

Accelerating towards

# Clean lithium production

for the EV transition

## Contents

Click on the section you would like to view.



### Strategic Report

- 2 Highlights
- 3 A Purpose-led Approach
- 5 At a Glance
- 6 Our Path to Production
- 7 Lithium Market Overview
- 9 Investment Case
- 10 Strategy and Future Outlook
- 11 Chairman's Statement
- 15 Chile – Powered by Clean Energy
- 18 Chief Executive Officer's Statement
- 22 Direct Lithium Extraction
- 23 Project Overview
- 28 Financial Review
- 32 Business Risk
- 35 Other Strategic Matters

### ESG

- 36 Our ESG Approach
- 38 Environment
- 39 Social: Communities and People

### Governance

- 41 Chairman's Corporate Governance Statement
- 42 Board of Directors
- 43 Corporate Governance Report
- 50 Board Committees
- 51 Directors' Report
- 54 Statement of Directors' Responsibilities

### Financial Statements

- 55 Independent Auditor's Report
- 58 Consolidated Statement of Comprehensive Income
- 58 Consolidated Statement of Financial Position
- 59 Consolidated Statement of Changes in Equity
- 59 Consolidated Statement of Cash Flows
- 60 Notes to the Financial Statements
- 72 Glossary
- 73 Directors, Officers and Advisers





## 2022 Operational highlights

- **Exploration & Evaluation Costs:** £4.5 million incurred on activities (main capex)
- **Additional JORC resource:** Developing our wholly owned Laguna Verde and Francisco Basin projects in lithium triangle of Chile, with lithium resources of over 2 million LCE achieved through two successful drilling programmes in 1H 2022 – including maiden resource at Francisco Basin
- **Scoping Study:** demonstrated robust economics at Laguna Verde for a multi-decade commercial (20,000tpa) lithium operation with low operating cost of US\$3,875 per tonne of lithium carbonate
  - Results included an NPV8 of US\$1.83bn, IRR of 45.1% and a payback period of 1 year and 8 months, based on a long-term lithium carbonate price of US\$22,500 per tonne from 2027
- **DLE:** Laboratory scale test work produced 1kg sample of battery-grade lithium (LCE) in June 2022
- **M&A Activity:** Applied for 119 new exploration licences for green fields Llamara project taking total project holding to over 500km<sup>2</sup> in Chile
- **Health & Safety:** Zero-harm safety culture focused on continuous improvement to achieve an injury free and healthy work environment – no LTIs, major incidents or near misses recorded in 2022 or 2023 to date
- **Community Relations:** Established a team to implement continuing ongoing engagement programme
- **Management & Staff:** Increased the team in Chile from 3 people to over 20 specialists, including 13 from Chile at year-end since March 2022



## Corporate highlights

- **Funding:** Raised £17.9 million in the calendar year 2022
  - IPO on London Stock Exchange's AIM market after successfully raising £5.6m with existing and new shareholders in March 2022
  - Raised an additional £12.3 million in October 2022 to fund work programme for 2023 with new institutional and retail investors on the registrar
- **Further Trading:** Commenced trading on the Frankfurt Stock Exchange, Open Market, LT Baader Bank and the Munich Stock Exchange in Q4 2022
- **Cash Position:** £12.4 million at year-end 2022

# Advancing DLE technology to deliver green lithium for the global EV market.



## 2023 – to date and planned Operational highlights

- **Further Resource Drilling:** Underway at Laguna Verde and Francisco Basin to upgrade resource base – due to be completed c.Q2 2023
- **M&A Activity:** Exploration licences for Llamara project granted in Q1 2023, first exploration drilling campaign commenced in Q2 2023
- **Pre-Feasibility Study:** Commenced at Laguna Verde in March 2023, targeted for completion in late 2023
- **DLE Pilot Plant:** Lab scale plant commenced operation in Q1 2023, commissioning of pilot plant to produce 1 tonne per month of LCE expected mid Q3 2023
- **Local Community Office:** to open in Copiapó Q2 2023



## Corporate highlights

- **Further Trading:** Commenced trading on the OTCQB Venture Market February 2023
- **ASX Listing:** Dual-listing planned for early Q3 2023
- **ESG Committee:** Reporting to the Board, to ensure the Company is being held accountable across all ESG factors

# Our purpose is to produce and supply battery-grade green lithium for the EV future

## Driven to make our vision a reality:

To be a leading provider of high-quality clean lithium, growing our company and maintaining a commitment to environmental stewardship and sustainable practices.

## Which is lived through our values:



Sustainable and equitable growth for all our stakeholders



Advance innovative technologies and efficient processes



Create a safe and collaborative workplace



Lead with transparency and integrity

## Our vision is brought to life by our strategy

Our strategy outlines how we plan to deliver long-term sustainable growth for our stakeholders; from our employees to our shareholders.



### Underpinned by our strong governance

We are committed to responsible management of the company, achieved through robust financial planning and risk management.

→ Find out more in our **financial review** on **page 28**, **business risk** on **page 32** and our **corporate governance report** from **page 41**

### To drive cutting-edge clean technology

By using Direct Lithium Extraction, we are committed to producing battery-grade lithium with a leading ESG approach embedded in the business.

→ See our **ESG approach** on **page 36**



### For the planet

We are determined to minimise our environmental impact through positive actions and measures, protecting the surroundings in which we work.

→ Find out more about **environment** on **page 38**



### For people and communities

We are driven towards creating profits for our people and stakeholders. Playing a positive social and economic role in the locations we operate in.

→ Find out more about **people/communities** on **page 39**

# Green lithium

Our mission is to produce battery-grade carbon-neutral lithium in Chile by 2026 and be the leading supplier of green lithium to the EV market.

## Operating in Chile

Host to the largest lithium reserves in the world and a supportive government focused on building a green economy with strong mining codes and laws.

→ See our spotlight on **Chile** on **page 15**

## Our Projects

We hold three highly prospective lithium projects in the lithium triangle, covering a licence area of over 500km<sup>2</sup>. All well located for renewable energy and transport infrastructure.

### Laguna Verde

Resource base and robust economics defined to develop a multi-decade commercial lithium operation.

### Francisco Basin

New lithium discovery located 100km south of our more advanced Laguna Verde project. Maiden resource defined with scoping study underway for a 30 year, 20,000tpa operation.

### Llamara

Greenfield project which complements our existing portfolio of assets in Chile.

→ Find out more about our operations in our **project overview** on **page 23**

# 3

Lithium Projects

## Lithium is the resource for the 21st century

The market for lithium is being driven by the growth in demand for Electric Vehicles, as part of the worldwide transition from the fossil-fuel burning traditional combustion engine.

→ Find out more in our **lithium market overview** on **page 7**

# >2

million tonnes of LCE

## Proven technology, powered by clean energy

We plan to use DLE, a proven\* technology that is faster, more environmentally friendly and offers higher recoveries and purities than other forms of lithium extraction methods.

We aim to be 100% powered by renewable energy once in production. This approach creates a market advantage of unlocking battery-grade carbon-neutral lithium production with the lowest environmental impact.

→ Find out more about **DLE** on **page 22**



## Our Path to Production

### Historic milestones to date



## Lithium Market Overview

Momentum in the lithium market over recent years has been based around the rapid growth and adoption of electric vehicles (EVs). Sales of EVs increased from 6,000 in 2009 to over 10m in 2022 and this is forecast to grow substantially to eventually represent 61% of global car sales in 2040, according to a Goldman Sachs estimate.

The two primary methods to source lithium are by hard rock mining and brine extraction. Hard rock supplies require industrial processing and is largely based on exporting spodumene concentrate, which has a lithium grade of approximately 5%, to China where it is upgraded in refineries to meet battery requirements. Much of the world's brine production comes from the lithium triangle in South America and is based on large scale evaporation ponds which use vast amounts of water and take time to extract lithium.

Both these processes have received heavy criticism for their environmental impact. CleanTech Lithium (CTL) is leveraging DLE, a proven technology that enables the extraction of green lithium. CTL intends to utilise renewable energy for process power, which is readily available via a connection to the Chilean grid, reducing the CO<sub>2</sub> intensity of producing lithium. This combination of using technology to minimise environmental impacts of extraction and renewable energy to reduce CO<sub>2</sub> intensity could potentially open the way for a premium green lithium product. DLE also offers commercial and risk advantages by condensing the project development phase. Extracting lithium via a DLE process reduces production time, a critical advantage to meet the demand from EV manufacturers.

The environmental and social benefits of DLE have led the Chilean government to require that all new lithium extraction projects will utilise DLE, is also in keeping with the recently announced National Lithium Strategy. Given CTL's focus and experience in DLE, the Board believes it to become the leading developer of lithium in Chile using this technology.

### Lithium Pricing

A major upswing in lithium prices started in mid 2020 which culminated in lithium prices hitting record highs of over US\$80,000 per tonne in late 2022, a price level over three times higher than the long-term price forecasts by leading industry market researchers. In the first quarter of 2023 prices have declined significantly from the cycle peak and were approximately US\$55,000 per tonne for battery-grade lithium Carbonate ex-China as of 15 March 2023.

In the completed Scoping Study for the Laguna Verde project a long-term price of US\$22,500 per tonne was used, which is well below the price in recent years. Nonetheless at these normalised pricing levels the rate of return remains highly attractive, creating strong long term cash flows.

### Demand and Supply

For the foreseeable future, demand for lithium will be dominated by the growth in EVs. According to analysis by Benchmark Mineral Intelligence, 85% of the entire lithium produced in 2022 was consumed by EV battery production. EV adoption is currently dominated by the Chinese market, followed by Europe and then the U.S.

The current demand and supply imbalance has created what has been described as a 'land grab' for lithium supplies; the result of which has been increasing vertical integration, with auto manufacturers, lithium cathode producers, large battery manufacturers and state-owned enterprises looking to take a direct interest in lithium mining and refining projects. This trend originated with Chinese, Japanese and South Korean end users but has now expanded to include many Western companies.

**US\$55,000**

price of battery-grade Lithium Carbonate ex-China (one tonne) as of March 2023

**c.5x**

expected increase in demand for lithium between 2021 and 2030

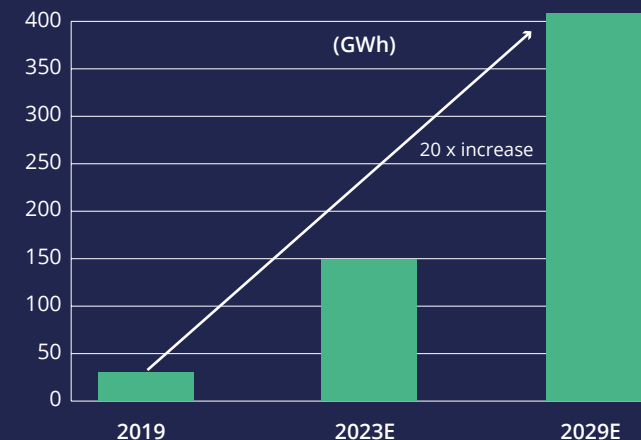
**US\$22,500**

projected price per tonne used in Laguna Verde Scoping Study

**85%**

of lithium produced in 2022 consumed by BEV battery production

### European LI-ion Battery Cell Forecast



Source: Benchmark Minerals, Global Lithium Forecast Q4 2021.



### Market Expectations

Demand for lithium is expected to continue to outstrip supply. According to forecasts by Canaccord Genuity, demand for lithium is expected to increase by approximately 500% between 2021 and 2030.

To date, demand for EVs has been dominated by the passenger vehicle market. In the future, demand is also expected to come from the commercial vehicle market and public transport, as companies and the public sector look for further means of limiting emissions to meet reporting requirements.

A further significant source of demand is expected to come from battery storage, which is seeing high growth from the renewable energy sector. Battery storage is part of the solution to help manage the intermittent nature of renewable energy sources, including windfarms, solar and tidal.

The Inflation Reduction Act in the US and the Critical Raw Materials Act in the EU are likely to add further significant momentum to existing lithium demand. This could be through reducing the cost or increasing the availability of EVs, as well as supporting indirect factors of EV adoption, such as increasing energy pricing and cost competitiveness to combustion vehicles and the availability and reliability of the charging infrastructure. Demand growth in the U.S. market is expected to be particularly beneficial to lithium producers in Chile, as many of the support measures in the Inflation Reduction Act extend to countries which have a free trade agreement with the U.S., and Chile is the only major battery-grade lithium producer that does.

“  
**Even with conservative assumptions the production of lithium for CleanTech Lithium remains highly attractive.**”

Emissions regulation is a further driver for lithium demand. The date for the banning of sales of combustion vehicles is already in place in many parts of the world, with European countries leading the way. Regulation relating to company reporting and vehicle purchase financing it will also further encourage corporate adoption of EVs, including fleet cars and commercial vehicles.

Lithium supply is forecast to increase in the short, medium and long term but remain below market demand. In 2023, Fox-Davies Capital is forecasting at least a 20% supply deficit for lithium, with that gap remaining broadly level for some time.

### Outlook

For the foreseeable future market demand is expected to continue to exceed supply, maintaining market pressures and keeping pricing buoyant. Commercially viable sources of lithium production are rare and that provides a long-term constraint on the supply response.

Nonetheless, we believe that in the longer term, the market will normalise and the Company has taken a conservative view on long term pricing. However even with conservative assumptions the production of lithium by CleanTech Lithium remains highly attractive and is expected to deliver market leading rates of return.



### Highly prospective assets, near-term production



Developing three strategic lithium projects in the lithium triangle in Chile, the world's centre for battery-grade lithium production. With total lithium resources that exceed 2 million tonnes and further resource upgrades expected soon, we are targeting first production by 2026 to become a major supplier of battery-grade lithium to the European and US EV markets.

→ Read more on **pages 23 to 27**

### Green lithium – a critical advantage for the EV market



We are committed to being the leading supplier of 'green' lithium to the EV market through carbon neutral production with the lowest environmental and social impact. By utilising innovative sustainable technologies such as Direct Lithium Extraction and planning to be 100% powered by renewable energy – we are accelerating towards producing a premium 'green' lithium product. Lithium sourced in a cleaner way is becoming increasingly important for major car manufacturers as well as for governments worldwide that have committed to net-zero and are implementing regulations to speed up the rate of decarbonisation.

→ Read more on **page 22**

### Robust economics



Based on our completed scoping study, the Laguna Verde lithium project has calculated net cash flows of US\$6.3 billion (post-tax and royalties) for a 30-year operational life at 20,000tpa with a low operating cost of US\$3,875 per tonne of lithium carbonate. Estimated capital expenditure is US\$383.6 million. This results in an NPV8 of US\$1.83 billion, IRR of 45.1% and a payback period of one year and eight months, based on a long-term lithium carbonate price of US\$22,500 per tonne from 2027.

It is our intention to scale and have multiple lithium production projects with robust economics such as Laguna Verde's.

→ Read more on **pages 24 to 27**

### Proven leadership team



Our team has strong operational experience, local knowledge and commercial understanding. The management team have built companies from the ground up to become some of the largest mining operations in the world. This experience, combined with the expertise of our team on the ground, lays solid foundations for the successful growth of CleanTech Lithium.

→ Read more on **page 42**

### Strategic partner/ offtake upside



Numerous DLE offtake agreements have been announced in the sector with major automotive companies showing support for green lithium. We are in early-stage discussions with potential offtake partners for production and believe this is an advantage to unlock value as we move towards production.



→ Read more on **page 10**

### Right place, right time



Located in Chile, host to the largest lithium reserves in the world, with strong mining codes and laws.

Chile has a supportive government focused on building a green economy through its 'Let's Invest in Chile' programme and recently announced, National Lithium Strategy. We will be supporting the local economy by providing green job opportunities aligning with the Government's strategy for the lithium industry to be environmentally sustainable and in the interests of local communities.

→ Read more on Chile on **pages 15 to 17**

Seeking to produce lithium, the resource of the 21<sup>st</sup> century, demand for lithium is expected to continue to outstrip supply, maintaining market pressure and keeping pricing buoyant. Commercially viable sources of lithium production are rare and that provides a long-term constraint on the supply response.

→ Read more on lithium on **pages 7 to 8**

# Deliver for people, planet and further growth for shareholders

## Secure resource

Three prospective projects of scale, from exploration to exploitation stages in Chile.

- Laguna Verde
- Francisco Basin
- Llamara



## Scale proven\* DLE technology

Conducting feasibility studies and process test-work on our brine from each project

Develop and scale strategic partnerships

Lead industry in low CO<sub>2</sub> emissions and low water consumption



## Produce battery-grade lithium

Undertaking pilot plant tests to refine processes and produce initial battery-grade lithium  
Further third-party quality testing

Supply to EV market and support the decarbonisation of transport



## Maintain green lithium operations

Grow our experienced team  
Lowest environmental impact, powered by renewable energy sources  
Benefit society and local communities



## Engage with offtake partners

Partners that align with our strategy



\* DLE plants operating successfully in Argentina and China.



## Chairman's Statement

It is with great pleasure that I write to you in the second Annual Report for the Company since admission to trading on AIM in March 2022.

**The Company has advanced considerably in the past year, and I am looking forward, now in an executive capacity, to be working with the CEO, Aldo Boitano, and his management team to accelerate the path to commercial lithium production.**

The listing on AIM was a great success as the Company raised the funds it required to carry out the planned development programme for 2022. This was despite the Russian invasion of Ukraine in the week of the book build, which severely affected the market such that almost all IPOs planned in London at that time were shelved. That we succeeded was due to the compelling investment fundamentals of the Company and its projects.

Our guiding aim is to produce lithium in an environmentally sustainable way for the first time in Chile. The South American country has a long mining history and the largest lithium reserves in the world.

The physical infrastructure and technical capacity of the people are in place to accelerate lithium production and contribute greatly to the lithium supply needs of the world. The government is focused on driving a green economy which complements our stated objective of becoming the leading supplier of green lithium.

To achieve our objective, we will use direct lithium extraction ('DLE') and renewable energy that aims to produce lithium with the lowest carbon footprint and minimum water consumption or water loss. This aligns with what is now demanded in the EU and North America, which are our target markets.



