

CORE LITHIUM LTD
ACN: 146 287 809



Interim Consolidated Financial Statements

for the half-year ended 31 December 2018

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This Interim 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 Company changed its name from Core Exploration to Ltd to Core Lithium Ltd on 9 November 2018. 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 SA 5000

Website www.corelithium.com.au

Directors' Report

The Directors of Core Lithium Ltd present their Report together with the financial statements of the consolidated entity, being Core Lithium ("Core" or "the Company") and its controlled entities ("the Group") for the half year ended 31 December 2018 and the Independent Review Report thereon.

DIRECTORS

The following persons were directors of Core throughout the period.

- Gregory English
- Stephen Biggins
- Heath Hellewell

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Core Lithium Ltd holds exploration projects comprising tenements in highly prospective geology in the Northern Territory and world-class mining provinces in South Australia.

The Company's project areas are focused on targets within prospective geological terrains for lithium, base metals and uranium in Northern Territory and South Australia, which host world-class mining operations including Olympic Dam and Four Mile and Beverley uranium mines.

In the half year to 31 December 2018, Core continued exploration and development programs at its 100%-owned tenements in the Finniss region in the Northern Territory.

The net loss of the Company, from the six months to 31 December 2018 was \$1,067,248 (2017: \$1,326,325).

During the period, the Company raised \$2.4 million through a share placement to progress the Group's lithium projects.

A copy of the auditor's independence declaration as required under s307C of the *Corporations Act 2001* (Cth) is included on page 3 of this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the directors.



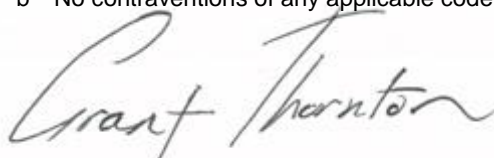
Stephen Biggins
Managing Director

28 February 2019

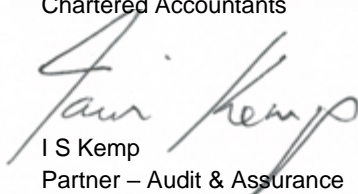
Auditor's Independence Declaration To the Directors of Core Lithium Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Core Lithium Ltd for the half-year ended 31 December 2018. I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 28 February 2019

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Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2018

	Notes	31 December 2018 \$	31 December 2017 \$
Interest income		63,072	51,876
Administration costs		(729,277)	(470,083)
Employee benefits expense		(305,756)	(386,898)
Exploration expense		(9,404)	(30,506)
Impairment expense		(60,162)	(477,564)
Depreciation		(22,515)	(13,150)
Other expenses		(3,206)	-
Loss before tax		(1,067,248)	(1,326,325)
Income tax benefit		-	-
Loss for the period from continuing operations attributable to owners of the parent		(1,067,248)	(1,326,325)
Other Comprehensive loss attributable to owners of the parent		-	-
Total Comprehensive loss for the period attributable to owners of the parent		(1,067,248)	(1,326,325)
Earnings Per Share from Continuing Operations			
Basic and diluted Loss – cents per share	2	(0.17)	(0.30)

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

Statement of Financial Position
As at 31 December 2018

	Notes	31 December 2018 \$	30 June 2018 \$
ASSETS			
Current assets			
Cash and cash equivalents		4,382,662	8,003,629
Trade and other receivables		515,840	585,750
Total current assets		4,898,502	8,589,379
Non-current assets			
Exploration and evaluation expenditure	3	23,883,988	18,307,502
Plant and equipment		124,771	137,478
Total non-current assets		24,008,759	18,444,980
TOTAL ASSETS		28,907,261	27,034,359
LIABILITIES			
Current liabilities			
Trade and other payables		1,514,350	817,750
Employee provisions		15,655	19,230
Total current liabilities		1,530,005	836,980
TOTAL LIABILITIES		1,530,005	836,980
NET ASSETS		27,377,256	26,197,379
EQUITY			
Issued capital	4	38,506,555	36,386,835
Reserves	5	1,217,640	1,090,235
Accumulated losses		(12,346,939)	(11,279,691)
TOTAL EQUITY		27,377,256	26,197,379

