184)	(18,395)	(14,628)	(43,207)
Disposals	2,434	-	-	2,434
Balance 30 June 2018	(39,270)	(92,858)	(48,216)	(180,344)
Carrying amount 30 June 2018	20,724	39,322	77,432	137,478

1 *Exploration equipment depreciation is charged to exploration assets. The remaining depreciation of $50,494 (2018: 33,023) is charged to profit or loss.*

9 TRADE AND OTHER PAYABLES

Trade and other payables, which are all current, recognised in the statement of financial position can be analysed as follows:

	2019 $	2018 $
Trade and other payables	235,603	540,040
Accrued expenses	306,875	277,710
Total trade and other payables	542,478	817,750

10 SHORT TERM PROVISIONS

All provisions are considered current. The carrying amounts may be analysed as follows:

	2019 $	2018 $
Opening balance	19,230	4,964
Movement in provisions – employee entitlements	18,572	14,266
Closing balance	37,802	19,230

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11 ISSUED CAPITAL

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

2018	NUMBER OF SHARES	$
a) Issued and paid up capital		
Fully paid ordinary shares	633,591,657	36,386,835
	633,591,657	36,386,835
b) Movements in fully paid shares		
Opening balance	376,546,066	23,945,311
Share purchase plan	15,571,733	825,302
Share placements	155,099,064	8,454,050
Acquisition of exploration tenements	39,232,025	2,000,000
Exercise of quoted options and unquoted rights (including fair value)	47,142,769	2,483,095
Issue costs	-	(1,320,923)
Balance as 30 June 2018	633,591,657	36,386,835

The share capital of Core Lithium Ltd consists only of fully paid ordinary shares. All shares are eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Core Lithium Ltd.

None of the parent's shares are held by any company in the Group.

The shares do not have a par value and the Company does not have a limited amount of authorised capital.

In the event of winding up the Group, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

c) Capital management

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure accordingly. 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.

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12 RESERVES

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

RECONCILIATION OF OPTIONS / RIGHTS RESERVE	2019 $	2018 $
Opening balance	1,090,235	627,377
Issue of options during the year	305,111	796,575
Issue of performance rights during the year	43,053	147,307
Exercise of options / rights	(14,266)	(188,957)
Lapse of options and performance rights	(936,794)	(292,067)
Closing balance	487,339	1,090,235

RECONCILIATION OF SHARE BASED PAYMENTS EXPENSE	2019 $	2018 $
Options issued to directors / employees	3,530	27,167
Options issued to contractors	301,581	769,408
Performance rights issued to directors / contractors / employees	43,053	147,307
Total share based payments	348,164	943,882
Performance rights lapsed due to failing vesting condition recognised in profit or loss	(61,529)	(30,192)
Options to equity – capital raising costs	(301,581)	(758,321)
Net share based payment expense / (gain) in profit or loss	(14,946)	155,369

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

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SHARE OPTION RESERVE	NUMBER OF OPTIONS	2018 $	WEIGHTED AVERAGE EXERCISE PRICE
Opening balance	117,730,884	558,563	$0.054
Issued to contractors as remuneration	58,604,000	769,408	$0.080
Issued to employees as remuneration	1,500,000	27,167	$0.070
Exercised	(45,882,769)	(179,744)	$0.050
Lapsed	(66,848,115)	(261,875)	$0.050
Balance at 30 June 2018	65,104,000	913,519	$0.084

During the 2018/19 year:

- 18,000,000 unquoted options were issued to brokers and contractors as remuneration; and
- 63,104,000 unquoted options lapsed.

During the 2017/18 year:

- 58,604,000 unquoted options were issued to contractors as remuneration;
- 1,500,000 unquoted options were issued to KMP as remuneration;
- 45,882,769 quoted options were exercised by shareholders; and
- 66,848,115 quoted options lapsed.