We have good relations with the regional and national government, who recognise that the Company is bringing DLE technology to Chile that will make lower grade salars viable and demonstrate that lithium production can be environmentally sustainable. The advantages of DLE have led the Chilean Government to declare that all future lithium brine projects in Chile should use DLE. We also note and welcome the recent announcement on Chile's National Lithium Strategy, with regards to public/private partnership and the creation of a national lithium company, made by Chile's President Gabriel Boric in April 2023.

Safe working, employee and community engagement and support are the other strategic pillars of our approach to developing our projects, which will greatly contribute to the local economy. The Board is committed to embed these values and a rigorous application of ESG principles throughout the Group as it continues to grow.

Since listing, the Company has undertaken drilling campaigns in Laguna Verde and Francisco Basin. In H1 2022 a four-hole resource drill programme in Laguna Verde resulted in the declaration of a JORC compliant resource of 1.5 million tonnes of lithium carbonate equivalent (LCE). At Francisco Basin one drill hole was completed before the onset of the Chilean winter snow resulting in a JORC compliant resource of 0.5 million tonnes LCE. Drilling campaigns continued through the 2022/2023 Chilean summer season and significant resource upgrades at both projects are expected by mid-2023.

**//**  
**The lithium market looks set to be in structural deficit for many years which gives us the opportunity to establish a significant lithium production company in the supportive jurisdiction of Chile.**  
**//**

The lithium resources in Laguna Verde and Francisco Basin are much lower grade than those of the Salar de Atacama, where all current Chilean production takes place using evaporation ponds to concentrate the lithium before processing to lithium carbonate. The use of evaporation ponds for our projects would not be economic aside from also being environmentally unsustainable. The DLE technology that we plan to use eliminates the use of evaporation ponds, allows the brine to be reinjected to the sub-surface aquifers without depletion of water, resulting in a far higher lithium recovery and much shorter processing time. Metallurgical work undertaken by the Company has demonstrated that the brine from Laguna Verde is very suitable to produce battery-grade lithium carbonate and a 1kg sample of lithium carbonate was produced and verified as battery-grade by an independent laboratory in Germany in mid-2022.

Chile has close to 60% of its energy needs supplied by renewable energy and it is our intention to sign a power purchase agreement with one of the renewable energy companies, such that we run our production wholly on renewable energy. With low water usage and water depletion and close to zero carbon emissions footprint, we aim to provide 'green' lithium to the EU and USA markets.

A scoping study to Australian JORC standard was completed for Laguna Verde and the results declared in early January 2023. These results demonstrated exceptionally robust economics. A pre-feasibility study for Laguna Verde is now in progress led by the international engineering company, Worley, with completion scheduled by end 2023. This PFS will enable substantive discussions on strategic partners, offtake and financing. A scoping study is in progress on Francisco Basin with completion expected in Q3 2023 following an upgrade of the resource. We expect similar robust economics to those of Laguna Verde.

Late in 2022, the Company applied for and was granted exploration licences on a large area of the Llamara basin, 600km north of the current projects. This was done based on the evidence of geophysical studies undertaken by oil and gas companies in the past. These showed the presence of a large sub surface saline aquifer whilst lithium salt crusts are seen on the surface.



The Company plans to put in an exploratory drill hole in Q2 2023 to determine whether this aquifer contains significant concentrations of lithium. If lithium grades similar to our other two projects are encountered, the Company would have another major highly prospective project to develop.

It is clear that the markets have responded favourably to the progress made in this first year. The Company listed at £0.30 per share and, following the declaration of the resources after the drilling programme, a secondary raise of £12.3 million was made at £0.47 per share in October 2022, in order to fund the work programme for 2023. Canaccord Genuity, the leading broker in the lithium space, became joint broker to the Company together with Fox-Davies Capital. Comparing all projects in the battery materials space, Canaccord Genuity declared CleanTech Lithium as their top pick for 2023 and considerably undervalued compared to our lithium company peers. Forbes magazine, in an article in January 2023 reviewing lithium and investment opportunities, named the Company as one of its four preferred lithium investment recommendations to its readers. As further positive results are expected to be regularly released during this year, I believe our intrinsic value will be reflected in a steadily increasing share price.

There are a large number of companies developing proprietary DLE technology, a number of which are in pilot plant stage. Our approach has been to work primarily with Sunresin, the Chinese listed company with a market cap in the region of US\$4.5 billion, who are the leading producer of resins for many industrial applications, including lithium extraction, the leading supplier of DLE process equipment and the only company that has in recent years successfully put DLE plants into production with three operating plants in China. Sunresin can fabricate and deliver DLE plants on a turnkey basis and provide the performance guarantees that are needed to support debt financing.

The lithium market is at a critical point in the world's progress to a declared net-zero carbon future. The EU has mandated that internal combustion engines will cease production by 2035 and has announced the Critical Raw Materials Act, which includes lithium as a key component in the drive to secure battery production in the EU. This Act has come as a response to the USA signing the Inflation Reduction Act ('IRA') and designating nearly US\$400 billion to support the transition to a green low-carbon economy. The world has chosen lithium-ion batteries as the best technology to achieve net-zero carbon emissions. That has led to a great many battery projects in the EU and now, increasingly, in the USA as well as in the traditional base in Asia. Projected lithium demand is 10 times current world supply. However, it is becoming ever clearer that investment in lithium production is falling well behind the investment in battery capacity needed to supply the electrification needs of the motor industry. It seems that lithium supply will be the controlling step in vehicle electrification, and this can only support prices into the future.

Currently battery cells used in Europe and North America are fabricated in Asia, mostly in China. The leading lithium producer in the world is Australia where the lithium is obtained from hard-rock mining and processing spodumene mineral to a 5.5% Li<sub>2</sub>O concentrate, which is then shipped to China along with almost 95% waste material for processing to lithium hydroxide, using largely coal fired energy. Future production from Africa will also follow this route. This high carbon footprint material contrasts to the 'green' lithium that we aim to produce.

The EU is requiring the vehicle OEMs to be transparent in sourcing of raw materials for batteries and is pushing strongly to see that supply chain decarbonised.

Under the IRA, the USA requires that 80% of all battery materials by 2026 be sourced from within the USA or from a free trade agreement ('FTA') country. Currently, one of the only FTA countries that supplies battery-grade lithium is Chile.

These political dynamics position CleanTech Lithium in a very favourable place to be a preferred supplier of battery-grade lithium to the EU and the USA.

During the year we have been growing the operating team in Chile, bringing in the technical and project experience to manage the next period of development through feasibility, permitting and into construction.

Our strategy for development is to establish the resources at all three projects, determine their economic value through feasibility studies and then mobilise the capital to bring them into production. This will undoubtedly involve bringing into our projects strategic partners that want the offtake and can, in return, provide in large part the construction capital for each project. There are a growing number of potential strategic partners with, inevitably, Chinese companies and traditional trading houses but more recently we have seen battery companies and auto sector OEMs making equity or debt investments into lithium projects to secure supply whilst larger lithium producers are seeking to expand their footprint by acquiring other lithium development projects. We have had a number of 'knocks on the door' but will only engage in substantive discussions later in the year, when we have better understanding of our lithium resources and project valuation. As a supplier of 'green' lithium, in a prime mining jurisdiction that has an FTA with the U.S., I expect that the Company's projects will be very attractive to potential strategic partners. The scoping study results for Laguna Verde were very robust and demonstrated strong cash generation that would support a high debt component for the capital required. In Chile up to 75% of the invested capital can come in as debt. Structuring of the finance package will aim to minimise any dilution of shareholders.

In October 2022, the Company raised £12.3 million in a secondary raise to fund the 2023 work programme which is now fully funded to completion of the Laguna Verde PFS by end of this year. During the fundraise a number of institutions commented that the Company had a compelling story, but many US based investors could only invest in their domestic market. Australian based shareholders, who make up around 31% of the share register, also urged the Company to dual list on the ASX as they believed that with the greater knowledge of natural resource and lithium investing by the institutional and retail market in Australia, the Company would receive a higher rating closer to that of our lithium company peers listed on the ASX. The Board took this on board and completed a listing on the US OTCQB earlier this year, which will be upgraded to OTCQX after filing audited accounts for 2022.



Prior to the October fundraise the Company engaged Canaccord Genuity as joint broker with Fox-Davies Capital and they will lead an application to list on the ASX. This is expected to complete in Q3 2023, following preparation of a listing prospectus that includes audited financials for 2022 and an updated competent person's report that includes details of the current work programmes and resource upgrades.

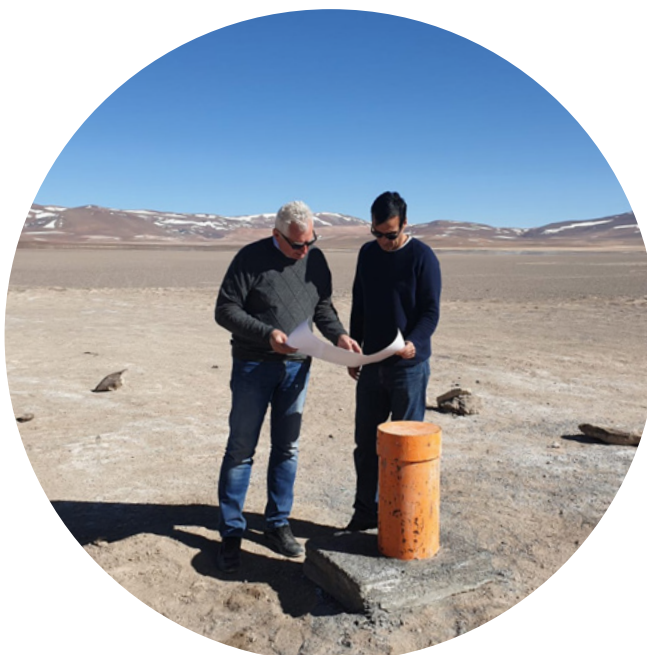
In mid-2022, the Company had its shares registered to trade on a number of exchanges in Germany. We have appointed IR consultants in both Germany and USA to support the Company in increasing our profile amongst investors and will do the same in Australia. We will then have platforms in place in the largest markets of London, middle Europe, USA and Australia to provide ready access for investors in the Company and to facilitate greater liquidity from a broader geographic pool of institutional and retail investors.

The most important resource that a Company has are its people and the CEO, Aldo Boitano, has done a remarkable job in building a team in Chile, that not only has the professional skills to advance the projects but share our values and our aim, and that of the Chilean Government, to develop an environmentally sustainable and socially responsible lithium industry in Chile.

As we move into 2023, the Board has been strengthened by the appointment of Maha Daoudi, who has tremendous experience in commodities, marketing and trading as well as other diverse interests. In order to better support Aldo and his management team in delivering an ambitious target of first lithium production in 2026, I have taken up an Executive Chairman role where I will largely focus on our strategic options for production, partnerships, offtake and financing.

The lithium market looks set to be in structural deficit for many years which gives us the opportunity to establish a significant lithium production company in the supportive jurisdiction of Chile. I would like to thank everybody who has got us to this point, our CleanTech Lithium team, our professional advisors, contractors and consultants and our shareholders who believe in what we are doing. With such strong support we will continue on our path towards becoming the leading supplier of green lithium whilst benefiting our shareholders, our team and the communities in which we work.

**Steve Kesler**  
Executive Chairman  
4 May 2023



## Q&A with Dr. Steve Kesler Executive Chairman

**Q** What made you join CleanTech Lithium?

**A** Having had past experience in Chile, with lithium projects and hydrometallurgy, the prospect of using all these in helping the founders develop green lithium projects in Chile using DLE was very attractive.

**Q** Since joining, what is your standout highlight?

**A** The successful listing on AIM, when all other IPOs were being cancelled because of market volatility following the invasion of Ukraine.

**Q** What are your priorities for the year ahead?

**A** Guiding management to develop an aggressive programme to first production and deliver on it. Obtain a CEOL which will take away any perceived Chile political risk by investors.

**Q** To you, what does CleanTech Lithium stand for?

**A** Turning the potential of the resources into 'green' lithium supply to the market and into social and economic development of Region three in Chile.

# Powered by clean energy

## Highlights

- Government's National Lithium Strategy, announced April 2023, to prioritise future DLE projects
- Historic and stable mining industry with strong codes and laws
- Numerous Free Trade Agreements, recently with US, Canada and EU
- 'Let's Invest in Chile' action plan announced September 2022 by the President
- Member of OECD and the Pacific Alliance
- Leader in renewable energy capacity and established infrastructure to power clean production



- Central Chile Transmission Line
- Branch Transmission Lines
- ☀️ Solar Power Plants
- ⚡ Grid Connected Sub-Stations

### Chile's outlook

Chile is a free market economy with a historic mining legacy that includes the largest lithium reserves in the world. With strong mining codes and laws, it is one of the largest and most successful economies in South America with a stable to positive rating across several financial risk rating agencies.

Most recently, the Chilean Government has set out an ambitious plan to drive forward a world leading green economy. The 'Let's Invest in Chile' action plan, announced in Sept 2022 by President Boric, brings tax benefits for private investment, promoting and financing the development of green technologies.

CTL's strategy and three large lithium projects align with this, having received positive feedback from senior government officials on our approach to extract the mineral that plays a critical role in the transition to a green economy. We are using sustainable DLE, a proven technology that is now a priority for the Government. In March 2023, the Government's Minister of Mining proposed all future lithium projects must use DLE because of the environmental and social benefits. DLE eliminates the requirements of evaporation ponds from the extraction process, enabling spent brine to be returned to the aquifer, and in so doing, minimising water loss which is critical for local communities and a priority for the Government.

### Alignment with Chile's national lithium strategy

The Chilean government announced a national lithium strategy in April 2023 and part of this will see the creation of public-private agreements between mining companies and the government. The focus for the government is to create a responsible and sustainable mining industry for the country. With our use of DLE, access to renewable energy sources and ongoing work with the local communities, CTL will be progressing its partnership with the government by submitting the CEOLs, which will secure the required production permits.

### Chile as a global strategic partner

The supply of critical minerals is high on the agenda for major markets and countries seeking to combat climate change and decarbonise. The EU has signed a trade deal with Chile to improve access to key minerals like lithium. The recognition of lithium and its role in the transition to a clean economy has been incorporated in the passing of the Critical Raw Materials Act which aims to improve trade and build a resilient and secure supply chain. When announcing the Act, President of the European Commission, von der Leyen, said, "Lithium and rare earths will soon be more important than oil and gas. Our demand for rare earths alone will increase fivefold by 2030... without secure and sustainable access to the necessary raw materials, our ambition to become the first climate neutral continent is at risk."

“  
**Lithium and rare earths will soon be more important than oil and gas. Our demand for rare earths alone will increase fivefold by 2030... without secure and sustainable access to the necessary raw materials, our ambition to become the first climate neutral continent is at risk.**”

Ursula von der Leyen

President of the European Commission  
September 2022



## Chile – Powered by Clean Energy *continued*

Notably, the German chancellor, Olaf Scholz, made an official visit to Chile in January 2023 looking to secure a reliable supply chain for Germany's car manufacturing industry, one of the largest manufacturing markets in the world. Scholz and Chile's President Boric agreed that sustainable mining and a circular economy should be a priority and furthermore the promotion of small and medium-sized enterprises. We are well positioned to support these ambitions.

Chile is the only major lithium carbonate producer that holds a free trade agreement (FTA) with the US. President Biden's recent 'Inflation Reduction Act' requires 80% of minerals in the battery to be made in the U.S. or an FTA country by 2026. This presents another funding opportunity for us as we move from exploration to development stages across our projects.

### Renewables powered grid to power clean production

Chile is leading the way with the use of renewable energy, having set a target of converting 70% of its total energy consumption to renewables by 2030. Currently over half (53.5%) of the total installed capacity in the National Electric System (NES) corresponds to generation based on renewable sources i.e. hydroelectric, solar photovoltaic, biomass and geothermal.

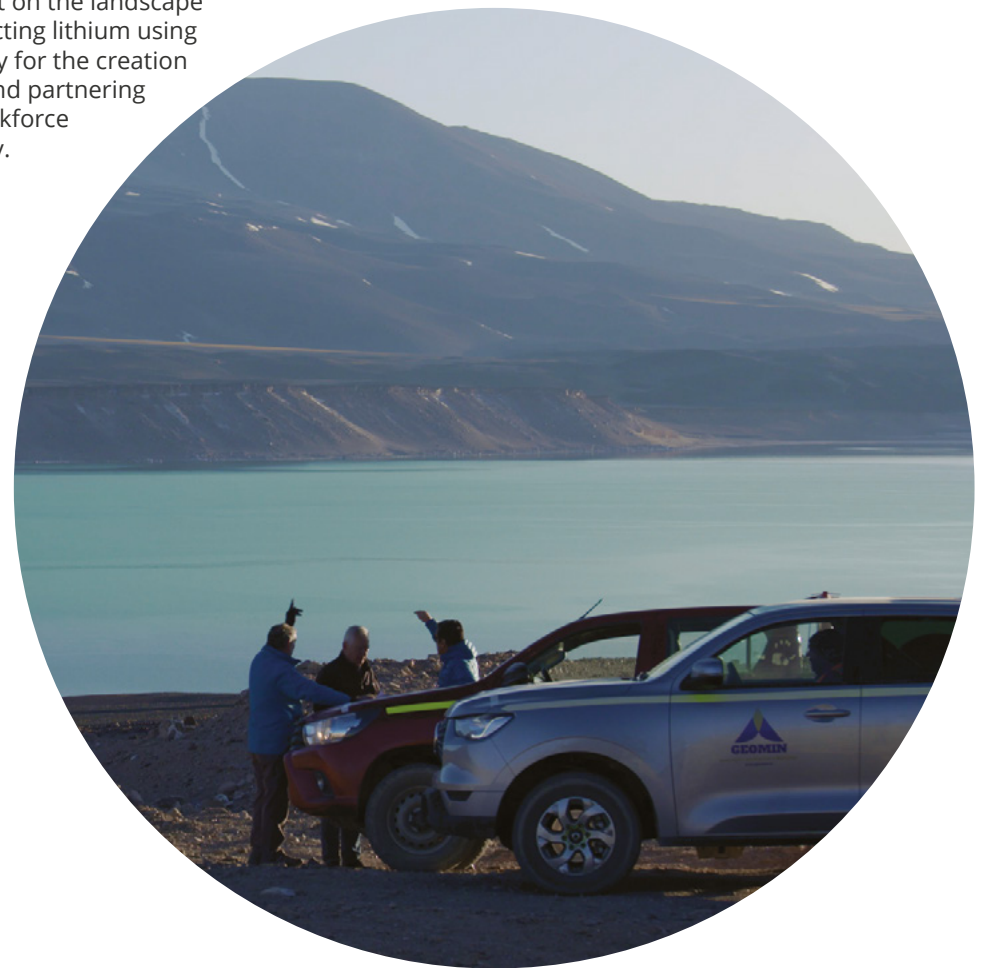
The Atacama Region and northern Chile, where CTL holds its three large projects, is the best place in the world to generate power from solar energy. CTL's CEO, Aldo Boitano, is a pioneer in Chile's solar industry and has been involved in the deployment of solar projects with a combined output exceeding 800MW.

