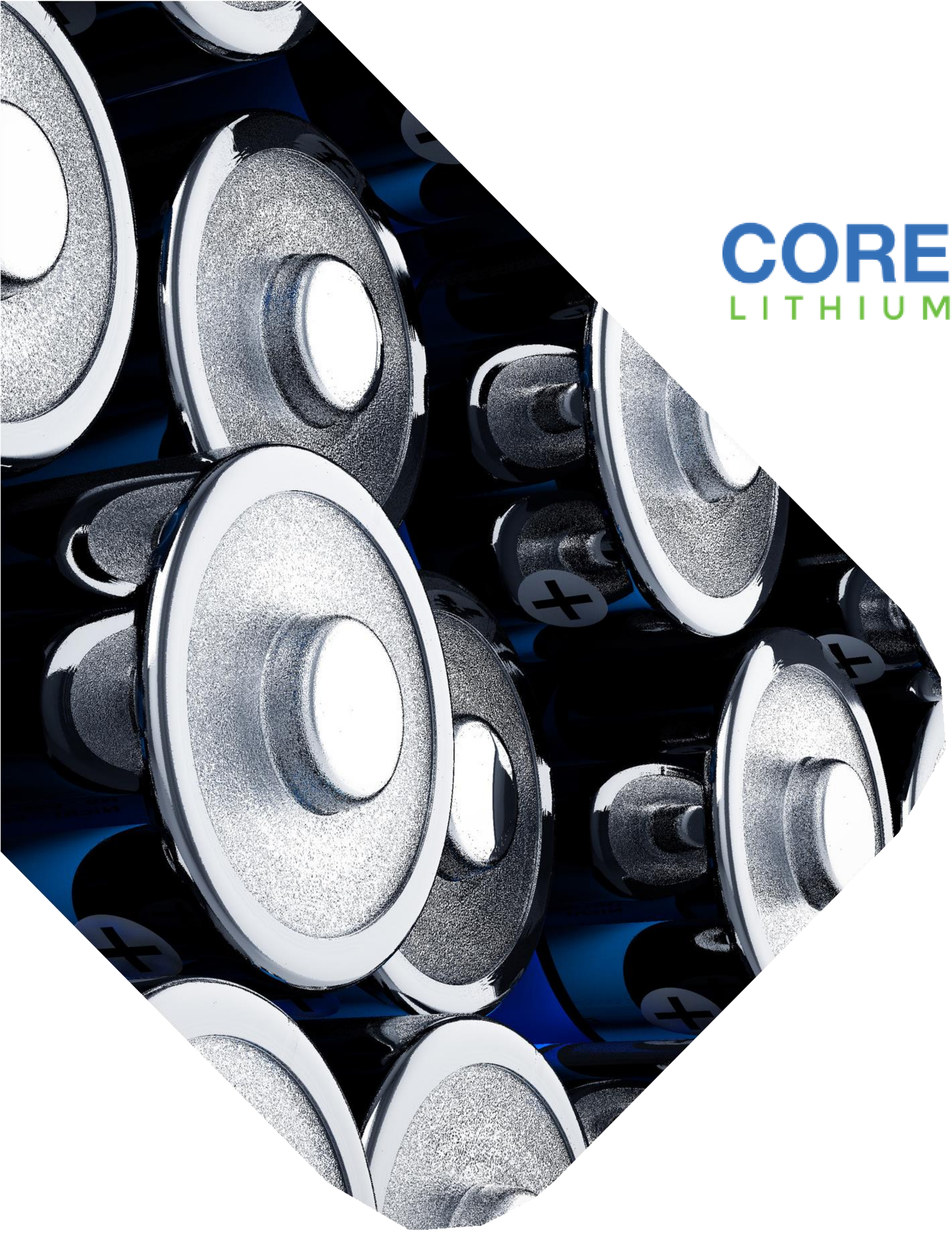

Interim Consolidated Financial Statements

for the half-year ended 31 December 2019

Contents

These Financial Statements cover Core Lithium Ltd ("Core" or the "Company") as a Group consisting of Core Lithium Ltd and its subsidiaries, collectively referred to as the "Group". The financial report is presented in 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
ACN 146 287 809
Level 1, 366 King William Street
ADELAIDE South Australia 5000

Phone +61 8317 1700

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 2019 and the Independent Review Report thereon.