PERFORMANCE RIGHTS RESERVE	NUMBER OF RIGHTS	2019 $
Opening balance	11,800,000	176,716
Issued to KMP, contractors and employees	2,940,000	43,053
Exercised	(875,000)	(14,266)
Lapsed	(4,200,000)	(61,529)
Balance at 30 June 2019	9,665,000	143,974

PERFORMANCE RIGHTS RESERVE	NUMBER OF RIGHTS	2018 $
Opening balance	6,960,000	68,814
Issued to Directors, KMP and employees	7,900,000	147,307
Exercised	(1,260,000)	(9,213)
Lapsed	(1,800,000)	(30,192)
Balance at 30 June 2018	11,800,000	176,716

Performance rights were issued as KMP, contractors and employees as remuneration with related KPI's as detailed in the Directors' Report.

Nature and purpose of reserves

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

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13 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

OPERATING ACTIVITIES	2019 $	2018 $
Loss after tax	(2,404,217)	(2,094,330)
Share based payments expense	(14,946)	155,369
Exploration impairment	171,826	502,466
Depreciation expense	50,494	33,023
Net change in working capital	99,699	122,669
Net cash used in operating activities	(2,097,144)	(1,280,803)

14 INVESTMENTS IN CONTROLLED ENTITIES

Controlled Entities

The Company has the following subsidiaries:

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION	CLASS OF SHARES	PERCENTAGE HELD	
			2018	2019
Sturt Exploration Pty Ltd	Australia	Ordinary	100%	100%
DBL Blues Pty Ltd	Australia	Ordinary	100%	100%
Lithium Developments Pty Ltd	Australia	Ordinary	100%	100%
Uranium Generation Pty Ltd	Australia	Ordinary	100%	100%
Lithium Developments (Grants NT) Pty Ltd	Australia	Ordinary	100%[1]	100%

1 *Lithium Developments (Grants NT) Pty Ltd was registered on 3 October 2017.*

15 AUDITOR REMUNERATION

	2019 $	2018 $
Audit services		
Auditors of Core Lithium Ltd – Grant Thornton		
Audit and review of Financial Reports	34,100	33,350
Audit services remuneration	34,100	33,350
Other services		
Auditors of Core Lithium Ltd – Grant Thornton		
Taxation compliance	18,550	10,300
Financial due diligence	15,000	-
Total other services remuneration	33,550	10,300
Total remuneration received by Grant Thornton	67,650	43,650

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16 COMMITMENTS AND CONTINGENCIES

Lease commitments

The Group has entered into a three year operating lease in relation to its head office premises at Level 1, 366 King William Street, Adelaide commencing 1 September 2018. Further, the Group has entered into a lease in relation to a regional field office in the Northern Territory to 28 December 2019. Minimum lease payments recognised as an expense during the period amount to $133,155. Remaining amounts due are:

	2019 $	2018 $
Within one year	127,550	22,544
Within two years to five years	128,333	-
Total commitments	255,883	22,544

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

Exploration commitments

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

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

EXPENDITURE REQUIRED TO MAINTAIN TENURE OF ALL OF THE EXPLORATION LICENCES	2019 $	2018 $
Within one year	910,000	1,196,000
After one year but not more than five years	2,215,000	2,585,000
Total commitments	3,125,000	3,781,000

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

Contingencies

In September 2017, the Group announced that it had entered into an agreement to acquire the Bynoe Lithium Project directly adjacent to Core's Finniss Lithium Project in the NT near Darwin from Liontown Resources Ltd (ASX:LTR). As part of the consideration for the project, Core will be required to pay Liontown $1,500,000 in cash or CXO shares (at Core's election and subject to shareholder approval) upon defining a JORC-compliant Mineral Resource totalling 5Mt within the Bynoe Project area.

An amount of $30,250 (2018: $nil) of short term deposits remains in place to secure a bank guarantee in respect of a bond for Adelaide office rental.