With the existing infrastructure in Chile, we can access reliable sources of energy across all existing projects to power production. The main Chilean national grid transmission line is connected to substations at the La Coipa mine which is approximately 100km from Laguna Verde and at the Maricunga gold mine which is only 5km from Francisco Basin.

### Chile's green economy

Producing lithium via DLE has significantly reduced levels of water depletion compared to existing methods that make use of evaporation ponds. Moving away from environmentally intense methods will play a critical role in supporting Chile's economic development whilst being in harmony with local communities and protecting biodiversity.

CTL's approach to DLE with the reinjection of the spent brine will see no depletion of water to the aquifers, leaving a small minimal footprint on the landscape and nearby surroundings. Extracting lithium using DLE provides a great opportunity for the creation of green jobs, upskilling locals and partnering with universities to secure a workforce for Chile's future green economy.





It has been a period of significant progress for CleanTech Lithium as we continue to deliver on our mission to produce battery-grade, carbon neutral lithium and be a leading supplier of green lithium to the EV market by 2026.

“  
**I am pleased to report that during 2022 and 2023, we have been highly active delivering against these strategic pillars.**  
”

**Aldo Boitano**  
Chief Executive Officer



## We have a growth strategy focused on delivering long-term sustainable growth and returns for all stakeholders.

This strategy is centred on four pillars – the development of our three highly prospective lithium projects (Laguna Verde, Francisco Basin and Llamara) in Chile; Utilise innovative sustainable technologies (including DLE and renewable energy for power); Produce carbon neutral battery-grade lithium; and supply directly into the EV market via strategic partners and offtake agreement opportunities.

I am pleased to report that during 2022 and 2023, we have been highly active delivering against these strategic pillars.

Our strategy is supported and driven by our exceptional people. We are determined to drive change in the mining industry and that of Chile's green economy agenda. Central to growing CleanTech Lithium as a leading green lithium supplier to the EV market, is building a values-led company with a commitment to our people to thrive in their careers and create a legacy that benefits all stakeholders. Since the IPO on the AIM Market of the London Stock Exchange in March 2022, we have expanded the Company from 8 people to over 20, with c. 13 being from Chile. As we continue to grow, we will continue to invest in our people, committed to the principles of sustainable and responsible mining and delivering enduring value to our employees, the communities where we operate, and wider stakeholders.

“  
**We are socially minded,  
environmentally  
driven and governed  
by our core values.**”

### Chile and Community Relations

We are fortunate to be operating in Chile, host to the largest lithium reserves in the world and a supportive government focused on building a green economy with strong mining codes and laws.

In October 2022, the Chilean Government announced a new pro-investment strategy and action plan 'Let's Invest in Chile', to facilitate investment, fast track permitting and speed up the transition to a green economy. More recently Chile's President, Gabriel Boric, announced in April 2023, the country's National Lithium Strategy, which focuses on public / private partnerships and the responsible development of the lithium industry for the benefit of the country, communities and private enterprise.

The focus of the strategy outlined by the Government is on partnership, with the aim of leveraging complementary skills and resource in support of developing the lithium industry in Chile. The proposals as outlined, including public-private partnership and the creation of a national lithium company similar to Codelco for Chile's copper industry, are broadly in-line with those expected, based on our prior discussions with government officials. We welcome these proposals, which we view as creating a greater degree of certainty for the lithium industry in Chile and therefore an improved climate for investment.

Notably after discussions with government officials since the announcement and having sought legal advice in-country, we have been given reassurances that our assets are not considered 'Strategic' by the Chilean government and will not require majority state participation. It is understood that the term 'Strategic' will only apply to the Atacama and Maricunga Salars, where we do not operate, due to their lithium reserves, size and very high levels of lithium concentration. By comparison, our assets are considerably smaller when compared to Salar de Atacama which has approximately 37% of the World's lithium reserves. Our assets have lower levels of lithium concentration and, while highly economic for a company such as CleanTech Lithium, they are not of the scale that could be considered assets of national strategic importance.



Importantly our strategy of utilising DLE and renewable energy-based processing aligns perfectly with the Government's agenda for the lithium industry, which is advocating for the use of DLE as the primary method of lithium extraction for new projects. We continue to maintain a highly active and positive dialogue with representatives of the Government and relevant regulatory and Government bodies and intend to obtain the required production permits, as planned, to enable lithium production to commence at the Company's projects from 2026 onwards.

In 2022, we were honoured to be admitted as a new member of the National Mining Society in Chile – SONAMI, a Chilean trade association that represents and supports the advancement of mining activity.

In line with our ESG-focused strategy, working with our local communities is hugely important to us. We have developed constructive relationships with the local communities across the Atacama region, encouraging open dialogue, transparency and recognising community knowledge to ensure the longevity of our success and social licence to operate. We have hosted visits from indigenous communities, most of which live in settlements approximately 100km away from our sites. In addition, we are opening a new office in Copiapó as the operational centre in mid-2023. This will be a main driver for our community relations, a local hub where interested parties will be able to visit and communicate with our team and help inform our planning for the benefit of all stakeholders.

### Strategic lithium Projects, Chile – Laguna Verde, Francisco Basin and Llamara

Our projects, Laguna Verde, Francisco Basin and Llamara span +500km<sup>2</sup> in the lithium triangle in Chile, the world's centre for battery-grade lithium. Laguna Verde and Francisco Basin are c.300km by road from the mining centre of Copiapó in the Atacama region of Chile, and Llamara, is 600km north of these two flagship projects.

#### Laguna Verde

In January 2022, we undertook a four-hole resource drilling programme (LV01-LV04) producing an upgraded JORC compliant resource estimate of 1.51 million tonnes LCE at 206mg/L lithium, based on three of the four holes sampled, prior to the Chilean winter break (mid-June-mid-September), with c. 53% of the resource upgraded from Inferred to the higher confidence categories of Measured and Indicated. Notably, the four-hole drilling programme also highlighted higher grades at depth (up to 409mg/L in deepest samples), indicating drilling to depth provides further upside and strong geothermal influence on brines, averaging 20–30°C, which matches the ideal temperature range for DLE process. This makes Laguna Verde the shallowest geothermal influenced brine in the world, with these elevated temperature within 65m of surface. Strong geothermal activity also offers potential significant OPEX savings once in production.

In November 2022 we commenced an additional two-well drilling campaign (LV05 and LV06) which will be included as part of a resource upgrade anticipated in 2023.

The first upgraded resource estimate announced provided the basis for undertaking a Scoping Study and Pre-Feasibility Study ('PFS') at Laguna Verde to evaluate

a base case production rate of 20,000 tonnes per annum of battery-grade lithium over a 30-year period. Results for the Scoping Study calculated net cashflows of US\$6.3 billion (post-tax and royalties) over the proposed 30-year operational life at 20,000tpa, with low operating cost of US\$3,875 per tonne of lithium carbonate. Estimated capital expenditure of US\$383.6m, based on a DLE plant using Sunresin New Materials Co. Ltd (Sunresin) existing DLE technology (see photograph of commercial DLE plant in operation). Results included a NPV8 of US\$1.83bn, IRR of 45.1% and a payback period of 1 year and 8 months, based on a long-term lithium carbonate price of US\$22,500 per tonne from 2027.

The PFS for Laguna Verde commenced March 2023, with Worley and is targeted for completion H2 2023.

Additionally, we commenced the Environmental Impact Statement baseline studies in April 2022 using international specialist service provider, MYMA, in accordance with standard EIA processes. Work has progressed well we will look to obtain the necessary EIA approvals in mid-2024, working with the relevant regulatory authorities. A hydrogeology study also commenced Q4 2022.

#### Francisco Basin

Francisco Basin is located 100km south of our more advanced Laguna Verde project. In March 2022, we commenced a four well drilling campaign at Francisco Basin to delineate a maiden JORC resource. The first well (FB01) was completed in June 2022 and marked a new lithium discovery which was announced in August 2022. In October 2022, we announced a maiden JORC compliant resource of 0.53 million tonnes LCE at a grade of 305mg/L, based on the first well result at Francisco Basin. This provided the basis to commence a Scoping Study in Q4 2022, to prove the project's economics, for a base case production rate of 20,000 tonnes of LCE per annum, utilising DLE technology and 100% renewable energy for process power. After the Chilean winter break, we re-commenced the four well resource programme at Francisco basin in December 2022, drilling the final three wells of the programme – FB02, FB03 & FB04, with FB01 already completed in June 2022 and re-commencing FB02 which had been already drilled to a depth of 106.5m.

“ I remain hugely optimistic and excited about our Company's future. ”



Similar to the Laguna Verde well design, the planned holes were installed with 8-inch diameter PVC casing allowing for high flow pump tests and conversion to production bores. This resource upgrade programme is due to be completed end of Q2 2023 and the JORC update will follow in Q3 2023.

Environmental Impact Statement baseline studies are also underway, utilising the same consultants as we have done for Laguna Verde. We also anticipate commencing our PFS at Francisco Basin in Q3 2023, with the same consultants, Worley, who we are utilising for Laguna Verde's PFS.

### Llamara

The Llamara project spans 344km<sup>2</sup> and is located 600km north of our two flagship projects, Laguna Verde and Francisco Basin. In June 2022, we announced that we had applied for 119 new exploration licences and were subsequently awarded them in February 2023 by the Chilean authorities.

Llamara is a greenfield project, not previously drilled for lithium, and is positioned in one of the largest basins in the lithium triangle. Historical geophysics lines based on transient electromagnetics ('TEM') indicates a large hypersaline aquifer in the project area.

We believe Llamara complements our existing portfolio of projects, offering significant additional lithium exploration potential.

### Innovative Sustainable Technologies – to produce green lithium with the lowest environmental footprint Direct Lithium Extraction – DLE

In June 2022, we were delighted to announce that we completed laboratory scale test-work to produce a 1kg sample of battery-grade lithium carbonate.

In line with our ambition to produce green lithium through utilising renewable power and DLE, we are working with world leading DLE company Sunresin to supply DLE technology for our Chilean operations. During 2022 and 2023, we have worked with Sunresin testing the brine from the sub-surface aquifers taken from the resource drilling programmes at Laguna Verde and Francisco Basin to provide key data on DLE parameters that will inform feasibility studies.

In addition, we ordered a DLE demo unit which arrived in Chile in November 2022 and is currently operating in our facility in Copiapó, and we ordered a DLE pilot plant that will produce battery-grade lithium carbonate and lithium hydroxide for customer testing and verification by multiple potential customers. The pilot plant unit, due to be commissioned in Q3 2023 will also be located at our facility in Copiapó, which is approximately 300km from Laguna Verde and Francisco Basin. At the commercial scale, DLE plants are expected to be located at the project sites.

### Renewable energy to power production

In addition to planning to utilise DLE, as a low impact, low-carbon lithium extraction method, we are also committed to being 100% powered by clean energy once in production. Chile's power grid has one of the highest renewable capacities in the world and we believe this provides a ready-made solution to help us deliver carbon neutral lithium.

We plan to lock in a 100% renewable energy power purchase agreement (PPA) with a grid operator and PPA supplier who will ensure 24/7 year-round supply of renewable energy.

### Outlook

I remain hugely optimistic and excited about our Company's future. With robust lithium market fundamentals, a world-class project base located in the lithium triangle of Chile with supportive stakeholders, best in class industry partners and utilising sustainable technologies to deliver green lithium by 2026; the remainder of 2023 and beyond is set to be highly active as we continue to de-risk our path to production and, in turn, deliver long-term sustainable value for investors and all stakeholders.

I would like to take this opportunity to thank our talented operational team in Chile, without whom, our significant operational progress would not have been possible. I would also want to thank my fellow Board and senior leadership team, advisors and supportive shareholders for their continued commitment to CleanTech Lithium.

### Aldo Boitano

Chief Executive Officer  
4 May 2023

## Q&A with Aldo Boitano

CEO

### Q What made you start CleanTech Lithium?

As a professional mountaineer, I spend a lot of my time in nature. As such, preserving the planet and achieving carbon neutrality are deeply important to me. Having delivered over 800MW of solar projects in Chile over a seven year period, I applied this experience in green innovation to the mining industry, a historically dirty, energy intensive industry. Chile has the largest lithium reserves in the world and as part of the EV future and driving the green economy for the country, I wanted to deliver lithium production in a sustainable way with no harm to the environment, that also delivers economic opportunities for the area.

### Q What is your standout highlight?

Growing the company with heart, soul and purpose and a commitment to its people, local community, and planet. Since our initial IPO in London in March 2022, we have increased our global presence having listed in the US, Germany and seeking an Australian listing later this year and have grown the team to over 20 employees, of which 75% are based in Chile.

### Q What are your priorities for the year ahead?

To build an inclusive culture that will run through the team as we scale. Operationally; delivering on our three drilling campaigns across our projects and upgrading our JORC resource base and establishing the pilot plant to produce up to one tonne of LCE per month, proving DLE technology in situ. Also working closely with our local communities, regional and national government representatives and bringing on strategic partners for financing, is a key priority for us, as we progress towards commercial production in 2026.

### Q What does CleanTech Lithium stand for?

CTL stands for commitment – our team is central to this. We are driven to make a change in the mining industry with an ESG led approach to supply green lithium to the market.



## Direct Lithium Extraction

We plan to utilise DLE at our operations, which will represent a major improvement in the sustainability of lithium sourcing and extraction in Chile.

### DLE – how it works

Brine is extracted from the basin aquifer and pumped to a processing unit where a resin or adsorption material is used to extract only lithium, while spent brine is reinjected into the basin aquifers with no aquifer depletion or harm to the environment. The resin adsorbs lithium chloride (LiCl) molecules onto the surface of the material, which is then stripped using water creating a lithium eluate. This eluate is then further concentrated via reverse osmosis and mechanical evaporation stages before standard industry processes are used to produce battery-grade lithium.

To power this, it is our plan to connect to Chile's renewable energy grid to be 100% powered by clean energy. This in tandem with utilising DLE technology, we believe lays solid foundations to deliver the green lithium supply for the EV market.

### A proven technology

DLE is an established technology in the lithium sector, having been utilised for several decades at the Hombre Muerto project in Argentina operated by Livent. This is the second largest lithium production operation in the world with an annual capacity exceeding 20,000 tonnes per annum (tpa) of Lithium Carbonate Equivalent (LCE). In China there are three commercial DLE operations in production, all of which have utilised the technology of

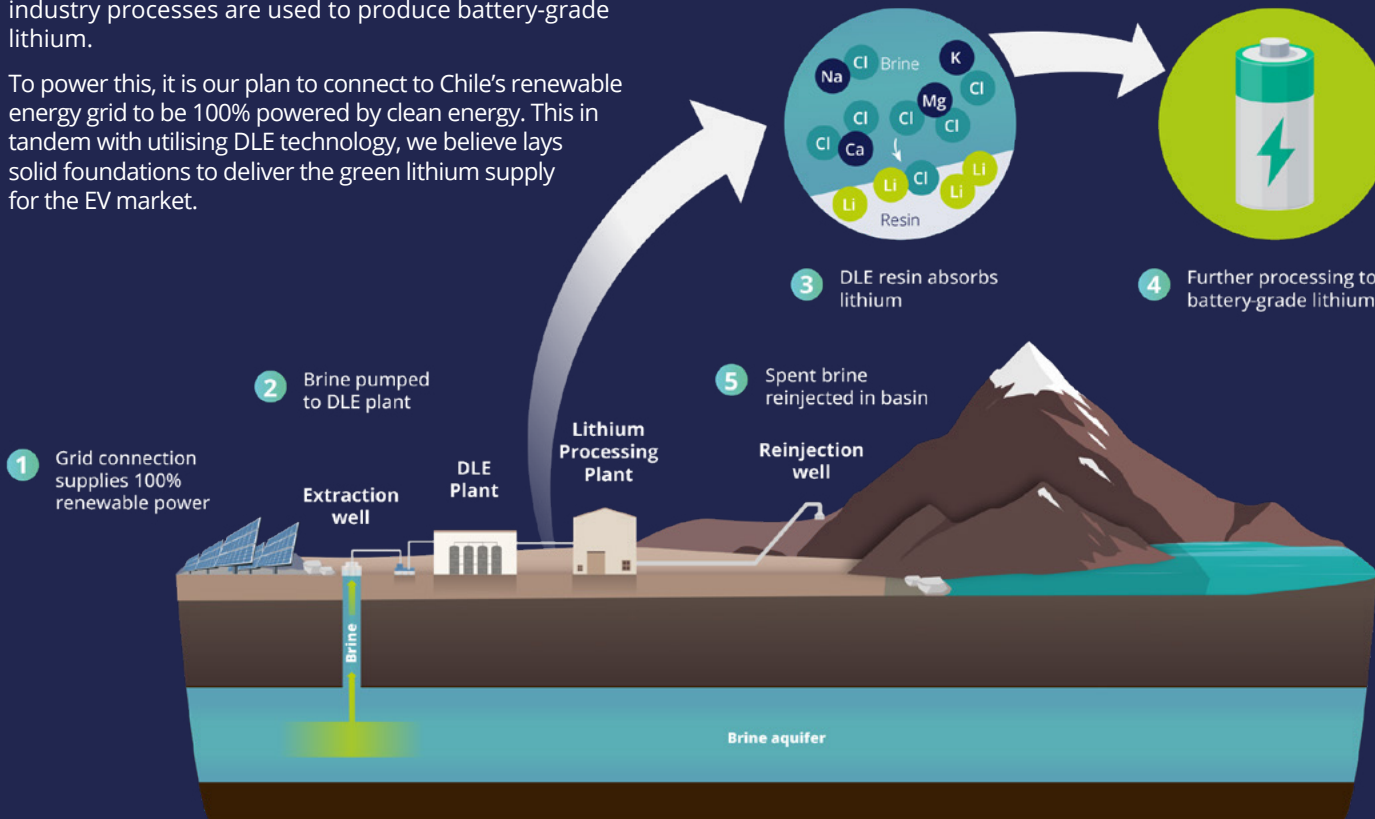
China's leading DLE technology provider, Sunresin, which is our primary process technology partner. Additionally, there are numerous development stage lithium projects around the world that have completed feasibility studies based on utilising DLE.