DIRECTORS

The following persons were directors of Core throughout the period.

- Gregory English
- Stephen Biggins
- Heath Hellewell
- Malcolm McComas (appointed 17 October 2019)

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.

Core Lithium owns 100% of the Finniss Lithium Project, located just south of Darwin port in the Northern Territory. The flagship Finniss Lithium Project lies within one of the most prospective areas for lithium in the Northern Territory, the Bynoe pegmatite field, and covers over 500 square kilometres of granted tenements.

Core Lithium is proposing to develop one of Australia's highest-grade lithium resources and is also actively exploring the highly prospective Bynoe pegmatite field. The Finniss Project has substantial infrastructure advantages; being close to grid power, gas and rail and within easy trucking distance by sealed road to Darwin Port - Australia's nearest port to Asia.

The Company's other project areas are focused on targets within prospective geological terrains for lithium, base metals, precious metals and uranium in Northern Territory and South Australia.

In the half year to 31 December 2019, the Company raised $0.35 million through a share purchase plan and received $6.875 million in royalty funding from Lithium Royalty Corp to progress the Group's lithium projects. Core continued investing in exploration and project development activities at its 100%-owned Finniss Lithium Project in the Bynoe Pegmatite Field region in the Northern Territory. Core is targeting Mineral Resource and Ore Reserve expansion, regulatory approvals, securing remaining offtake and continuing discussions with financiers in 2020.

The net loss of the Company, from the six months to 31 December 2019 was $1,653,624 (2018: $1,067,248).

A copy of the auditor's independence declaration as required under s307C of the *Corporations Act 2001* (Cth) is included on page 4 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 2020
Adelaide, South Australia

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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 year ended 31 December 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 review; and

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Ian Kemp

I S Kemp
Partner – Audit & Assurance

Adelaide, 28 February 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2019

	Notes	31 December 2019 $	31 December 2018 $
Other income		78,413	63,072
Administration expense		(1,134,051)	(729,277)
Employee benefits expense		(510,157)	(305,756)
Exploration expense		(12,817)	(9,404)
Impairment expense		-	(60,162)
Depreciation expense		(72,455)	(22,515)
Other expenses		(2,557)	(3,206)
Loss before tax		(1,653,624)	(1,067,248)
Income tax benefit / (loss)		-	-
Loss for the period from continuing operations attributable to owners of the parent		(1,653,624)	(1,067,248)
Other comprehensive income attributable to owners of the parent		-	-
Total comprehensive loss for the period attributable to owners of the parent		(1,653,624)	(1,067,248)
Earnings per share from continuing operations			
Basic and diluted Loss – cents per share	2	(0.21)	(0.17)

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	31 December 2019 $	30 June 2019 $
ASSETS			
Current assets			
Cash and cash equivalents		4,000,900	2,387,665
Trade and other receivables		47,622	56,163
Other assets		611,963	554,234
Total current assets		4,660,485	2,998,062
Non-current assets			
Exploration and evaluation expenditure	3	24,803,045	27,321,225
Plant and equipment		284,985	124,059
Total non-current assets		25,088,030	27,445,284
TOTAL ASSETS		29,748,515	30,443,346
LIABILITIES			
Current liabilities			
Trade and other payables		749,769	542,478
Employee provisions		61,135	37,802
Total current liabilities		810,904	580,280
Non-current liabilities			
Trade and other payables		65,561	-
Total non-current liabilities		65,561	-
TOTAL LIABILITIES		876,465	580,280
NET ASSETS		28,872,050	29,863,066
EQUITY			
Issued capital	4	42,668,159	42,184,370
Reserves	5	584,192	487,339
Accumulated losses		(14,380,301)	(12,808,643)
TOTAL EQUITY		28,872,050	29,863,066