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17 RELATED PARTY TRANSACTIONS

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

Transactions with key management personnel

Key Management Personnel remuneration includes the following are is disclosed in detail in the remuneration report:

	2019 $	2018 $
Short-term benefits	1,175,820	918,055
Post-employment benefits	62,019	43,663
Share based payments	17,462	162,312
Total remuneration	1,255,301	1,124,030
The following transactions occurred with KMP:		
Payment for professional services to entities associated with related parties	621,115	469,873
Payables for professional services at reporting date	60,095	48,646

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

Gregory English

Core Lithium engaged Piper Alderman during the year, a firm in which Mr English is a partner, on commercial terms for the provision of legal services. Core Lithium has paid $188,839 (2018: $71,679) of legal fees during the financial year. The total amount of fees due to the legal firm as at 30 June 2019 was $26,156 (2018: $9,933).

Heath Hellewell

Neogold Enterprises Pty Ltd, a company of which Mr Hellewell holds a beneficial interest, was paid Director's fees in relation to the year totalling $39,985 (2018: $39,999) and is disclosed in the remuneration report. The total amount of fees due to Neogold Enterprises Pty Ltd as at 30 June 2019 was $3,350 (2018: $3,335).

Jarek Kopias

Kopias Consulting, a business of which Jarek Kopias is a Director, was paid consulting fees in relation to the year totalling $140,541 (2018: $119,745) and is disclosed in the remuneration report. The total amount of fees due to Kopias Consulting as at 30 June 2019 was $11,115 (2018: $12,578).

18 EMPLOYEE REMUNERATION

a) Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2019 $	2018 $
Salaries / contract payments for Directors and employees	1,910,663	1,571,933
Defined contribution superannuation expense	132,563	103,427
Employee entitlement provisions	226,015	163,646
Less: Transfer to exploration assets	(1,430,615)	(1,293,130)
	838,626	545,876

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b) Share based employee remuneration

As at 30 June 2019 the Group maintained a share option plan and performance share plan for employee and director remuneration. There were 2,940,000 performance rights granted to KMP and other employees as remuneration during the year.

The table below outlines the inputs used in the Monte Carlo fair value calculation for the performance rights:

	RANGE OF VALUES
Exercise price	Nil
Right life	0.4 -1.1 years
Underlying share price	$0.04 - $0.059
Expected share price volatility	84%
Risk free interest rate	2.2%
Weighted average fair value	$0.02584
Weighted average contractual life	1.0 years

Rights were issued to D Rawlings during the year relating a business development KPI as detailed below:

Mr Rawlings will be entitled to 200,000 Performance Rights subject to the introduction and execution of a transaction of an asset to Core by 30 June 2019. This can take the form of a JV, Outright sale, Option or EL application of material value. These rights did not vest at 30 June 2019 and have subsequently lapsed.

Share options and weighted average exercise prices are as follows:

2019	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE ($)
Opening balance - remuneration options	1,500,000	0.070
Granted as remuneration during 2018/19	-	-
Expired	-	-
Outstanding as at 30 June 2019	1,500,000	0.070

2018	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE ($)
Opening balance - remuneration options	3,700,000	0.050
Granted as remuneration during 2017/18	1,500,000	0.070
Expired	(3,700,000)	0.050
Outstanding as at 30 June 2018	1,500,000	0.070

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Fair value of options granted

The fair value at grant date of the Director and KMP options has been determined using a Black and 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.

Fair value of performance rights granted

The fair value at grant date of the Director, KMP and employee performance rights has been determined using a Monte Carlo pricing model that takes into account the term of the right, the impact of dilution, the impact of the KPI on the underlying share price, the non-tradeable nature of the 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 right.