### A green approach to lithium extraction

- No harm to environment
- No aquifer depletion
- Low-carbon production
- Low-water consumption
- Powered by renewable energy

Most lithium production from brine is produced via evaporation pond-based operations which have a large environmental footprint, depleting basin aquifers and reducing groundwater levels which impacts access for local communities. Chile's existing lithium production is produced with evaporation ponds at Salar de Atacama, where over 200m<sup>3</sup> of brine is evaporated to produce one tonne of LCE.

The DLE process and reinjection of spent brine aims to reduce net water consumption to less than 2m<sup>3</sup> per tonne of LCE, or 1,000 times less than existing production in Chile. This addresses a key concern regarding the sustainability of lithium extraction in Chile. We have demonstrated the benefits of using DLE to the Chilean government and mining authorities as well as car manufacturers and battery manufacturers. We believe DLE technology will advance the interests of national and local governments in tandem with local communities by providing economic opportunities and green jobs.



## Project Overview

# Projects

We own three prospective lithium projects, spanning +500km<sup>2</sup> in the lithium triangle in Chile, the world's centre for battery-grade lithium production.

Our flagship projects, Laguna Verde and Francisco Basin, are approximately 275km by road from the mining centre of Copiapó in the Atacama region of Chile, and Llamara, a green-fields project, is 600km to the north.

Our total lithium resources exceed 2 million tonnes Lithium Carbonate Equivalent (LCE) with Laguna Verde at 1.51 million tonnes of LCE and Francisco Basin at 0.53 million tonnes of LCE. The projects are being developed concurrently, as we target producing battery-grade, carbon neutral lithium for the EV market by 2026.

A DLE pilot plant is planned to be located at the Company's facility in Copiapó with a planned output of up to 1 tonne of LCE per month, to enable advanced testing by potential customers ahead of commercial production. At the commercial scale, DLE plants are expected to be located at both Laguna Verde and Francisco Basin.

All three projects have excellent infrastructure with road access via largely paved highways that connect to nearby ports, and the projects are within the vicinity of the Chilean electricity grid which has one of the highest renewable capacities in the world and we believe is a ready-made solution to help us deliver carbon neutral lithium.

Laguna Verde:

**1.51m**  
tonnes LCE

Francisco Basin:

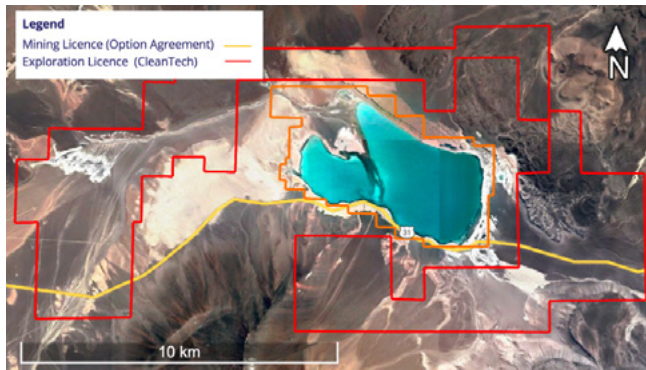
**0.53m**  
tonnes LCE



# Laguna Verde

Our Laguna Verde Project is located 275km by road from the major mining centre of Copiapó, and 352km from the port of Caldera.

The total licence area is 67km<sup>2</sup> of which 22km<sup>2</sup> are mining licences held under an Option Agreement and 55km<sup>2</sup> are exploration licences. Laguna Verde is connected to Copiapó and Caldera via the international highway 31 which runs adjacent to the property and is a paved highway. The Laguna Verde Project is located at an altitude of 4,330m, there are no indigenous or other communities within 100km of the project.



Average grade **206mg/L**

JORC LCE **1.5mt**

**67km<sup>2</sup>** licence area

Net cash flows of **US\$6.3 billion** over 30 years at \$22,500 per tonne sales price

Strong geothermal influence on brines **~20–30°C**

NPV8 **US\$1.83 billion**

IRR **45.1%**

### Scoping Study: 2023

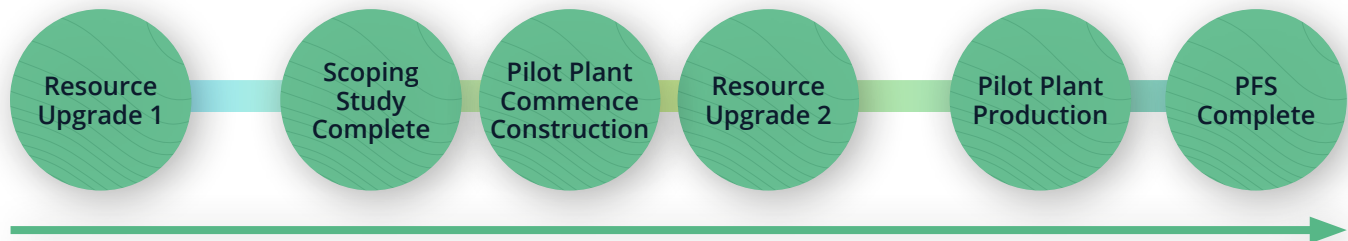
JORC Resource	Measured	Indicated	M+I	Inferred	Total
Lithium (million tonnes LCE)	0.2	0.6	0.8	0.7	1.5
Grade (mg/L Li <sub>3</sub> CO <sub>2</sub> )	211	205	206	205	206

The project currently has a JORC compliant resource estimate of 1.5 million tonnes LCE at 206mg/L, based on the completion of a resource drill programme comprising four holes in 2022, with most of the resource in the Measured + Indicated category. A further resource drilling campaign is underway which we believe will upgrade this resource further.

A scoping study was also completed in December 2022 where results highlighted the robust economics for a 20,000 tpa over a 30-year period with low operating costs and calculated net cashflows of US\$6.3 billion.

A pre-feasibility study commenced Q1 2023 and we are also undertaking Environmental Impact and Hydrogeology studies as part of our production development and planning.

### Laguna Verde path to production



# Francisco Basin

Our Francisco Basin (FB) Project has a total exploration licence area of 110km<sup>2</sup> and is located within 100km of the Laguna Verde project with similar distances to key infrastructure.

The project area is traversed by existing power lines and a water supply pipeline, while a substation connected to the Chile national grid is located at the Maricunga Gold mine which is only 5km from FB. The project lies at an altitude of 4,150m and is accessed via the international highway 31 and then a well maintained 45km mining haul road. A maiden resource drill hole was completed at the project in 2022 which was the basis for a JORC compliant Inferred resource estimate of 0.53 million tonnes of LCE at an average grade of 305mg/L lithium.

In Q1 2023 further drilling campaigns were commenced. A bulk sample of 1,000L of brine has been collected from one well to be used in the DLE process trial work at both our installed pilot unit in Copiapó, and for shipment to Sunresin's facilities in China.

A pump test was undertaken on FB following the completion of a pump test programme at LV. These programmes will provide valuable data for hydrogeological modelling and feasibility studies in 2023. The JORC resource upgrade is expected to follow the completion of the drilling campaign in late Q2 2023. The Scoping Study for FB is well advanced and the results of which will follow the JORC resource upgrade.

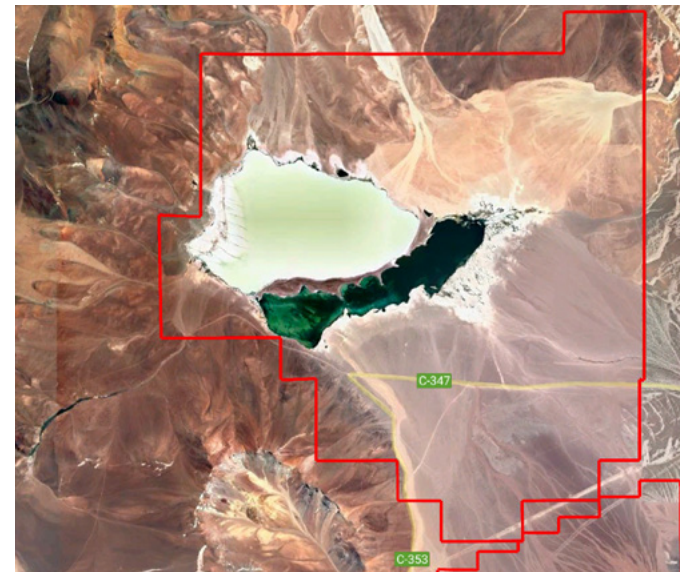


**0.5 million tonnes**  
of LCE

**110km<sup>2</sup>**  
licence area

**305mg/L**  
Average lithium grade from collected samples

New  
**lithium**  
discovery



# Llamara

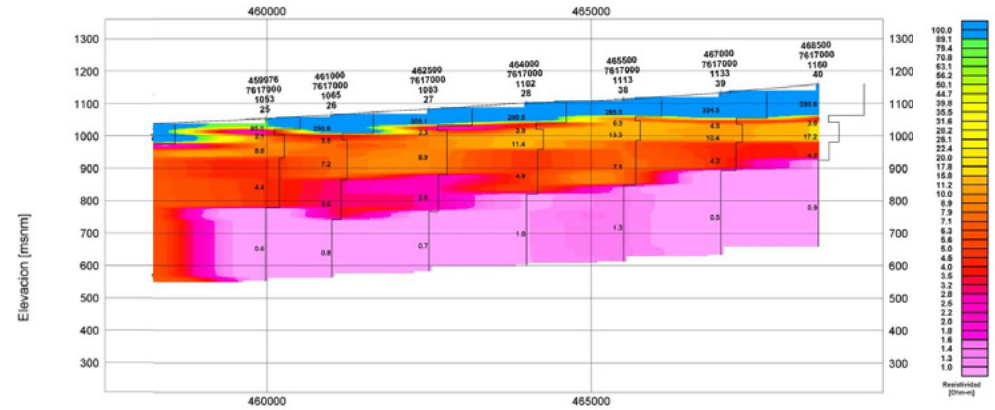
Our Llamara Project is a greenfield lithium exploration project with a large licence area totalling 344km<sup>2</sup> located in the Pampa del Tamarugal basin, which is one of the largest basins in the lithium triangle.

Previous surface sampling in the basin include highly elevated lithium values in evaporite deposits. Historical geophysics lines which intersect the licences indicate the presence of a large hypersaline aquifer, as shown by the low resistivity zone identified in the cross section of Line 45.

The Llamara project is located at an altitude of approximately 1,100m allowing for year-round exploration activities, which complements the Company’s established projects, Laguna Verde and Francisco Basin, where the period from mid-May to late September is a winter break period due to the challenges of drilling during the high altitude winter weather conditions. The Llamara licences cost less than US\$100,000 to obtain, and as a greenfield project provides the Company with additional exploration potential.

A drilling contractor has been engaged to undertake one exploration drill hole to a target depth of up to 500m using diamond drilling. The drilling campaign commenced in Q2 2023 with results expected the following quarter.

Historical geophysics lines intersecting licence area indicates very large hypersaline aquifer



Year-round  
**drilling access**

One of the  
**largest basins**  
in the lithium triangle

**344km<sup>2</sup>**  
licence area

Indicated presence of a  
**large hypersaline**  
aquifer



# Llamara continued



## Q&A with Sabine Macaya Operations Manager

**Q** What made you join CleanTech Lithium?

**A** I joined CTL with the dream of being part of a brilliant team that delivers sustainable green lithium as we transition to electrified transport and away from fossil-fuel based economies. The opportunity for Chile to be a major supplier of lithium that is produced in a sustainable way is something I want to dedicate my work to.

**Q** Since joining, what is your standout highlight?

**A** So far it is having built a highly committed and driven team, each one an expert in their area with leadership qualities which ensures we can bring the best out of each other on a day-to-day basis.

**Q** What are your priorities for the year ahead?

**A** The key milestones for the year ahead include completing the simultaneous drilling projects on our Laguna Verde, Francisco Basin and Llamara projects. We are looking to further increase our JORC compliant resource base ahead of moving into pre-feasibility stages and eventually commercial production.

**Q** To you, what does CleanTech Lithium stand for?

**A** To me, we stand for sustainable mining, and being driven to be a key supplier of green lithium for the global EV market. With this, we are committed to delivering long-term value and returns for all stakeholders. We want to bring opportunity and prosperity to the Atacama region and help build the green economy for Chile. Central to our proposition is working collaboratively and with the shared passion for driving change with our supply chain and partners.

**Q** Tell us a bit about your background to date.

**A** I am an industrial engineer and mathematician with more than 25 years of experience in operations of multinational companies from different industries such as mining, retail, pharmaceuticals. This has meant I have significant experience in leading teams and delivering measurable results against corporate objectives. I enjoy working with teams of diverse people, together identifying strategies to solve problems and project planning.

Creating a stronger financial platform for growth and building on our strengths.

//

**We are building something special on so many fronts, with an ambitious work programme which has received excellent financial support from our shareholders and new investors.**

**My objective is to ensure we manage our investors' funds effectively and efficiently and in a manner which delivers what we are all seeking to achieve. Our team is well placed to deliver this in the years ahead. //**

**Gordon Stein**

Chief Financial Officer



## Key Highlights 2022

### Funding

- Entered 2022 in a strong cash flow position after a Pre-IPO equity raise of £4 million (before expenses) in December 2021 at 20p/share
- Further equity funds of £5.6 million (before expenses) raised at 30p/share during our successful IPO on AIM market in mid-March 2022
- Further over-subscribed placing in October/November 2022, raising £12.3m at 47p/share (before expenses) to drive 2023 work programme
- Total funds of £21.9 million raised in the market since the new Jersey holding company was incorporated on 1 December 2021

### Use of Funds

The funds raised provided us with the ability to commence further complementary work programmes and activities throughout 2022 which included:

- Undertaking the initial drilling campaigns in Q1 2022 on our flagship assets: Laguna Verde and Francisco Basin, costing around £2.5 million – this being the opportunity to obtain a first real glimpse of the JORC resources we had on those assets after years of technical analysis
- Commencement of an extensive EIA programme in April 2022 using specialist contractors – a programme critical to our future plans on our two flagship assets
- Completing laboratory tests to produce 1KG of battery-grade lithium and the German laboratory certification confirmed the sample had very low impurities with a grade of >99.9% Li<sub>2</sub>CO<sub>3</sub>
- Completion of Laguna Verde Scoping Study in late 2022 and commencement of Francisco Basin Scoping Study immediately afterwards
- The building of a management and operational team in Chile to drive the Company's work programmes – growing from three people in late 2021 to over 20 specialists at year-end across many disciplines, plus numerous contractor support
- Operational and professional support costs, as highlighted below, including fund-raising costs

### Balance Sheet

- Incurred £4.5 million on Exploration & Evaluation assets in 2022 as our work programmes moved forward apace (2021: £0.77 million)
- Cash in hand at 31 December 2022 of £12.4 million (31 December 2021: £3.2 million). Cash in hand of £8.7 million at end March 2023
- Current liabilities at 31 December 2022 of £0.6 million (31 December 2021: £0.5 million)

### Income Statement

- Group had loss for the year of £(3.8)million (2021: £(1.2)million), or a loss of 4.8 pence per Ordinary Share, mainly reflecting increase in staffing numbers in Chile, fund-raising costs, professional support costs (audit, legal, accountancy, etc), Board and corporate costs and general administrative expenses.
- Net loss included £0.4million of share-based payments (2021: £0.1million), reflecting the accounting for 2022 of share options granted in the year.



### Commentary on our Activities in 2022 and 2023 to date

The Group was very well supported throughout 2022 by our shareholders and new investors, allowing the Board to undertake an ambitious work programme in 2022 and into 2023. The Company had secured £4m in a Pre-IPO raise in late 2021 and was successful in raising a further £5.6m from the IPO raise in March 2022. Market conditions at the time of the IPO were extremely difficult with Russia invading Ukraine in late February 2022 which was during an extensive roadshow arranged by the Company's broker, Fox-Davies Capital. We understand that a number of other IPOs in London were postponed or cancelled around that time so achieving an AIM listing in these difficult conditions we believe demonstrated the strength of the Company's investment story and confidence from the market in the new Board's ability to deliver real growth from our assets over the coming years. This was reinforced in late 2022 when we were over-subscribed on our Placing which secured a further £12.3m at a share price some 135% and 57% greater than that for the funds secured during the Pre-IPO and IPO respectively. We were delighted to secure many new investors in this round, including some quality financial institutions who saw the long-term growth potential of the Company.