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

Statement of Changes in Equity
For the half year ended 31 December 2018

	Share capital \$	Option / Rights reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	23,945,311	627,377	(9,447,236)	15,125,452
Share placement	2,004,000	-	-	2,004,000
Acquisition of projects	2,000,000	-	-	2,000,000
Exercise and forfeiture of options and rights	2,483,095	(454,396)	261,875	2,290,574
Issue Costs	(127,018)	-	-	(127,018)
Fair value of performance rights and options issued to officers and employees	-	108,799	-	108,799
Transactions with owners	6,360,077	(345,597)	261,875	6,276,355
Comprehensive income:				
Total profit or loss for the reporting period	-	-	(1,326,325)	(1,326,325)
Total other comprehensive income for the reporting period	-	-	-	-
Balance 31 December 2017	30,305,388	281,780	(10,511,686)	20,075,482
Balance at 1 July 2018	36,386,835	1,090,235	(11,279,691)	26,197,379
Share placement	2,400,000	-	-	2,400,000
Option issue	100	-	-	100
Exercise and forfeiture of options and rights	5,884	(45,131)	-	(39,247)
Issue Costs	(286,264)	139,106	-	(147,158)
Fair value of performance rights and options issued to officers, contractors and employees	-	33,430	-	33,430
Transactions with owners	2,119,720	127,405	-	2,247,125
Comprehensive income:				
Total profit or loss for the reporting period	-	-	(1,067,248)	(1,067,248)
Total other comprehensive income for the reporting period	-	-	-	-
Balance 31 December 2018	38,506,555	1,217,640	(12,346,939)	27,377,256

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

Statement of Cash Flows
For the half year ended 31 December 2018

	31 December 2018 \$	31 December 2017 \$
Operating activities		
Interest received	75,603	63,016
Research and Development tax benefit	-	63,817
Payments to suppliers and employees	(978,349)	(983,817)
Net cash used in operating activities	(902,746)	(856,984)
Investing activities		
Proceeds on sale of plant and equipment	882	-
Payments for plant and equipment	(15,130)	(40,281)
Payments for capitalised exploration expenditure	(5,272,240)	(4,877,052)
Net cash used in investing activities	(5,286,488)	(4,917,333)
Financing activities		
Proceeds from issue of share capital	2,400,100	4,298,138
Subscriptions received	298,643	-
Payments for capital raising costs	(130,476)	(69,667)
Net cash from financing activities	2,568,267	4,228,471
Net change in cash and cash equivalents	(3,620,967)	(1,545,846)
Cash and cash equivalents, beginning of reporting period	8,003,629	6,123,017
Cash and cash equivalents, end of period	4,382,662	4,577,171

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

Notes to the consolidated financial statements

For the period ended 31 December 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Nature of operations

Core's principal activities are the exploration for lithium, iron oxide, copper, gold, and uranium (IOCGU) deposits in Northern Territory and South Australia.

b) General information and basis of preparation

The interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2018 and are presented in Australian dollars (\$), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) and AASB 134 *Interim Financial Reporting*. They do not include all the information required in annual financial statements in accordance with AIFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2018 and any public announcements made by the Group during the half-year in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001* (Cth). The Company is a for profit entity for the purposes of preparing its financial statements.

The interim financial statements have been approved and authorised for issue by the board of directors on 28 February 2019.

c) Significant accounting Policies

The accounting policies applied by the Group in the consolidated interim report are the same as those applied by the Group in its consolidated financial report as at year ended 30 June 2018, with the exception of the following:

AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* became effective beginning on or after 1 January 2018. Accordingly, the Group applied AASB 15 and AASB 9 for the first time to the interim period ended 31 December 2018.

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.

d) 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.

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.

2. EARNINGS PER SHARE

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

	6 months to December 2018 #	6 months to December 2017 #
Weighted average number of shares used in basic earnings per share	637,142,200	437,440,923
Weighted average number of shares used in diluted earnings per share	637,142,200	437,440,923
Loss per share – basic and diluted (cents)	0.17	0.30

The calculation of diluted loss per share at 31 December 2018 is the same as basic diluted loss per share. In accordance with AASB 133 Earnings per share, as potential ordinary shares may result in a situation where their conversion results in a decrease in the loss per share, no dilutive effect has been taken into account. Potential ordinary shares relating to listed and unlisted options and performance rights at 31 December totalled 86,069,000 (2017: 14,500,000).

3. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2018 \$	30 June 2018 \$
Opening balance	18,307,502	9,392,840
Expenditure on exploration during the year	5,646,052	7,458,251
Fair value of exploration tenements acquired	-	2,000,000
Impairment of capitalised exploration	(60,162)	(502,466)
Exploration expenditure expensed	(9,404)	(41,123)
Closing balance	23,883,988	18,307,502

During the period, one tenement was planned to be relinquished. An impairment expense of \$60,162 is recognised in relation to this relinquishment.

During the prior period, the Group issued 39,232,025 Shares upon completion of the agreement to acquire Exploration Licences EL29699, EL30012 and EL30015 and Mining Lease MLN16 at the Bynoe Lithium Project in the Northern Territory – adjacent to the Finnis Lithium Project. The fair value of the shares issued is reflected above.

4. SHARE CAPITAL

31 December 2018

	Number of shares	31 December 2018 \$
(a) Issued and paid up capital		
Fully paid ordinary shares	681,866,657	38,506,555
	681,866,657	38,506,555
(b) Movements in fully paid shares		
Balance as at 1 July 2018	633,591,657	36,386,835
Share placement	48,000,000	2,400,000
Exercise of performance rights	275,000	5,884
Options issued	-	100
Capital raising costs	-	(286,264)
Balance as at 31 December 2018	681,866,657	38,506,555

30 June 2018

	Number of shares	30 June 2018 \$
(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		
Balance as at 1 July 2017	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 at 30 June 2018	633,591,657	36,386,835

5. RESERVES

Share based payments are in line with the Core Lithium Ltd remuneration policy. Listed below are summaries of options and performance rights granted:

Reconciliation of options / rights reserve	31 December 2018 \$	30 June 2018 \$
Opening balance	1,090,235	627,377
Issue of options during the year	142,636	796,575
Issue of performance rights during the year	29,900	147,307
Exercise of options / rights	(5,884)	(188,957)
Forfeiture of options and performance rights	(39,247)	(292,067)
Closing balance	1,217,640	1,090,235
Options reserve	1,056,155	913,519
Performance rights reserve	161,485	176,716
Total options / rights reserve	1,217,640	1,090,235

During the six months to 31 December 2018, 10,000,000 unlisted options were issued to brokers – the options have an exercise price of 8.0 cents and expiry of 5 September 2022. Of the options issued, 7,000,000 have KPI based vesting conditions.

Further, 2,140,000 performance rights were issued to employees and contractors as remuneration. The performance rights have no exercise price and range in fair value from 1.48 cents each to 2.71 cents with various KPI based performance conditions. The rights expire on 30 September 2019.

275,000 performance rights issued to employees were exercised upon KPI conditions being met and 2,700,000 performance rights issued to officers of the Company were forfeited as KPI conditions were not met.

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.

6. 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.

7. CONTINGENT LIABILITIES

There Group has no contingent liabilities at reporting date.

8. EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Company or Group, other than as listed below, the results of those operations or the state of affairs of the Company and Group in subsequent financial years.

On 16 January 2019, Core issued 12,000,000 shares to raise \$600,000 (before costs), being the balance of the \$3m share placement announced on 10 December 2018.

On 1 February 2019, Core issued the following securities:

- 600,000 shares on the exercise of performance rights by the exploration manager and an employee where the performance based KPIs were met;
- 800,000 KPI based performance rights to contractors as remuneration; and
- 4,000,000 unlisted options with an exercise price of \$0.08 and expiry of 31 January 2021 to contractors as remuneration.

Directors' Declaration

In the opinion of the Directors of Core Lithium Ltd:

- a) the consolidated financial statements and notes of Core Lithium Ltd are in accordance with the *Corporations Act 2001* (Cth), including:
 - i. giving a true and fair view of its financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
 - ii. complying with Accounting Standard 134 Interim Financial Reporting; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts when they become due and payable.

Signed in accordance with a resolution of the Directors:



Stephen Biggins
Managing Director

Adelaide
28 February 2019

Independent Auditor's Review Report To the Members of Core Lithium Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Core Lithium Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Core Lithium Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' Responsibility for the Half Year Financial Report

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

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Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Core Lithium Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 28 February 2019