19 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	2019 $	2018 $
Financial assets			
Cash and cash equivalents	5	2,387,665	8,003,629
Trade and other receivables	6	610,397	585,750
		2,998,062	8,589,379
Financial liabilities			
Trade and other payables	9	542,478	817,750

Financial risk management policy

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

a) *Liquidity risk*

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

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

Financial liabilities are expected to be settled within 12 months.

b) *Interest rate risk*

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

The Group is exposed to interest rate risk on cash balances and term deposits held in interest bearing accounts. The Board constantly monitors its interest rate exposure and attempts to maximise interest income by using a mixture of fixed and variable interest rates, whilst ensuring sufficient funds are available for the Group's operating activities. The Group's net exposure to interest rate risk at 30 June 2019 approximates the value of cash and cash equivalents.

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c) *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.

2019		EFFECT ON:	
	SENSITIVITY*	PROFIT $	EQUITY $
Interest rate	+ 1.30%	+47,600	+47,600
	- 1.30%	-47,600	-47,600

2018		EFFECT ON:	
	SENSITIVITY*	PROFIT $	EQUITY $
Interest rate	+ 1.30%	+76,300	+76,300
	- 1.30%	-76,300	-76,300

* *The method used to arrive at the possible change of 130 basis points was based on the analysis of the absolute nominal change of the Reserve Bank of Australia (RBA) monthly issued cash rate. Historical rates indicate that for the past five financial years, interest rate movements ranged between 0 to 130 basis points. It is considered that 130 basis points a 'reasonably possible' estimate as it accommodates for the maximum variations inherent in the interest rate movement over the past five years.*

The fair values of all financial assets and liabilities of the Group approximate their carrying values.

d) *Net fair values of financial assets and financial liabilities*

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

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

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

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

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

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20 PARENT ENTITY INFORMATION

Information relating to Core Lithium Ltd (the parent entity).

	2019 $	2018 $
Statement of financial position		
Current assets	2,446,227	8,095,178
Total assets	30,443,345	27,034,358
Current and total liabilities	580,280	836,980
Issued capital	42,184,370	36,386,835
Retained losses	12,808,644	11,279,692
Share based payments reserve	487,339	1,090,235
Statement of profit of loss and other comprehensive income		
Loss for the period	2,404,217	2,090,330
Total comprehensive loss for the period	2,404,217	2,090,330

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.

21 OPERATING SEGMENTS

The Directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources have concluded that at this time there are no separately identifiable segments.

22 EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

Since the end of the financial year, the Company has issued the following securities:

- On 10 July 2019, 8,750,000 shares to underwriters of the Company's Share Purchase Plan raising $350,000;
- On 19 July 2019, 200,000 unquoted performance rights to employees as remuneration and 1,340,000 shares upon the exercise of unquoted performance rights where the vesting conditions were met; and
- On 1 August 2,000,000 unquoted performance rights lapsed as the vesting conditions were not met.

The Group entered into an agreement with Lithium Royalty Corp (LRC) whereby a total consideration of A$8.125 million will be paid by LRC for the right to receive 2.5% of gross revenue from the sale of products from the Finniss Lithium Project. On 10 July 2019, the Group received $6,875,000 under the terms of the agreements with LRC, the amount was paid on execution of the agreements and held in escrow pending FIRB approval of the royalty transaction (Stage 1).

The balance of A$1.25 million is conditional on the Group announcing a 15 million tonne JORC Mineral Resource for the Finniss Lithium Project and the 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 and payment of the balance of the purchase price by LRC.

The Group is required to assign all of the project's assets as security and if the project is abandoned, must transfer the tenements to LRC.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Directors' 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 2019 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 2019.

Note 1 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

25 September 2019

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Independent Auditor's Report

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

T +61 8 8372 6666

Independent Auditor's Report

To the Members of Core Lithium Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Core Lithium Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 2019 and of its performance for the year ended on that date; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Independent Auditor's Report

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Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation assets	
At 30 June 2019 the carrying value of exploration and evaluation assets was $27,321,225. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.	Our procedures included, amongst others: • obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • reviewing management's area of interest considerations against AASB 6; • conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including; – tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; – enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; – understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; • assessing the accuracy of impairment recorded for the year as it pertained to exploration interests; • evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and • assessing the appropriateness of the related financial statement disclosures.