Our work programme in 2022 provided the perfect foundation for the even more ambitious programme in 2023. Our initial investment in the drilling campaigns at both Laguna Verde and Francisco Basin in 1H 2022, costing some £2.5m, delivered collectively over 2m tonnes of JORC resource and provided the platform for the additional drilling campaigns which commenced in Q4 2022. The addition of the Llamara licences in mid-2022, at application costs of less than US\$100,000, added to our portfolio and provided the Company with another exciting greenfield opportunity to chase in 1H 2023.

### Growth of support team in Chile and corporately

2022 was a year where the Group was able to build an executive and support team in Chile, Jersey and the U.K. capable of delivering the ambitious forward work programme:

- The team in Chile has grown from three people in late 2021 to over 20 specialists at year-end 2022 across many disciplines (legal, operational, DLE, environmental community relations, etc), in addition to numerous contractor support services.
- New accounting and financial control structures have been established and a full-time Finance Manager in Chile appointed, with the introduction of outsourced back-office accounting support through one entity in Chile, the U.K. and Jersey engaged.
- Canaccord Genuity was appointed as a joint broker in August 2022 to provide greater firepower for the Company going forward, with Canaccord covering over 30 lithium stocks worldwide and with extensive access to potential strategic partners through their worldwide network.
- Company has also recently engaged various specialist advisers in Australia to support the planned ASX listing in Q3 2023.

### 2023 Capex Work Programme

The capex work programme in Q4 2022 and in 2023 is budgeted to cost the Group £11.3 million and is made up of the following activities:

- Drilling campaigns commencing in Q4 2022 through 1H 2023 at Laguna Verde, Francisco Basin and Llamara – six wells budgeted at total cost of £5.2 million
- EIA programme – £1.2 million
- Hydrogeological Studies – £0.7 million
- DLE Pilot Plant – £2.2 million
- Laguna Verde PFS – £1.7 million
- Other capex – £0.3 million

Further technical and drilling activities may take place at Llamara in 2023, depending on the results of the exploratory drilling campaign taking place at the time of drafting this report. Additional drilling campaigns may also take place at Laguna Verde and Francisco Basin in late 2023 but have not yet been budgeted.



### Sourcing Funds to Deliver our Work Programmes in Future – Funding Strategy

The Group is funded for its current work programme in 2023 but will look to raise additional funds when this can be justified by the Board. The Group could have been opportunistic in 1Q 2023, being offered new funds from various sources, but the Board did not feel that was in the best interests of the Company and its shareholders at the time. The Board will continue to maintain a flexible approach in planning the Company's funding position and may be opportunistic if the circumstances are beneficial, including during the upcoming ASX listing process.

The work programmes currently ongoing in 1H 2023, intended to provide increased JORC resource on all assets – and greater technical data to verify the potential forward deliverables of 'green' battery-grade lithium for the international market – should provide a strong foundation for planned discussions with strategic partners in 2H 2023. A number of very large international companies have already shown an interest in the battery-grade lithium the Company plans to deliver in future, some are currently under NDA and some have included site visits in Chile. The Company expects to have discussions before the end of 2023 with large car and battery manufacturers, international traders, offtake entities, large industry players and many other parties - as well as the banks that potential partners will be able to bring to support the funding of the project construction at Laguna Verde and Francisco Basin in due course. In addition, the Company is exploring the funding possibilities now available from the USA and the EU for the companies who can supply their markets with 'green lithium'.

### Summary

The Group is moving forward on many fronts, using its existing funds. It is worth noting that all of the capex cost activities are discretionary as the Group does not have any formal capital commitments under the various licences at Laguna Verde, Francisco Basin and Llamara. This provides the Group with flexibility on the timing of the use of funds.

### Gordon Stein

Chief Financial Officer  
4 May 2023

## Q&A with Geraldine Carmona Finance Manager



### Q What made you join CleanTech Lithium?

A To be part of an innovative company, developing critical green projects for a net-zero carbon future. It's been a fantastic team to work with, working together, driving better outcomes for the individual, team, communities and environment in which we operate and CTL.

### Q Since joining, what is your standout highlight?

A For me it has been supporting corporate strategy through robust financial planning. We are implementing disciplined cost controls and efficient capital allocation to enable us to continuously invest in the growth of CTL as well as delivering stakeholder value.

### Q What are your priorities for the year ahead?

A We have a culture of continuous improvement, for me I want to continue to work with the different teams across the business, to best identify areas where we can improve efficiencies and costs and link into our financial planning.

### Q To you, what does CleanTech Lithium stand for?

A CleanTech Lithium is clean energy, sustainability and development of the Atacama Region and helping to drive the green economy agenda for Chile.

### Q Tell us a bit about your background to date.

A Certified public accountant in both Venezuela and Chile, with over 14 years of experience gained working at leading accountancy firms PwC and KPMG in addition to environmental and renewable energy companies in Chile.

## Business Risk

The Board recognises that risk assessment and mitigation are important in protecting the Group from foreseeable events and to allow it to pursue its strategic objectives. The Directors regularly monitor the risks, internal and external and seek to mitigate these as is practical and feasible.



Notably, the Board has approved the introduction of a risk management system to identify key business risks and how these risks may be mitigated.

The Board regularly reviews the business and its processes, including operational work programme and budgets, management reporting, financial operating procedures, HSE systems, securities trading policies and anti-bribery management systems.

In addition, the Board monitors external factors that may impact upon the Group.

The Directors have identified the following principal risks and mitigations in relation to the Group's future performance.

“  
**The Board reviews regularly the business and its processes.**  
 ”

 <b>Financial, Commercial and Economic</b>		
Risk	Mitigation	Risk level
Lower lithium prices and/or volatility in lithium may affect the Group's future profitability	The Group plans to expand and contract its operations and hence control costs in future depending on the prevailing lithium price. Group regularly reviews its budgets considering changing conditions and may consider hedging strategies as appropriate to minimise risk.	
Counterparty risk (non-payment, misalignment etc.)	The Group has limited counterparty risk exposures to its suppliers at present. It has no joint-venture counterparty risk holding all assets 100%.	
Licences and licence extensions or conversion from exploration to exploitation (not granted, onerous conditions imposed etc.)	The Group engages regularly with Chile's regulatory authorities and Governmental representatives to discuss requirements for continued operations, licence extensions, conversion and permitting issues. A direct consequence of the Board's efforts in this direction is the appointment of a Chilean-based in-house Legal Manager. New arrangements may be established in Chile, but these are not expected to affect the Group materially. The Group will continue its dialogue with Governmental representatives to optimise the Group's commercial position in-country.	
Environmental risks, regulations, approvals and permits	The Group has already commenced an EIA at both projects, using a specialist external party, which includes undertaking baseline studies at the sites over the course of at least a year. A full work programme of EIA activities has been agreed which will include applications for relevant permits at the appropriate time. Environmental regulations may change, but the Group has established the advisory support services to guide the Group through any material changes that may occur. The Group will undertake appropriate measures to minimise its environmental impact through its business practices. The Group has conducted materiality risk assessments with third party specialists to highlight key risks and opportunities. This will inform the ESG strategy.	
CEOLs – approvals may not be given or regulatory processes may change	Lithium is a strategic resource in Chile, and so companies must seek special permits (CEOLs) to be able to produce lithium. The Group has been encouraged by the Government to re-submit CEOL applications and will be doing so soon. The Group will work with the relevant authorities to seek approval for the award of the permits by demonstrating how the Group will produce lithium in an environmentally acceptable manner and how that will be of value to Chile and other entities. Regular and open dialogue will assist in this process and the Group will also look to any strategic partner to assist the Group in this regard where appropriate.	
Reliance on third parties	The Group will look to establish commercial arrangements with third parties and to incentivise them to deliver for the Group. The Board recognises that maintaining good relationships with such parties will be key to the Group's future success.	

## Financial, Commercial and Economic continued

Risk	Mitigation	Risk level
Reliance on key personnel and management	The Remuneration Committee reviews the employment terms for executives and key operational management with the aim of attracting, motivating and retaining key personnel for the Group.	
Foreign currency (FX) risk	Group holds funds in Pounds Sterling, U.S. Dollars and Chilean Pesos as needed for upcoming commitments and costs. The Group continues to review and monitor its FX strategies to minimise FX risks, possibly through some FX hedging if that is seen as beneficial.	
Financial controls	Group has established well defined financial operating policies and procedures, including segregation of duties and management of authority levels across the management team. Regular monitoring of financial activities is undertaken by the Finance team with regular Board reporting on financial performance.	
Group may be subject to litigation by a third party or regulator/s	There is no ongoing litigation in the Group with a past investigation at Francisco Basin having been resolved when the relevant CleanTech Lithium entity proving its case successfully. The Group will continue to act within all applicable laws and regulations and has appointed an in-house Legal Manager to ensure all legal aspects are followed.	
Fraud and corruption (including Anti-Bribery)	The Group has well defined policies and procedures to combat fraud and corruption and to ensure anti-bribery laws are complied with by staff and other stakeholders. This includes annual training for all Group personnel on anti-bribery procedures as appropriate for a publicly listed company.	
Difficulty in capital raising for working capital, new acquisitions and/or to fund future planned work programmes	The Group monitors its cash outflow closely to ensure there is adequate working capital for its current activities. The Group has engaged two brokers to assist with any fund-raising. In addition, the Group's Board also has significant fund-raising experience. The Group will also look to partner with a strategic party to give itself greater firepower and access to capital (see below).	
Carrying value of the Group's assets may not be recovered through future revenues, leading to impairment losses	The Group manages the recoverability of its assets and assesses the economic viability throughout the exploration, development and production phases.	

## External risks

Risk	Mitigation	Risk level
Group headquarters are in Jersey, which introduces additional 'substance' risks	All key Board decisions are taken in Jersey with appropriate Directors being present in person on the island. The Group has established procedures to ensure Jersey corporate, regulatory and legal requirements are followed.	

## Strategic

Risk	Mitigation	Risk level
Group mining concessions are in one jurisdiction and are geographically concentrated	The Group and its investors understand that all its assets are in Chile which introduces one-country risks. Although the Group has no current plans to diversify elsewhere, the Group's review of its business development and growth opportunities are not restricted to Chilean-based opportunities.	
Competitors may have greater financial and technical resources	The Group has access to U.K. capital markets and a broad shareholder base, including some institutional shareholders. Market conditions are monitored carefully by the Board and options to work with other parties are considered regularly to reduce risk. The Group is looking to establish a strategic partnership with another entity of scale to provide greater financial resource as it moves forward with development plans and will be undertaking discussions with various parties in the coming months, taking advice from specialist external parties and the Group's lawyers to optimise the Group's commercial position on this.	



## Operational

Risk	Mitigation	Risk level
Challenging operational environments	Some of the Group's assets are in challenging environments (at elevations greater than 4,100m), which introduce additional HSE risks for staff and all other stakeholders. Special HSE protocols have been established to minimise risks.	
Adverse weather events	Special protocols have been established to ensure the Group is able to deal with adverse weather events and monitors weather forecasts to be able to react quickly and effectively to any oncoming issues.	
Exploration, appraisal, technical and development activities may not result in a commercial discovery	The Group is following a staged and measured work programme to prove the JORC resource on its assets using best industry standards and specialist advisers/partners – and will carry out the standard process to look to take the Group to production on each asset including scoping study, EIA, PFS, BFS and then development plan. The Group will take all actions possible to 'stress-test' each stage through specialist advisers.	
Unproven processing and extraction techniques	The Group will use DLE technology as the means to produce battery-grade lithium – as well as reinject spent brine into the sub-surface aquifers from which the brine is sourced. There is a risk the processes may not work effectively or prove to be commercial. The Group is adopting a measured process through a step-by-step work programme to minimise the risk of technological failure which has been used successfully in China and Argentina and the Group is also working with the world's leading DLE provider, Sunresin, to minimise the risk of any failures. The Group is currently undertaking hydrogeological studies to test reinjection measures.	
Access to water for processing	The Group will need access to water at its sites for processing during the DLE stages and permissions will need to be obtained under current Chilean legislation. Other mines in the locations have drilled bore holes in the past and this is allowable for producers under current legislation. The Group has been advised there is more than sufficient water available on site and from third parties offering such supplies and will take the necessary actions to secure these rights through relevant permits, as required.	
Access to power for processing	Power sources are available from local sub-stations and the Group also has the option to produce its own power through the construction of solar power facilities. The Group will be discussing a PPA with relevant suppliers in the coming months to secure sufficient supply.	

In addition to the principal risks above the Group's business is subject to risks inherent in mineral exploration, development and production activities. The following additional risks are also identified, are expected to be managed or mitigated using the Group's policies, procedures and control frameworks and using those mitigation factors described above:

Risk	Mitigation	Assessment of risk level
Failure to deliver on strategy and plans	<p>The risks identified here largely represent matters which can be monitored, managed and controlled through suitably designed control frameworks, policies and procedures.</p> <p>The Board and wider personnel are alert to these risks and seek to operate and manage to mitigate their occurrence as a part of routine practice. This is done through adherence to the policies and guidelines in place and through an open communication across functional areas of responsibility.</p>	
HSE incident or non-compliance under local rules and/or laws		
Low field production (revenue)		
Delays in conducting exploration work programmes		
Failure to maximise value from existing assets		
Failure to negotiate optimal contract terms		
Regulatory non-compliance		
Inadequate succession planning		
Inadequate management processes		

## Other Strategic Matters

### Group Policies

The Group has a system of policies and controls, as set out in the Corporate Governance section, to address the impact of the Group's business on the environment, the Group's employees and other stakeholders affected by our operations.

The Group will continue to monitor the effect of its business on the environment, our employees, the local community and other stakeholders. The Group believes its current policies on these matters are appropriate given the Group's size.

### CSR Objectives

#### Overview

The Board recognises the Group role as a corporate citizen operating within Chile, the U.K. and Jersey, and believes therefore in conducting a business that brings positive impact in the medium to long term, drives progress and respects the resources on which our future depends.

The Group's Corporate and Social Responsibility (CSR) Objectives seek to manage and maintain positive and respectful relationships with our stakeholders and to meet these objectives. CleanTech Lithium aims to:

- Protect the health, safety and wellbeing of our staff, contractors and the local communities our operations impact upon;
- Manage and maintain positive and respectful relationships with the communities with which we conduct business and in which we operate;
- Maintain a high standard of care for the natural environment and adopt appropriate environment management systems on our contract areas; and
- Reduce our environmental footprint by efficient use of resources, management of water and energy consumption and management of waste and emissions.

### Anti-Bribery and Corruption (ABC)

CleanTech Lithium has zero tolerance for bribery and corruption or unethical conduct in our business. Our policies require compliance with all applicable ABC laws, in particular, the U.K. Bribery Act. The Transparency International's Corruption Perception Index (CPI) assesses corruption in the public sector when ranking different countries. In 2021, the CPI ranked Chile 27 out of 180 participating countries worldwide with a score of 67/100. By comparison, the U.K. is ranked at 11 out of 180 with a score of 78/100.

Although CleanTech Lithium operates in competitive market spaces and faces competition for limited resource, securing and maintaining licence interests, forming partnerships, attracting, and retaining the most efficient service providers and building cooperative relationships with all stakeholders, we are committed to upholding the highest levels of corporate and operational behaviour and our objective is to develop our business responsibly and with integrity at all levels.

We have worked closely with our advisors to create a system of documented ABC policies and procedures that provide a consistent policy framework which all staff are issued with and trained in. Our policy and training encompass anti-bribery and corruption, gifts and entertainment, third-party representatives and whistle blowing.

### Environmental Responsibility

CleanTech Lithium is very conscious of the natural environment in which it operates, and the Group works hard to minimise its impact on that environment. The Group is committed to the responsible stewardship of the environment. We seek to operate from compact drill sites to minimise disruption to the natural habitat and are committed to working closely with our partners and the various agencies to ensure we hold ourselves to the standard of environmental responsibility expected of us from our regulators, shareholders and stakeholders.

#### Aldo Boitano

Chief Executive Officer

4 May 2023



# Our ESG Approach

CleanTech Lithium (CTL) is committed to producing battery-grade lithium with a unique ESG approach embedded throughout the process: from sustainable extraction without mining, no evaporation ponds, complete return-to-state water replenishment, to putting the rights of the nearest indigenous peoples at the heart of decision-making.

In so doing we can ensure that CTL's lithium is uniquely sustainable – facilitating decarbonisation of mobility without creating new mineral extraction problems for the environment.

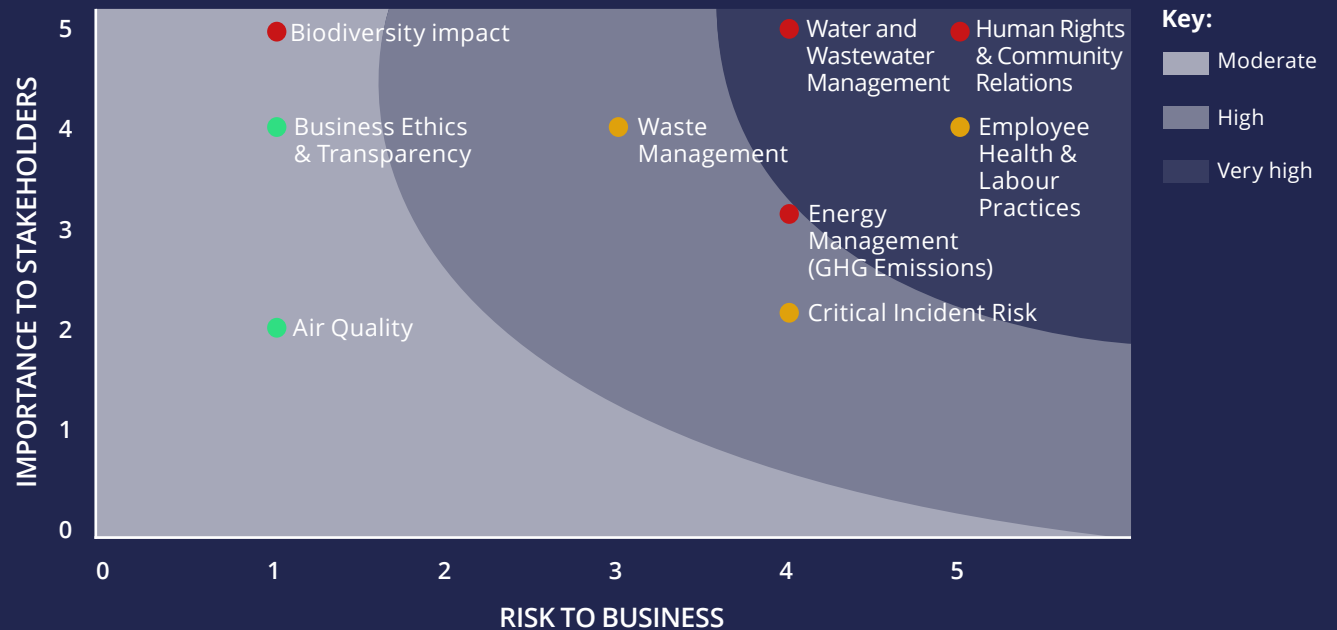
In Q3 2022 we partnered with award-winning ESG consultants Blurred to produce a Materiality Assessment in accordance with SASB Materiality Standards. Their report was delivered to the Company in late Q4 2022. Part of this process involved the CTL executive team being individually interviewed as well as representatives from senior management. This approach was supported by independent research, key stakeholder analysis and benchmarking across the industry.