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 2019

2019	Share Capital $	Option/Rights Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2019	42,184,370	487,339	(12,808,643)	29,863,066
Share placement	350,000	-	-	350,000
Shares issued as remuneration for services rendered by external parties	120,000	-	-	120,000
Issue costs	(24,892)	-	-	(24,892)
Performance rights and options issues issued to officers, employees and contractors at fair value	-	217,500	-	217,500
Fair value of performance rights and options that lapsed	-	(81,966)	81,966	-
Exercise of performance rights at fair value	38,681	(38,681)	-	-
Transactions with owners	483,789	96,853	81,966	662,608
Comprehensive income:				
Total profit or loss for the reporting year	-	-	(1,653,624)	(1,653,624)
Total other comprehensive income for the reporting year	-	-	-	-
Balance 31 December 2019	42,668,159	584,192	(14,380,301)	28,872,050

2018	Share Capital $	Option/Rights Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2018	36,386,835	1,090,235	(11,279,691)	26,197,379
Share purchase plan and placement	2,400,000	-	-	2,400,000
Issue costs	(286,264)	-	-	(286,264)
Performance rights and options issues issued to officers, employees and contractors at fair value	100	172,536	-	172,636
Fair value of performance rights and options that lapsed	-	(39,247)	-	39,247
Exercise of performance rights at fair value	5,884	(5,884)	-	-
Transactions with owners	2,119,720	127,405	-	2,247,125
Comprehensive income:				
Total profit or loss for the reporting year	-	-	(1,067,248)	(1,067,248)
Total other comprehensive income for the reporting year	-	-	-	-
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 2019

	31 December 2019 $	31 December 2018 $
Operating activities		
Interest received	45,189	75,603
Payments to suppliers and employees	(1,623,437)	(978,349)
Net cash used in operating activities	(1,578,248)	(902,746)
Investing activities		
Proceeds on sale of plant and equipment	-	882
Payments for plant and equipment	(10,096)	(15,130)
Proceeds from royalty sale	6,875,000	-
Payments for capitalised exploration expenditure	(3,965,818)	(5,272,240)
Net cash used in investing activities	2,899,086	(5,286,488)
Financing activities		
Proceeds from issue of share capital	350,000	2,400,100
Proceeds from grant funding	40,000	-
Payments of lease liabilities	(55,654)	-
Interest paid	(2,557)	-
Proceeds from subscriptions received	-	298,643
Payment of capital raising costs	(39,392)	(130,476)
Net cash from financing activities	292,397	2,568,267
Net change in Cash and cash equivalents	1,613,235	(3,620,967)
Cash and cash equivalents at the beginning of the period	2,387,665	8,003,629
Cash and cash equivalents at the end of the period	4,000,900	4,382,662

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

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 the 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 2019 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 2019 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 2020.

c) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends of economic data, obtained both externally and within the Group.

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.

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 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.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

d) Significant accounting policies

The accounting policies applied by the Group in the consolidated interim report are the same as those applied by the Group in its consolidated financial report as at year ended 30 June 2019, with the exception of the following:

i) Leases

For any new contracts entered into on or after 1 July 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

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

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

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

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

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

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

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

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

e) Adoption of the new and revised accounting standards

The Group has adopted the new accounting pronouncements which have become effective this year, and are as follows:

i) AASB 16 - Leases

AASB 16 - Leases replaces *AASB 117 - Leases* along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of *AASB 16 - Leases*, being 1 July 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

The following is a reconciliation of the financial statement line items from *AASB 117 - Leases* to *AASB 16 - Leases* at 1 July 2019:

	Carrying Amount at 30 June 2019	Recognition on First Time Adoption of AASB 16	Adjusted Opening Balance at 1 July 2019
Plant and equipment	124,059	226,602	350,661
Lease liability (current)	-	105,255	105,255
Lease liability (non- current)	-	121,347	121,347

The lease liabilities have been included within trade and other payables on the statement of financial position.

f) Going Concern

The Financial report has been prepared on the basis of a going concern. The financial report shows the Group incurred a net loss of $1,653,624 (2018: 1,067,248) and a net cash inflow from operating and investing activities of $1,320,838 (2018: outflow of 6,189,234) during the period ended 31 December 2019. The group continues to be economically dependent on the generation of cashflow from the business and / or raising additional capital as and when required for the continued operations including the exploration program and the provision of working capital.

The Group's ability to continue as a going concern is contingent upon generation of cashflow from its business and or successfully raising additional capital. If sufficient cash flow is not generated and/or additional funds are not raised, the going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

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 2019	6 Months to December 2018
Weighted average number of shares used in basic earnings per share	788,876,175	637,142,200
Weighted average number of securities used in diluted earnings per share	788,876,175	637,142,200
Loss per share – basic and diluted (cents)	(0.21)	(0.17)

There were 74,123,810 options and rights outstanding at the end of the year (2018: 86,069,000) that have not been taken into account in calculating diluted EPS due to their effect being anti-dilutive.

3 EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2019 $	30 June 2019 $
Opening balance	27,321,225	18,307,502
Expenditure on exploration during the year	4,256,821	9,185,549
Fair value of exploration licence and mineral lease acquired	100,000	-
Impairment of capitalised exploration	-	(171,826)
Sale of future royalty on Finniss Lithium Project	(6,875,000)	-
Closing balance	24,803,045	27,321,225

The impairment of capitalised exploration represents the write down of tenements that have been relinquished during the period. In accordance with *AASB 6 - Exploration for and Evaluation of Mineral Resources,* there has been no indicators of impairment identified in the current period.

During the period, the Group issued 1,269,905 shares for the right to acquire an ancillary mineral lease within EL 31133 which is adjacent to the existing mining leases held at the Finnis Lithium Project. In addition, the Group issued 1,317,792 shares upon completion of the agreement to acquire Exploration Licence EL26848 (Walanbanba) in the Northern Territory. The fair value of the shares issued is reflected above.

During the period the Group received a payment in advance of $6.87 million from Lithium Royalty Corp (LRC) for the right to receive 2.115% of gross revenue from the sale of products from the Finniss Lithium Project. Under this royalty agreement there is an additional $1.25million of funding that is conditional on the Group announcing a 15 million tonne JORC Mineral Resource for the Finniss Lithium Project and 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 Finniss Lithium Project assets are held as security over the royalty funding received in advance.

4 ISSUED CAPITAL

31 December 2019	Number of Shares	$
a) Issued and paid up capital		
Fully paid ordinary shares	792,524,510	42,668,159
	792,524,510	42,668,159
b) Movements in fully paid shares		
Opening balance as at 1 July 2019	778,191,657	42,184,370
Share placement	8,750,000	350,000
Shares issued for acquisition of exploration licence and ancillary mineral lease	2,587,697	100,000
Shares issued for services provided by external parties	392,156	20,000
Exercise of quoted options and unquoted rights (including fair value)	2,603,000	38,681
Issue costs	-	(24,892)
Balance as at 31 December 2019	792,524,510	42,668,159

30 June 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 as at 1 July 2018	633,591,657	36,386,835
Share purchase plan	83,725,000	3,349,000
Share and options 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 at 30 June 2019	778,191,657	42,184,370

5 RESERVES

Nature and purpose of reserves

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

Movements in the period

Share based payments are in line with the Core Lithium Ltd remuneration policy, details which are outlined in the 30 June 2019 Annual Report. Listed below are summaries of options and performance rights granted:

Options Reserve	**Number of Options**		**Dollars ($)**	
	6 Months to 31 December 2019	Year Ended 30 June 2019	6 Months to 31 December 2019	Year Ended 30 June 2019
Opening balance at beginning of period	20,000,000	65,104,000	343,365	913,519
Issued to Key Management Personnel, contractors and employees as remuneration	24,273,810	18,000,000	175,914	301,581
Revaluation of employee remuneration options	-	-	-	3,530
Lapsed	-	(63,104,000)	-	(875,265)
Balance at end of period	44,273,810	20,000,000	519,279	343,365

During the six months to 31 December 2019 the Group issued 1,000,000 unquoted options to employees as remuneration, which hold a Key Performance Indicator (KPI) vesting condition, are exercisable at 6.0 cents and expire 31 December 2023. Furthermore, the Group issued 3,273,810 unquoted options to brokers as remuneration for services provided during the period, are exercisable at 5.3 cents and expire on 30 September 2022. A further 20,000,000 options issued to directors which are exercisable at 6.0 cents and expire 30 June 2023.

During the year ended 30 June 2019 the Group issued 18,000,000 unquoted options to contractors as remuneration. These options have an exercise price of between 6.0 and 8.0 cents and expire between 31 January 2021 and 5 September 2022. Of these options issued 7,000,000 have KPI vesting conditions. During this period 63,104,000 brokers options expired, and no options were exercised.

Performance Rights Reserve	**Number of Rights**		**Dollars ($)**	
	6 Months to 31 December 2019	Year Ended 30 June 2019	6 Months to 31 December 2019	Year Ended 30 June 2019
Opening balance at beginning of period	9,665,000	11,800,000	143,974	176,716
Issued to Key Management Personnel, contractors and employees as remuneration	28,100,000	2,940,000	41,586	43,053
Exercised	(2,503,000)	(875,000)	(38,681)	(14,266)
Lapsed	(5,412,000)	(4,200,000)	(81,966)	(61,529)
Balance at end of period	29,850,000	9,665,000	64,913	143,974

During the six months to 31 December 2019 the Group issued 28,100,000 performance rights to employees as remuneration. The performance rights have no exercise price and range in fair value from 1.70 cents to 2.89 cents per right with various KPI based performance conditions. Unquoted performance rights were issued to contractors as remuneration. These performance rights have an exercise price of nil and expire in various periods ranging from one month from issue to 30 June 2023. During the period 2,503,000 performance rights issued to employees and contractors were exercised upon KPI performance conditions being met and 5,412,000 performance rights issued to directors, employees and contracts were forfeited as KPI conditions were not met.

During the year ended 30 June 2019, 2,940,000 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 3.53 cents per right with various KPI based performance conditions. The rights expire in various periods ranging from 30 September 2019 to 31 March 2020. Furthermore, 875,000 performance rights issued to employees were exercised upon KPI conditions being met and 4,200,000 performance rights issued to officers and employees of the Group were forfeited as KPI conditions were not met.

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 EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

No 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 31 December 2019 and of its performance for the half-year ended on that date; and

   ii) complying with Australian Accounting Standard 134 Interim Financial Reporting; and

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

Signed in accordance with a resolution of the Directors:

Stephen Biggins
Managing Director

Adelaide, South Australia

28 February 2020

GrantThornton

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Independent Auditor's Report

To the Members of Core Lithium Ltd

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Core Lithium Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, 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 Ltd does not give a true and fair view of the financial position of the Group as at 31 December 2019, 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*.

Material uncertainty related to going concern

We draw attention to Note 1 f) in the financial report, which indicates that the Group incurred a net loss of $1,653,624 during the half year ended 31 December 2019. As stated in Note 1 f), these events or conditions, along with other matters as set forth in Note 1 f), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

Iain Kemp

I S Kemp
Partner – Audit & Assurance

Adelaide, 28 February 2020

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LITHIUM