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Independent Auditor's Report

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Responsibilities of the Directors' for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Core Lithium Ltd, for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

I S Kemp
Partner – Audit & Assurance

Adelaide, 25 September 2019

ASX Additional Information

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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 2019.

The Company is listed on the Australian Securities Exchange.

SUBSTANTIAL SHAREHOLDERS

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

	ORDINARY SHARES	%
Ya Hua International Investment and Development Co. Ltd	69,815,094	8.86

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.

ASX Additional Information

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DISTRIBUTION OF EQUITY BY SECURITY HOLDERS

HOLDING	QUOTED	UNQUOTED					
	ORDINARY SHARES	OPTIONS					PERFORMANCE RIGHTS
		$0.10 9-MAY-20	$0.07 30-SEP-20	$0.08 31-JAN-21	$0.06 30-JUN-22	$0.08 5-SEP-22	
1 – 1,000	158	-	-	-	-	-	-
1,001 – 5,000	45	-	-	-	-	-	-
5,001 – 10,000	317	-	-	-	-	-	-
10,001 – 100,000	1,604	-	-	-	-	-	-
100,001 and over	1,110	1	1	2	4	1	13
Number of holders	3,234	1	1	2	4	1	13
Securities	788,656,657	500,000[1]	1,500,000[2]	4,000,000[3]	4,000,000[4]	10,000,000[5]	6,150,000

1 *Held by Purple Communications Australia Pty Ltd.*
2 *Issued under an employee incentive scheme.*
3 *Held by Nautical Holdings WA Pty Ltd <Abandon Ship S/F A/C (2,500,000) and Tyche Investments Pty Ltd (1,500,000).*
4 *Held by by Nautical Holdings WA Pty Ltd <Abandon Ship S/F A/C (1,800,000) and Tyche Investments Pty Ltd (1,000,000).*
5 *Held by Argonaut Investments Pty Ltd.*

There were 702 holders of less than a marketable parcel of ordinary shares ($500 amounts to 13,157 shares).

There are no restricted securities on issue subject to voluntary escrow.

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

ASX Additional Information

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TWENTY LARGEST HOLDERS OF ORDINARY SHARES

		NO. OF SHARES HELD	% HELD
1	Ya Hua International Investment and Development Co. Ltd	69,815,094	8.85
2	Mining Value Fund Pty Ltd	30,000,000	3.80
3	CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>	10,180,699	1.29
4	Mr George Chien Hsun Lu & Mrs Jenny Chin Pao Lu	7,000,000	0.89
5	Citicorp Nominees Pty Limited	6,418,895	0.81
6	Lu's International Limited	6,305,000	0.80
7	Mrs Kim Louise Borg	6,014,592	0.76
8	Mr George Chien Hsun Lu	6,013,500	0.76
9	Thessa Pty Ltd	6,000,000	0.76
10	Nowak Investments Pty Ltd <Nowak S/F A/C>	5,979,680	0.76
11	Gempart NT Pty Ltd	5,950,000	0.75
12	Nautical Holdings WA Pty Ltd <Abandon Ship Super Fund A/C>	5,825,000	0.74
13	Lagral Strategies Pty Ltd <The Lagral Family A/C>	5,580,000	0.71
14	Eighteen Speed Overdrive Pty Ltd <The Galaxy Supernova SF A/C>	5,538,093	0.70
15	BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client DRP A/C>	5,360,509	0.68
16	Mrs Luigina Ivory	5,311,754	0.67
17	Mr Anton Makaryn & Mrs Melanie Makaryn <(TMAK S/F A/C>	5,049,047	0.64
18	WGS Pty Ltd	4,288,888	0.54
19	Tarmo Investments Pty Ltd <Tjena Super Fund A/C>	4,133,286	0.52
20	Mr Darren Baker	4,113,000	0.52
		204,877,037	25.95
	Total ordinary shares on issue	788,656,657	100.00

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