By applying a material risk lens to our business strategy, we were able to put ESG principles at the heart of our decision-making, ensuring we support the nearby communities and the environment as we move towards production and act on our commitments to becoming a truly green lithium supplier.

The outcome of the Materiality Assessment sets out where the biggest risks are and therefore the biggest opportunities for us to have the most positive impact, and where we must ensure potentially negative risks are mitigated.



Materiality assessment



We are intending to use the United Nations Sustainable Development Goals (UNSDGs) as our guiding framework to ensure our efforts align on solving the biggest challenges facing humanity as we work towards sustainable production. The UNSDGs indicate that the mining industry has the potential to positively impact all 17 goals. Referring to the Mapping Mining to the Sustainable Development Goals paper, the UNSDGs that we are primarily focusing on, and where we believe we can make the biggest impact, are the following:



Going forward, and in future reports, we will be monitoring our activities aligned with these goals and demonstrate the progress made. We will be engaging with ESG rating agencies to verify our approach, as well as continuing to consult with a broad array of key stakeholders, including local indigenous communities, government, and our own employees.

### Looking ahead

What are some of the planned activities for the next twelve months?

- Creating an ESG Committee which will be the focal point for planning, controlling and executing the Group’s ESG strategy. Its mandate will be broad and it will report to the Board to ensure the Company is being held accountable across all ESG matters. The composition of the ESG Committee and its formal board mandate will be developed in Q2 2023. This will ensure that ESG facts are embedded in all of the material activities of the Company
- Becoming a signatory to the UN Global Compact (in progress) and joining other notable associations and membership organisations to share learnings and collaborate with the industry
- Continuing our proactive engagement with nearby communities and the Chilean government. Listening to concerns, and looking for ways to increase positive impact
- Creating a workforce to deliver the first phase of the project sustainably, and ensuring local communities have transferable skills for the future
- Implementing an educational and skills strategy to upskill local workers, and collaborate with leading Chilean Universities to train a future workforce that can add real value to the Company through their technical skills and initiatives and increase their career potential within the Company or elsewhere
- Working with local and central governments to promote and educate officials on the benefits of DLE on ESG matters
- Incorporating the Task Force on Climate-Related Financial Disclosures (TCFD) and the Task Force on Nature-Related Financial Disclosures (TNFD) principles, scenario planning and external reporting. This will begin with development of our own GHG emissions policy to ensure we can measure and monitor our progress towards net-zero production
- Progressing with our Environment Impact Assessment, where we are working with leading Chilean environment consultants MYMA

- Using employee surveys to measure satisfaction, track local and onsite realities, and ensure we are living up to our ESG commitments
- Training opportunities for employees to maintain a safe working environment, and for future transferable skills, and
- Promoting our ESG-based approach to allow other industry players to understand our learnings and challenges and for other stakeholders to contribute to CTL’s ESG journey.

### On our culture and future colleagues

- We are committed to creating an inclusive, safe and diverse workforce. Paying people fairly and adopting best practise for hiring, ensuring the onboarding process is in line with our values
- We are implementing effective policies that help build a workforce and supply chain that is forward-thinking and future proof
- We will provide a training environment that includes leading ESG thinking, and transferable skills for the future
- We are creating employment and economic opportunities with local communities. Recruitment will begin locally and spread out through Chile from the nearest communities to ensure they have the first opportunities for economic benefit, and
- We promote a fair and thoughtful working environment to ensure the business conducts itself in accordance to the highest governance factors.

# Environment

CleanTech Lithium (CTL) is taking an approach to lithium extraction that differs from the vast majority of the lithium mining industry.

We are determined to minimise our environmental impact, starting with the inherent sustainability benefits of DLE, and supplemented by applying an ESG lens to every single part of our operations and supply chain. Through an array of positive actions and measures, we are committed to protecting the environment in which we operate, the wider Chilean ecosystem, and the global transition to sustainable mobility. We want the lithium from CTL to be as sustainable as the solutions our customers will use it for. By delivering on this, we can help towards reducing greenhouse gas emissions and limiting global warming to the 1.5 degree target set out by the Paris Agreement.

Producing battery-grade lithium in an environmentally conscious way is a key strategic objective and the Group is intending to produce lithium using a sustainable DLE method, which selectively adsorbs lithium ions from the brine extracted from a sub-surface aquifer, and then returns the spent brine to its source in its original state by reinjection. This approach means vital aquifers are not depleted of water, the natural environment and ecosystem do not suffer or change, and the harmful effects of traditional lithium mining such as the use of evaporation ponds and the carbon emissions through intense energy usage for processing hard rock lithium sources, do not apply to our process. This is what we are calling green lithium.

Demand for lithium continues to increase, reflecting its role as the most important mineral to enable the clean energy and mobility transition, sourcing the metal must be done in the most sustainable and cleanest way possible. Failure to do so will ensure that the switch from traditional hydrocarbons simply creates new problems for the world to deal with.



## Limiting our carbon emissions

We will be limiting our carbon emissions by using locally available renewable energy to power our production. Chile is also one of the world's best regions for the production of solar, wind and hydroelectricity. We aim to use 100% clean energy for the CTL DLE process; as a result, the overall process will have a low CO<sub>2</sub> footprint, differentiating our product in European and U.S. markets which are setting strict CO<sub>2</sub> emissions limits on lithium and other commodities.

We are considering the best way we can mitigate and adapt our operations to further reduce our carbon dioxide emissions, and ultimately becoming carbon positive. We are considering the investments into carbon sequestration solutions, over carbon offsets. This will be an ongoing process running in parallel to measuring our operations.

## Saving water

Our approach to extracting lithium will mean less water is required to produce battery-grade lithium compared to existing lithium extraction projects. With the runaway effects of climate change, water scarcity is an increasing concern, and we are already looking at partnerships that can reduce our water requirements even further. A key part of our approach to DLE will see the reinjection of the brine water back into the aquifer meaning we aim to create an almost circular process.

Hydrogeological studies are underway across both our two flagship sites, Laguna Verde and Francisco Basin. We will be publishing the results of these drilling campaigns and the studies in the near future as well as presenting them to the local communities and key stakeholders to demonstrate our sustainability commitments.

## Protecting biodiversity

We are committed to limiting our environmental impact on our licenced projects and the surrounding areas we will need to transit through. Our two flagship projects are approximately 4,200 metres above sea level, meaning the level of biodiversity is minimal, however, we are undertaking appropriate analysis to confirm the level of activity so we can manage and protect accordingly.

We are conducting Environment Impact Assessments (EIA) to ensure we understand the potential effects to our licensed areas may be. This thorough process considers all the seasons, any flora and fauna in the area and how we can mitigate and adapt to make sure we have the lowest environmental footprint and lowest impact on biodiversity levels.

In April 2022, we commissioned specialist contractor, MYMA, to conduct our EIAs which will provide necessary data to support our applications to receive production permits. This will be followed by an additional EIA analysis, to further support future operations and development activities. The outcome of this work will confirm we have the correct processes in place to deliver on our ambition to produce the green lithium for the EV market, a critical component to meet EU and US emission reduction targets.

## In the future

- Results from the hydrogeological studies
- Results from the EIA study to include baselines that we can measure from going forwards
- Results from the Pre-Feasibility studies



# Social: Communities and People

We are driven towards creating value for our people and communities, playing a positive social role in the locations we operate in.

At CleanTech Lithium, we strive to integrate sustainability into our strategy and across all levels of our organisation as we grow and meet the challenge and aspiration of being the leading supplier of green lithium for the EV market. This approach not only involves using proven\*, more environmentally friendly technologies for lithium extraction, but implements the Guiding Principles on Companies and Human Rights of the United Nations and adheres to the Universal Declaration of Human Rights and the Convention 169 on Indigenous and Tribal Peoples.

The respect for the rights of native peoples, and protecting those rights is fundamental to the success of our business. We have developed an early engagement programme that emphasises our commitment to promote community participation in the development of our projects, our decision making as a business and how we grow to become a leader in lithium production.

To advance the interests of local communities, we will make sure that the information is accessible and co-designed with the community. This recognises the value of community knowledge and its leadership, traditions and history in that territory.

\* DLE plants operating successfully in Argentina and China.

Through this commitment, we will engage in, transparent, and open dialogue that guides free, and informed consultation and participation. Early conversations about protocols, involvement, impacts, investments, local employment, follow-up on initiatives, etc., can make the difference between generating dependency and promoting autonomy and the acceptance of our highly prospective lithium projects.



## What have we achieved?

1. **Field visits with indigenous communities** to the project location to inform and capture their feedback towards each project. Visits have taken place at Francisco Basin and at the lab-scale DLE demo unit located in Copiapó.
2. **Collaborating with community requirements and essentials** such as goods, materials, fuel, in coordination with regional government.
3. **Discussing a future agreement with the University of Atacama** to promote local employability and training opportunities. Also, to promote innovation initiatives which focus on how lithium is critical for transitioning away from fossil-fuel led economies.
4. **Government engagement** in order for them to have an early understanding of the projects and share knowledge and learnings on the DLE process.
5. **Community induction** to all contractors and new employees to assure community concerns are known and understood, especially safe transit policies.
6. **Discuss early agreements** to establish a protocol and clear path of understanding prior to the completion of the EIA study.
7. **Memberships and affiliations** to regional and national chambers of representation to interact and exchange experiences with other companies to promote the lithium production and the benefits to the economy. CTL is part of CORPROA, the regional chamber of industry, which acts as a platform for local suppliers and engagement activities such as public and private partnerships with the regional government.

### Local development

We are determined to set up a standard on developing sustainable lithium projects, especially with action and leadership on its local presence, this includes early engagement and constructive impact on regional development.

We have entered early dialogue and engagement with regional authorities and officials, to educate and receive feedback across all three of our strategic projects. The Board of Directors and the country leadership team have met with national and regional authorities to share their commitment to the economy and environmental stewardship, demonstrating our focus with all stakeholders and indigenous communities.

To build on this we are opening a community liaison office, in the first half of 2023, located at a strategic location at Copiapó, Atacama's region capital, to invite local communities and different stakeholders to be informed, consult and provide feedback on our projects and the potential benefits and influence.

### Local university and green job opportunities

Green lithium and DLE provide a fantastic opportunity to share knowledge and offer training for a future workforce to create a green economy. We are committed to promoting local development and human capital, which enables the projects to bring the next generation of lithium leaders and experts which come from the same territory as where the projects run. We have engaged with the University of Atacama to promote a strong collaboration which allows to develop knowledge, train aspiring young people, investigate, develop internships, host lectures, etc.

We are also prioritising local sourcing and positively impacting the local economy, through the use of regional partners to create new 'greener' jobs which align with the ambitions of local and national stakeholders.

### Going forwards

We are committed to having a collaborative approach in order to manage, measure and monitor our social and environmental impacts. With a strategic perspective about minimising our footprint across all our projects, we expect to engage in an ongoing process to evaluate and identify our potential impact, monitor the activities to minimise them, give regular updates to our stakeholders on the progress and measure our performance.

Considering how relevant and sensitive it is for the nearby communities – the social, governance and environmental aspects of each project – we want to drive the change and co-design with communities. This means social and environmental assessments and management plans are critical while acknowledging communities' visions and understandings.

As we grow, we will focus on the main interests of the nearby local communities: implementing a strong water management strategy, making use of existing renewable energy sources, leading environmental stewardship and supporting local sustainable economic development.

## Q&A with Marcela Sepúlveda Community Relations Manager



### Q What made you join CleanTech Lithium?

**A** First and foremost, I joined CTL because of the people. I enjoy working with an experienced and committed team, who have a values-led approach to leadership and support both personal and professional growth.

### Q Since joining, what is your standout highlight?

**A** A key highlight for me has been building real and connected relationships with our communities, outlining our commitment to extracting lithium in a green and environmentally sustainable way. We believe our approach will benefit the local economy by providing green jobs through strategic partnerships and training opportunities.

### Q What are your priorities for the year ahead?

**A** For the year ahead, we will continue to build a solid foundation of trust among our key stakeholders, including local communities. This will allow us to develop a strengthened environmental evaluation process, enable direct contribution and feedback from community stakeholders and enhance our project planning.

### Q To you, what does CleanTech Lithium stand for?

**A** The future. Lithium today is critical for the decarbonisation of our economies. As a species, we are running out of time and we need innovative technologies that allow us to combat climate change and, in this challenge, lithium carbonate is essential for a net-zero future.

### Q Tell us a bit about your background to date.

**A** I have over 15 years' experience working in the Atacama region, in the mining industry, and in the NGO sector. I have always enjoyed working directly with the communities – the development of local skills, the promotion of territorial development and the creation of public, private and community alliances.



Dear Shareholders

I am pleased to present our Corporate Governance Statement for the year ended 31 December 2022. At the heart of our business is a commitment to strong corporate governance, which enables us to grow successfully and earn the trust of our stakeholders. On behalf of the Board, I want to confirm our dedication to good governance across all aspects of our operations.

Since adopting the Quoted Companies Alliance Corporate Governance Code in 2021, we have been fully committed to complying with its recommended guidelines. We are proud to report that we continue to comply, or are well on our way to complying, with the QCA code in all aspects of our business. The QCA's ten principles of corporate governance have become an integral part of our corporate structure, and we work hard to ensure they are upheld throughout our organisation.

Our Board of Directors sets the tone for the entire Group, ensuring that strong values are established and upheld by all employees. We believe that a strong corporate culture is critical to our success, and we strive to ensure our business objectives, principles, and risks are guided by the values of good governance.

We value the input of our Shareholders and recognise the essential role you play in our success. Therefore, we provide numerous opportunities for engagement with both our Board and executive team. We encourage you to make use of these opportunities to share your views and insights with us.

Finally, I am pleased to report that during the period under review, there have been no significant changes to our corporate governance structure.

**Steve Kesler**  
Executive Chairman



## Board of Directors



### Dr. Steve Kesler

Executive Chairman

Joined the Group  
1 September 2022

45 years of executive and board roles experience in the mining sector across all major capital markets including AIM. Direct lithium experience as CEO/Director of European Lithium and Chile experience with Minera Escondida, the world's largest copper mine, and as the first CEO of Collahuasi.

Steve holds a degree in Mining Engineering and Ph. D in Mineral Technology both from Imperial College, London and is a Fellow of the Institute of Materials, Minerals and Mining.



### Dr. Aldo Boitano

Chief Executive Officer

Company co-founder – 2017

Co-founder of CleanTech Lithium, 25 years of management roles in the US & Chile, board member of the International Leadership Association. Pioneer in Chile's solar industry with >800MW across three projects.

Aldo received a degree in Civil Industrial Engineering from the University of Chile, and an MBA from UNC Charlotte Belk School of Business, and a Doctoral Degree in Organisational Leadership at Pepperdine University in the U.S. Published author on leadership.

#### Committee Membership



### Gordon Stein

Chief Financial Officer

Joined the Group  
12 October 2021

Commercial CFO with over 30 years of expertise in the energy, natural resources sectors in both Executive and Non-Executive Director roles.

A chartered accountant having worked with start-ups to major companies, including board roles with six LSE companies.

Strong track record of fund-raising for start-up, medium and major resource companies. Member of the Institute of Directors for over 20 years.



### Maha Daoudi

Independent Non-Executive Director

Joined the Group  
28 March 2023

20 years' experience holding several board and senior level positions across the commodities, finance and energy transition industries. Expert in handling off-take agreements with different commodities from her time at international trading house Trafigura.

Her involvement in various social impact initiatives helping women succeed professionally, is also noteworthy.

#### Committee Membership



### Jonathan Morley-Kirk

Independent Non-Executive Director

Joined the Group  
1 August 2021

30 years of experience including 17 years in Non-Executive Director roles with expertise in financial controls, audit, remuneration, capital raisings, taxation/structuring, and risk management.

Previously held CFO positions across natural resources, energy and investment sectors with particular focus on minerals and oil and gas producers.

#### Committee Membership



### Key skills

	Steve Kesler	Aldo Boitano	Gordon Stein	Maha Daoudi	Jonathan Morley-Kirk
Financial			✓		✓
Operational	✓	✓			
Commercial			✓	✓	✓
Fundraising	✓		✓		✓
ESG		✓		✓	✓

#### Other Group Directorships

##### CTL Ltd

Dr. Aldo Boitano  
Gordon Stein

Directors

##### Chilean entities

Dr. Aldo Boitano  
Dr. Steve Kesler

Directors

#### Committee membership key:

- Audit Committee
- Remuneration Committee
- Chair
- Nomination Committee
- ESG Committee



### Overview

The Board values good corporate governance and accountability to all stakeholders, including shareholders, employees, suppliers, and regulators. They believe their governance framework is proportional to the size, risks, complexity, and operations of the business and reflects the Group's values. The relevant matters are discussed in the following sections.

### Board of Directors

The Board of Directors are responsible for the corporate governance of the Group.

CleanTech Lithium Plc (formerly CleanTech Lithium (Jersey) Ltd) was incorporated on 1 December 2021 with the intention that it would list on AIM in early 2022. After its incorporation in Jersey, CleanTech Lithium Plc had the following Directors:

- Jonathan Charles Rowell Morley-Kirk: appointed to the Board of Directors 1 December 2021
- Gordon Bowman Stein: appointed to the Board of Directors 1 December 2021
- Aldo Jose Boitano de Moras: appointed to the Board of Directors 3 February 2022
- Steve Bogdan Kesler: appointed to the Board of Directors 3 February 2022

On 28 March 2023 two changes to the Board were announced: Steve Kesler transitioned from being Non-Executive to being Executive Chairman; and Maha Daoudi was appointed as an Independent Non-Executive Director. Consequently, at the time of drafting this Annual Report, the Board of Directors comprises three Executive Directors and two Non-Executive Directors.

The Directors consider the current Board delivers an appropriate balance and breadth of expertise for directing a Group of this size and to ensure continued adherence to the recommendations of the QCA Code. The Board, through the roles of the Chairman, Chief Executive Officer and the Chief Financial Officer, maintain regular contact with the Group's advisors and public relations consultants to ensure the views of major shareholders are heard and understood.

In February 2023, the Company announced its intention to list on the ASX in Australia. This will likely require the appointment of an Australian resident director to the Board and so, in conjunction with an ASX listing, the Company will look to add a further independent Non-Executive Director to add further value to the Board.

### Diversity and inclusiveness

The Board and all the personnel within the Group embrace a culture of inclusivity and diversity. CleanTech Lithium is an equal opportunities employer and has a stated policy as part of its Code of Conduct to deal fairly and equitably with all employees in the workplace. Furthermore, CleanTech Lithium is dedicated to encouraging inclusion and diversity at all levels of the business, acknowledging that a more diverse workforce, with the right mix of skills, experience, culture, ethnicity, nationality, gender, and knowledge, can make a valuable contribution to the Group.

### Biographies – Board of Directors

The biographies and competencies of the Board of Directors can be seen on page 42.

### Board performance

At CTL Plc, the effectiveness of the Board, its committees, and individual performance is taken very seriously. Group-wide performance is reviewed and monitored as a central part of formal Board meetings, which are held several times a year, and during more frequent and informal meetings which are scheduled as needed. A table summarising these meetings is shown on page 44.

In all cases, the Directors maintain a strong flow of communication to ensure the Board's agenda incorporates the considerations of both the Executive and Non-Executive Directors. This approach allows for a focus on standing agenda items, as well as the strategic and operational needs of our business. The resulting actions are tracked to ensure appropriate delivery and follow-up.

In addition, the Directors have a thorough understanding of the requirements of their fiduciary duties and of the Group's operations. They have access to the Company's NOMAD and to the auditors when needed, and can obtain external advice at the Company's expense. Throughout the year, we continuously strive to strengthen our governance structure further. Our consultations with the Company's NOMAD, Company Secretary, and lawyers enable us to comply with the QCA Code, Companies Act, and other statutory requirements, as appropriate, while ensuring that we follow best practices.

We pride ourselves on maintaining an effective investor relations strategy and meeting our regulatory disclosure obligations. To ensure that we keep you informed, we maintain a consistent flow of news releases to the market.

### Board meetings

Formal Board meetings are held on the island of Jersey, on average, every two to three months, with regular contact between meetings as required. The meetings are held to monitor and implement strategy, to review performance (including HSE, operations, cash forecasts, ESG compliance), potential acquisitions, fundraising activity and to approve all communication to the London Stock Exchange and Shareholders.

The matters reserved for the Board include approval of the Group's long-term objectives, policies and budgets, changes relating to the Group's management structure, approval of the Group's financial statements and ensuring maintenance of good systems of internal control. Procedures are established to ensure that appropriate information is communicated to the Board in a timely manner to enable it to fulfil its duties.

There is also an established procedure for all Directors to take independent professional advice, if necessary, at the Group's expense to enable them to discharge their duties effectively as and when required.

The Board members are mindful of the need to keep skills and experience up to date which is done through a combination of training, continuing professional development through professional bodies, reading and on-the-job-experience.

All Directors are expected to devote such time as is necessary for the proper performance of their duties. Directors are expected to prioritise and attend Board meetings and any additional meetings wherever possible.

The Directors' attendance at scheduled Board meetings and Board Committees during 2022 is detailed in the table below:

	Total number	Steve Kesler	Jonny Morley-Kirk	Aldo Boitano	Gordon Stein
Board – Ad hoc*	9	9	9	9	9
Board – formal	19	13	19	13	19
Remuneration Committee	3	3	3	–	–
Audit and Risk Committee	2	2	2	–	–
<b>Total</b>	<b>33</b>	<b>27</b>	<b>33</b>	<b>22</b>	<b>28</b>

\* Ad hoc: Additional meetings called for a specific matter generally of a more administrative nature not requiring full Board attendance.

### Internal controls

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication. This includes regular cash forecasts being prepared for and formally adopted by the Board. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, considering increased activity and further development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

The executives also have regular meetings with the Company's NOMAD and legal advisors.

### Risk management

The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation of performance targets against forecasts, through regular reviews by senior management. Project milestones and timelines are reviewed regularly. Risk management is reported on considered by the Audit and Risk Committee. Further detail on the business risks and mitigations are in the business risk section of this report on pages 32 to 34.

### Insurance

The Group maintains insurance in respect of its Directors and Officers against liabilities in relation to the Group. The Group also maintains all insurance cover as required in the jurisdictions in which it operates.

### Diversity Policy

The Group does not have a diversity policy but will look to implement one as appropriate in light of the growing number of employees. However, CleanTech Lithium is dedicated to encouraging inclusion and diversity at all levels of the business, acknowledging that a more diverse workforce, with the right mix of skills, experience, culture, ethnicity, nationality, gender, and knowledge, can make a valuable contribution to the Group.

### Treasury policy

The Group finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Group. Decisions regarding the management of these assets are approved by the Board.



### **Securities trading**

The Board has adopted a Share Dealing Code that is compliant with the AIM Rules and the Market Abuse Regulation (MAR) as required by the Financial Conduct Authority (FCA). This applies to Directors, senior management and any employee who is in possession of 'inside information'. All such persons are prohibited from trading in the Group's securities if they are in possession of 'inside information'. Subject to this condition and trading prohibitions applying to certain periods, trading can occur provided the relevant individual has received the appropriate prescribed clearance.

### **Stakeholder engagement and relations with shareholders**

The Board is committed to providing effective communication with the Shareholders of the Group. Significant developments are disseminated through stock exchange announcements and regular updates of the Group website, including the Q&A section. The Board views the Annual General Meeting (AGM) as a forum for communication between the Group and its Shareholders and will encourage their participation in its agenda. Outside of the AGM, the Group's Directors make themselves available to stakeholders regularly to understand their needs and expectations. Shareholders can contact the Group via the Group's website. In addition, the Group holds live webinars which are hosted by third parties and are available for all Shareholders to view on the Group's website afterwards and through other social media platforms. These webinars include a Q&A session, allowing Shareholders to ask questions of the Directors and/or management.

### **Reporting to the market**

The Group is under an obligation to report to the market and its shareholders on any activities, performance or results which are material and may affect the share price of the Group. The Group recognises these obligations and any meaningful operational, business or price sensitive news will be announced without delay. In addition to this, as mentioned above, the Group will seek to address key Group updates through the Q&A section on the Group's website and in updated Group Presentations and separate recorded interviews by the Chairman, CEO and CFO (which are also disseminated through stock exchange announcements and shown on the Group's website).

### **Whistleblowing Policy**

The Group maintains a Whistleblowing Policy which is designed to enable employees, contractors, consultants and agency staff to speak up where they believe there is or may be something wrong within the Group's conduct or with the Group's practices and procedures. The Group also accepts anonymous reports. This allows people to speak up without fear of being disloyal to colleagues and the organisation or of reprisals through harassment, victimisation or subsequent discrimination. Any Whistleblowing reports received are discussed at the Group's Board meetings with this being a standard agenda item.

## QCA principles

The QCA code provides the guiding control framework for the Group's governance.

To the extent feasible, the Group will comply with the Quoted Companies Alliance Corporate Governance Code (the QCA Code or Code), with such modifications as considered appropriate for a Group of its size, liquidity and capital resources. The Group discloses in full on its website at <https://ctlithium.com/corporate-governance/>, how it complies with the QCA Code and its ten principles and, where it departs from the QCA Code, explains the reasons for doing so and any steps taken or intended to move towards full compliance. For ease of reference, those matters are summarised here too.

Principle 1	Establish a strategy and business model which promote long-term value for Shareholders	Status: Fully compliant
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Commentary	A summary of the Group's business model and strategy can be found both in the Admission Document and in the Strategic Report within this Annual Report.	The Board holds at least one session each year dedicated to strategy, which will include input from senior members of the Company and any necessary external advisers.	Commentary reflecting the outcomes from such strategy sessions is included in this Annual Report.
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**Further disclosure(s)** *Admission Document; Strategic Report; Corporate Governance section*

Principle 2	Seek to understand and meet Shareholder needs and expectations	Status: Fully compliant
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Commentary	The Board is committed to open and ongoing engagement with the Company's Shareholders.	The Board is communicating with Shareholders through: <ul style="list-style-type: none"> <li>• the Annual Report and Accounts;</li> <li>• the interim and full-year results announcements;</li> <li>• trading updates (where required or appropriate);</li> <li>• the annual general meetings;</li> <li>• investor events, representation at industry conferences; and</li> <li>• the Company's investor relations website (in particular, the 'RNS News' and 'AIM Rule 26' pages).</li> </ul>	The Chief Financial Officer is the primary contact for Shareholders and there is a dedicated e-mail address ( <a href="mailto:info@ctlithium.com">info@ctlithium.com</a> ) for Shareholder questions and comments. Regular meetings are held between the Chairman, the Chief Executive Officer and the Chief Financial Officer and institutional investors and analysts to ensure that the Company's strategy, financials and business developments are communicated effectively.
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**Further disclosure(s)** *Regulatory updates, Annual General Meeting, Investor presentations and CleanTech Lithium's website*



**Principle 3**      **Take into account wider stakeholder and social responsibilities and their implications for long-term success**      **Status: Fully compliant**

Commentary      The Group takes its corporate social responsibilities seriously. A key part of that is the focus on maintaining effective working relationships across a range of stakeholders, which include the Group's employees, the communities in areas where it operates, local and national government, strategic partners and customers, technical specialists and advisors with whom the Group collaborates with the objective of achieving long-term success.

The Executive Directors continue to maintain an ongoing dialogue with stakeholders to inform strategy and the day-to-day running of the business.

**Further disclosure(s)**      *See section on Stakeholder engagement and relations with shareholders below and within this Corporate Governance section of this annual report and an outline of the Group's CSR objectives on page 35 of this Annual Report.*

**Principle 4**      **Embed effective risk management, considering both opportunities and threats, throughout the organisation**      **Status: Fully compliant**

Commentary      Currently, the Company operates a risk framework including a risk register that is managed by the Chief Financial Officer. The risk register is intended to be signed off annually by the Board and included in the annual report and accounts. The Chief Executive Officer and Audit and Risk Committee intend to review the risk register as appropriate during the year.

The principal risks facing the Group and the industry in which it operates are set out on pages 32 to 34.

**Further disclosure(s)**      *The principal risks facing the Group are set out in Part II of the Company's Admission Document and on under the Business Risk heading on pages 32 to 34 of this Annual Report.*

**Principle 5**      **Maintain the Board as a well-functioning, balanced team led by the Chairman**      **Status: Fully compliant**

Commentary      In 2022, the Board comprised four Directors:

- Two Non-Executive Directors Steve Kesler and Jonathan Morley-Kirk; and
- Two Executive Directors Aldo Boitano and Gordon Stein.

The Non-Executive Directors are considered by the Board to be independent Non-Executive Directors and were selected with the objective of bringing experience and independent judgement to the Board.

Subsequent to the year end, Steve Kesler moved to his role as Executive Chairman and Maha Daoudi was appointed as an additional Independent Non-Executive Director.

The Board has been constructed to ensure that it has the right balance of skills, experience, independence and knowledge of the business.

The Board is also supported by the Audit and Risk Committee and the Remuneration Committee further details of which are provided below.

The Board meets regularly and at least six times a year. Processes are in place to ensure that each member of the Board is, at all times, provided with such information as is necessary for them to discharge their duties.

All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational. The Chairman holds regular update meetings with each Director to ensure they are performing as they are required. Such update meetings and informal Board meetings take place, on average, every 4 to 6 weeks, normally held in Jersey with the appropriate Directors or Director being present in person on the island and/or joined by the video conference owing to the diverse geographic locations of the Board members.

The Group is satisfied that the current Board is resourced sufficiently to discharge its governance obligations on behalf of all stakeholders.

**Further disclosure(s)**      *Further details of the Board's experience, the Audit and Risk Committee and the Remuneration Committee are set out within the Corporate Governance section of the Annual Report and on CleanTech Lithium's website.*



<b>Principle 6</b>		<b>Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities</b>		<b>Status: Fully compliant</b>
Commentary	The Directors believe that the Board has the appropriate balance of diverse skills and experience to deliver on its core objectives.	The Board is not dominated by one individual and all Directors can challenge proposals put forward to the meeting, democratically.	The Directors have also received a briefing from the Company's Nominated Adviser in respect of continued compliance with, inter alia, the AIM Rules and the Company's lawyers in respect of continued compliance with, inter alia, U.K. MAR.	
<b>Further disclosure(s)</b>	<i>Further details within the Corporate Governance section of this Annual Report and on CleanTech Lithium's website.</i>			
<b>Principle 7</b>		<b>Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement</b>		<b>Status: On the way to becoming Fully Compliant</b>
Commentary	The Chairman is responsible for ensuring an effective Board.	The Group has begun a framework for establishing a formal process for evaluating the performance of the Board, the Committees, and the individual Directors against its objectives to ensure that members of the Board provide relevant and effective contribution.		
<b>Further disclosure(s)</b>	<i>Progress and performance indicators are still subject to internal development and review and will be outlined in due course.</i>			
<b>Principle 8</b>		<b>Promote a culture that is based on ethical values and behaviours</b>		<b>Status: Fully compliant</b>
Commentary	The Group promotes a culture of integrity, honesty, trust and respect and all employees of the Group are expected to operate in an ethical manner in all their internal and external dealings.	The staff handbook and policies will promote this culture and includesuch matters aswhistle blowing, social media, anti-bribery and corruption, communication and general conduct of employees.	The Board takes responsibility for the promotion of ethical values and behaviours throughout the Group, and for ensuring that such values and behaviours guide the objectives and strategy of the Company.	
<b>Further disclosure(s)</b>	<i>Chairman's Statement, Strategic Report; Corporate Governance Statement</i>			
<b>Principle 9</b>		<b>Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board</b>		<b>Status: Fully compliant</b>
Commentary	The Independent Chairman leads the Board and is responsible for its governance structures, performance and effectiveness. The Non-Executive Directors are responsible for bringing independent and objective judgement to Board decisions.	The Chief Financial Officer is the primary contact for the Company's Shareholders and is responsible for ensuring that the link between the Board and the Shareholders is strong and efficient. The Executive Directors are responsible for the operation of the business and delivering the strategic goals agreed by the Board.	The Board is supported by the Audit and Risk Committee and the Remuneration Committee. Details of these committees and their responsibilities are set out below. From time to time, separate committees may be set up by the Board to consider and address specific issues, as and when they arise. The Board intends to review the governance framework on an annual basis to ensure it remains effective and appropriate for the business going forward.	
<b>Further disclosure(s)</b>	<i>The Admission Document; CleanTech Lithium's website; the Corporate Governance section of this Annual Report</i>			



**Principle 10**

**Communicate how the Group is governed and is performing by maintaining a dialogue with Shareholders and other relevant stakeholders**

**Status: Fully compliant**

Commentary

The Group uses the following principal methods of communication with its Shareholders:

- the Annual Report and Accounts;
- the interim and full-year results announcements;
- trading updates (where required or appropriate);
- the annual general meetings;
- Investor events, representation at industry conferences; and
- the Group's investor relations website (in particular, the 'RNS News' and 'AIM Rule 26' pages).

The Group's website is updated on a regular basis with information regarding the Group's activities and performance. The Group's reports, presentations, notices of Annual General Meetings, and results of voting at Shareholder meetings will also be made available on the website.

**Further disclosure(s)** [CleanTech Lithium's website](#)



## Board Committees

### The Board has established the following Committees, each of which has its own terms of reference:

#### Audit and Risk Committee

The Audit and Risk Committee comprises of Maha Daoudi, after Steve Kesler moved to Executive Chairman, and Jonathan Morley-Kirk, who acts as Chairman. The Audit and Risk Committee, among other things, determines and examines matters relating to the financial affairs of the Group including the terms of engagement of the Group's auditors and, in consultation with the auditors, the scope of the audit. It will receive and review reports from management and the Group's auditors relating to the half yearly and annual accounts and the accounting and the internal control systems in use throughout the Group.

In addition, the Audit and Risk Committee is responsible for consideration of enterprise risk and overseeing the professional and other operational business risk issues affecting the Group and management of those risks (including ethics and independence) to ensure that they remain robust, appropriate and effective.

An important part of the role of the committee is its responsibility for reviewing and monitoring the effectiveness of the Group's financial reporting, internal control policies, and procedures for the identification, assessment, and reporting of risk. The audit committee is also responsible for overseeing the relationship with the external auditor.

During 2022 the Audit and Risk Committee:

- Met with the Company's auditor;
- The committee met to approve the audited year end and unaudited interim financial statements;
- Recommended to shareholders the re-appointment of the Company's auditor, Crowe U.K. LLP; and
- The Group's register of risks has been reviewed, risks managed and mitigated accordingly.

#### Remuneration Committee

The Remuneration Committee comprises of Jonathan Morley-Kirk and Maha Daoudi, who replaces Steve Kesler as Chairman following his move to Executive Chairman. The Remuneration Committee reviews and makes recommendations in respect of the Executive Directors' remuneration and benefits packages, including share options and the terms of their appointment. The Remuneration Committee will also make recommendations to the Board concerning the allocation of share options to employees under the intended share option schemes.

The remuneration of the Non-Executive Directors is considered by the Executive Directors, in liaison with the Group's advisors and Nomad.

During the year ended 31 December 2022, the Committee met three times and the following matters were included in its deliberations:

- Assessed the performance of the Executive Directors;
- Reviewed the pay and benefits of the Executive Directors and management in line with performance and contribution; and
- Reviewed and recommended the salary increments and share option awards to the Directors and staff.

#### ESG Committee

The Directors agreed that the Group will establish an ESG Committee that will be responsible for executing the Group's ESG strategy. Its mandate will be broad and it will report to the Board to ensure the Company is being held accountable across all ESG matters. The composition of the ESG committee and its formal board mandate will be honed over 2023. This will ensure that ESG is embedded in all material activities of the Company.

#### Nomination Committee

The Directors do not consider that, given the size of the Board, it is appropriate to have a Nomination Committee. The appropriateness of such a committee will, however, be kept under regular review by the Board. The Board is aware of the need for succession planning and does this as part of its normal business.

**The Directors are pleased to present their Annual Report together with the financial statements for CleanTech Lithium Plc and its subsidiaries (the Group) for the year ended 31 December 2022.**

### Principal activities and investment policy

The principal activities of the Group are the exploration, development and production of lithium in Chile. The Group's investment policy is guided by its strategy roadmap, in particular to fund its growth through targeted development of its assets and strategic M&A.

### Strategic Report and business review

A review of the Group's strategy and business performance during the year and potential future developments are set out in the Chairman's Statement and in the Strategic Report.



### Results and dividends

Loss on ordinary activities of the Group after taxation amounted to £(3.8) million (2021: £(1.2) million). The Directors do not recommend payment of a dividend (2021: £nil).

### Subsequent events

At the date these financial statements were approved, the Directors were not aware of any significant post balance sheet events other than those set out in the Annual Report or in the notes to the financial statements (Note 24).

### Financial Instruments

During the year the Group and its subsidiary undertakings applied financial risk management policies as disclosed in Note 19 to the financial statements.

### Substantial shareholdings

A list of substantial Shareholders with interests of 3% or more is published on CleanTech Lithium's website.

### Directors

At the time of approving this Annual Report, the Board of Directors comprises three Executive Directors and two Non-Executive Directors. The Directors consider the Board delivers an appropriate balance for a company of this size and that the recommendations of the QCA Code have been implemented to an appropriate level. The Board, through the roles of the Executive Chairman, Chief Executive Officer and the Chief Financial Officer, maintains regular contact with its advisors and public relations consultants to ensure that the Board develops an understanding of the views of major Shareholders about the Group.

The specific directorships held by the Directors in the different entities within the Group are outlined in the Corporate Governance section of this Annual Report and can be found on page 42.

### Directors' remuneration

The Group remunerates the Directors at a level commensurate with the size of the Group and the experience of its Directors. The Remuneration Committee has reviewed the Directors' remuneration and believes it upholds the objectives of the Group regarding this issue. Details of the Directors' remuneration for 2022 are set out in Note 7 to the financial statements.

The cash fees and salaries referred to below commenced on 1 February 2022. The annualised remuneration from 1 February 2022 during the financial year 2022 was as follows:

#### Non-Executive Directors of CleanTech Lithium Plc:

- Jonathan Morley-Kirk: £36,000 on an annualised basis.
- Steve Kesler: £48,000 on an annualised basis. Steve moved to Executive Chairman in March 2023.

#### Executive Directors of CleanTech Lithium Plc:

- Aldo Boitano de Moras: is employed by the Group as CEO on a base salary in 2022 on an annualised basis of £121,000 plus an entitlement to £12,000 per annum for his role as a director of the Group under separate agreement.
- Gordon Stein: is employed by the Group as CFO on a base salary on an annualised basis in 2022 of £114,000 plus an entitlement to £12,000 per annum for his role as a director of the Group under separate agreement.

**Directors' interests – shares**

Shares held by Directors, as follows:

	Shares held at 31-Dec-21	Shares held at 31-Dec-22
Aldo Boitano	9,400,002	9,400,002
Gordon Stein	441,371	608,037
Steve Kesler	350,000	350,000
Jonny Morley Kirk	340,000	340,000

**Directors' interests – share options**

Share options held by Directors at the year end, as follows:

	Date of Grant	Exercisable date	Exercise price GBP £	Options held 31-Dec-21	Options held 31-Dec-22
Aldo Boitano	18-Feb-22	17-Mar-22	0.36	-	1,300,000
Aldo Boitano	15-Sep-22	Milestone 1	0.57	-	170,000
Aldo Boitano	15-Sep-22	Milestone 2	0.57	-	170,000
Aldo Boitano	15-Sep-22	Milestone 3	0.57	-	170,000
Gordon Stein	18-Feb-22	17-Mar-22	0.36	-	300,000
Gordon Stein	15-Sep-22	Milestone 1	0.57	-	7,000
Gordon Stein	15-Sep-22	Milestone 2	0.57	-	7,000
Gordon Stein	15-Sep-22	Milestone 3	0.57	-	7,000
Steve Kesler	20-Oct-22	17-Mar-22	0.57	-	85,000
Steve Kesler	20-Oct-22	17-Mar-23	0.57	-	85,000
Steve Kesler	20-Oct-22	17-Mar-24	0.57	-	85,000
Jonny Morley Kirk	20-Oct-22	17-Mar-22	0.57	-	68,000
Jonny Morley Kirk	20-Oct-22	17-Mar-23	0.57	-	68,000
Jonny Morley Kirk	20-Oct-22	17-Mar-24	0.57	-	68,000

Milestone 1: publication of a JORC measured & indicated resource of 1 million tonnes LCE

Milestone 2: formal acceptance of a positive pre-feasibility study

Milestone 3: the production of sufficient battery-grade lithium carbonate and/or lithium hydroxide to enable the Company to supply material for offtake customer testing and to provide process design data for the definitive feasibility study

**Environmental responsibility**

The Group is aware of the potential impact that its subsidiary companies may have on the environment. The Group ensures that it and its subsidiaries at a minimum comply with the local regulatory requirements and the revised Equator Principles regarding the environment. Details of the Group's CSR objective on this are further outlined on page 35.

**Employment policies**

The Group is committed to promoting policies which ensure that high-calibre employees are attracted, retained and motivated, to ensure the ongoing success of the business. Employees and those who seek to work within the Group are treated equally regardless of sex, marital status, creed, colour, race or ethnic origin. Details of the Group's objectives on this are further outlined under its diversity and inclusiveness objectives page 37.

**Health and safety**

The Group's aim will be to achieve and maintain a high standard of workplace safety. In order to achieve this objective the Group will provide training and support to employees and set demanding standards for workplace safety. Details of the Group's CSR objective on this are further outlined page 35.

**Payment to suppliers**

The Group's policy is to agree terms and conditions with suppliers in advance; payment is then made in accordance with the agreement, provided the supplier has met the terms and conditions. On occasions, separate payment arrangements are made with suppliers, depending on commercial and other considerations, including payment in shares on occasion as announced to the market at the time.

**Charitable donations**

During the year, the Group did not make any charitable donations (2021: Nil). In parallel with the planned growth in operations over the next 12-18 months, it is expected the Group will seek, where appropriate, to support organisations and communities in Chile which are in proximity to the projects, in accordance with the Group's community relations policies.

**Corporate and community responsibility**

The Group will uphold its corporate responsibility in a responsible, cost effective and sustainable way. The Group has a Whistleblowing Policy that applies to all employees and contractors. The Group's commitments to its environmental and social responsibilities are further outlined on pages 39 to 40.

**Business Integrity**

The Group has a clear set of values that we expect all employees and contractors to abide by. A copy of these are included on the Group's website. Furthermore, CleanTech Lithium has zero tolerance for bribery and corruption or unethical conduct in our business. Further details on this are set out on page 35 as a part of its approach to anti-bribery and corruption.



### Report on gender representation

At the end of 2022, there were 4 individuals within the Group who were appointed formally to Director roles in CTL Plc, all of whom were male. Of the executive and management team for the Group at 31 December 2022, there were 7 men and 5 women.

### Annual general meeting (AGM)

Under Jersey law, CleanTech Lithium Plc must hold its first AGM within 18 months of incorporation that is, by 1 June 2023 at the latest. Notwithstanding, the Board anticipates holding the first AGM in advance of that and will inform the market accordingly.

### Auditors

During the year, Crowe U.K. LLP (Crowe) had been appointed as the Group's auditor. The Directors have agreed to recommend that Crowe be re-appointed as auditor at the next AGM and Crowe has indicated its willingness to continue in office. In accordance with the Companies (Jersey) Law 1991, a resolution proposing that Crowe U.K. LLP be re-appointed will be put to the Annual General Meeting.

### Going concern

The financial information has been prepared assuming the Group will continue as a going concern.

Under the going concern assumption, the Group is viewed as continuing in business for the foreseeable future. In 2022, the Group enhanced its business proposition materially through, inter alia, the streamlining of the overall corporate structure and the raising of approximately £17.9 million gross proceeds, comprising £5.6 million raised at IPO and a further £12.3 million raised in November 2022. During the year to 31 December 2022 the group made a loss before tax of £(3.8) million (2021 £(1.2) million) and at the reporting date the group had net assets of £17.3 million (2021 £3.5 million) including cash of £12.3 million (2021 £3.2 million).

The Board has concluded it is appropriate to adopt the going concern basis given available resource and having undertaken a review of the financial forecasts for a period to 31 May 2024, a period which is at least twelve months from the date of approval of these financial statements. Although the forecasts anticipate future fund raising to allow the Group to accelerate the development of its lithium projects the Directors have also considered a downside scenario in which future fund raising is limited. In such a scenario, which the Directors consider extremely remote, the Directors would look to implement cost saving initiatives which include but are not limited to reducing discretionary capital expenditure. It is appropriate for the Board to consider such a scenario because, as with any future funding event, there can be no certainty as to the timing or quantum of such funding and that failure to raise future capital could have a material consequence for the Group. However, because there can be no certainty regarding the timing or quantum of such funds this may indicate a material uncertainty which may cast significant doubt regarding the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

The Directors have extensive experience in raising capital for projects and ventures of this nature and remain confident in the Group's ability to raise the capital needed to maintain and deliver on its commitments and continue as a going concern.

### Events since the year end

Since the year end the following summarises the material events which have occurred and been announced.

On 5 January 2023, the Company announced the results of a recently completed Scoping Study for the Laguna Verde Project, which confirms the project's outstanding economics and ESG credentials.

On 1 February 2023, the Company announced the granting of 119 licences at the Group's third key asset, Llamara.

On 28 March 2023, the Company announced two changes to the Board of Directors, namely: that Steve Kesler transitioned from being Non-Executive Chairman to being Executive Chairman; and the appointment of Maha Daoudi as Independent Non-Executive Director.

On 31 March 2023, the Company announced it had received a notice to exercise 1,100,000 share options, from a former employee. The subscription generated £396,000 in cash proceeds for the Group.

### Statement of disclosure of information to auditors

At the date of this report the serving Directors confirm that:

- as far as each Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor are aware of that information.

### Gordon Stein

Chief Financial Officer  
4 May 2023



## Statement of Directors' Responsibilities

### Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements.

The Directors have agreed they are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with the financial reporting framework and in accordance with applicable law and regulations.

The Directors have agreed not to approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing the Group's financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with U.K. IFRS's and the Companies (Jersey) Law, 1991; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

In accordance with Article 103 of the Companies (Jersey) Law, 1991 the Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the financial reporting framework and the Companies (Jersey) Law, 1991. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the CleanTech Lithium Plc website.

#### Electronic communications

The maintenance and integrity of the Group's website is the responsibility of the Directors. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to these financial statements since initially being presented on the website.

**Gordon Stein**  
Chief Financial Officer  
4 May 2023

### Opinion

We have audited the financial statements of CleanTech Lithium PLC (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2022, which comprise:

- the consolidated statement of comprehensive income for the year ended 31 December 2022;
- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK-adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2022 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards;
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that the Group needs to raise additional capital to continue financing the Group's activities beyond the 12 months from the date of approval of these financial statements. As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The Board is responsible for ensuring that it is appropriate to prepare the financial statements using the going concern basis and that it has sufficient resources to remain in operational existence for a period of at least 12 months from the date of approving these financial statements.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included the following:

We have obtained and reviewed the Board's paper setting out the going concern assessment and examined supporting working capital forecasts. Our audit procedures were as follows:

- We assessed the appropriateness of the approach, assumptions and arithmetic accuracy of the model used by management when performing their going concern assessment;
- We tested the integrity of the going concern model, reviewed and challenged the underlying data and key assumptions used to make the assessment; and

- We reviewed and considered potential downside scenarios and the resultant impact on available funds, to assess the reasonableness of economic assumptions on the Group's liquidity requirements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Overview of our audit approach

#### Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £250,000 (2021: £60,000), based on approximately 1.5% (2021: 1.5%) of the Group's total assets. We consider an asset-based measure to be appropriate because of the stage of development of the assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This is set at £175,000 (2021: £42,000) for the Group.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit and Risk Committee to report to it all identified errors in excess of £7,500 (2021: £1,800). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

**Overview of the scope of our audit**

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Our group audit strategy focused on the Parent Company and its significant components, which were subject to full scope audits. We identified four significant components being the Parent Company incorporated in Jersey and three components are accounted for in Santiago, Chile. The audit of the significant components located in Chile was performed by a local Crowe member firm under the direction and supervision of the Group audit team. The audit of Parent Company was conducted from the UK. All Group companies were within the scope of our audit testing.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the material uncertainty in relation to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

**Key audit matter**

Carrying value of exploration and evaluation assets.

At the reporting date the carrying value of the Group's exploration and evaluation assets were £5.32million (2021: £0.77million) is detailed in note 12 to the financial statements

There is a risk that costs are capitalised which do not meet the criteria set out within IFRS 6. There may also be evidence of impairment to the carrying value of the exploration and evaluation assets

**How the scope of our audit addressed the key audit matter**

We confirmed the existence and the design effectiveness of control around the approval of capitalised expenditure and management's impairment assessment for exploration and evaluation assets.

For a sample of costs capitalised we validated the costs incurred were correctly measured and appropriately allocated to the mining projects.

We reviewed management's impairment assessment which concluded that there are no facts or circumstances that suggest that there any indicators of impairment of the asset or that the recoverable amount is less than the carrying value.

In considering this assessment we reviewed the following sources of evidence:

- board minutes, budgets and other operational plans setting out the Group's current plans for the continued commercial appraisal of the mining development assets;
- current and future metal price; and
- current plans and intentions for the asset with management.

Based on the above audit procedures, we consider the accounting for the intangible assets and the related valuations of the intangible assets to be reasonable and in line with our expectations. We also reviewed the related disclosures in the notes to the financial statements for compliance with accounting standards and consistency with the results of our work, with no matters arising.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

**Other information**

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.



### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Parent Company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 54, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (UK) 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 these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were relevant company law and taxation legislation in the Jersey, United Kingdom and Chile jurisdictions in which the Group operates.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, testing a risk based selection of journals, assessing the accounting treatment of non-routine transactions, corroborating amounts and balances recognised to supporting documentation on a sample basis and ensuring accounting policies are appropriate under IFRS's and applicable law.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### John Charlton

for and on behalf of

**Crowe U.K. LLP**  
Statutory Auditor

London  
4 May 2023



## Consolidated Statement of Comprehensive Income

	Notes	Audited Year ended 31 Dec 22 £	Audited Year ended 31 Dec 21 £
Income		-	-
Administrative costs	6	(3,793,786)	(1,201,122)
<b>Operating loss</b>		<b>(3,793,786)</b>	<b>(1,201,122)</b>
Finance cost		(6,751)	(3,579)
<b>Loss before tax</b>		<b>(3,800,537)</b>	<b>(1,204,702)</b>
Income tax	9	-	-
<b>Loss for the year after tax</b>		<b>(3,800,537)</b>	<b>(1,204,702)</b>
Other comprehensive income/(loss):			
Foreign exchange differences arising on the translation of functional currencies		337,604	1,854
<b>Total comprehensive loss for the year</b>		<b>(3,462,933)</b>	<b>(1,202,848)</b>
<i>Loss per share GBP £</i>			
<i>Basic (GBP £)</i>	10	<i>(0.048)</i>	<i>(0.020)</i>

The accompanying Notes are an integral part of these Financial Statements.

All amounts are derived from continuing operations.

## Consolidated Statement of Financial Position

	Notes	Audited Year ended 31 Dec 22 £	Audited Year ended 31 Dec 21 £
Exploration and evaluation assets	12	5,317,412	765,115
<b>Non-current assets</b>		<b>5,317,412</b>	<b>765,115</b>
Trade and other receivables	13	278,339	51,461
Cash and cash equivalents		12,368,265	3,230,997
<b>Current assets</b>		<b>12,646,604</b>	<b>3,282,458</b>
Trade and other payables		(440,338)	(213,244)
Provisions and accruals		(193,408)	(305,090)
<b>Current liabilities</b>	<b>18</b>	<b>(633,746)</b>	<b>(518,334)</b>
<b>Net assets</b>		<b>17,330,270</b>	<b>3,529,239</b>
Share capital	14	21,076,155	-
Capital reserve	20	(77,237)	5,313,295
Share based payment reserve		1,578,340	-
Foreign exchange reserve		315,695	(21,909)
Accumulated losses		(5,562,683)	(1,762,146)
<b>Total equity and reserves</b>		<b>17,330,270</b>	<b>3,529,240</b>

The accompanying Notes are an integral part of these Financial Statements.

These Financial Statements were approved and authorised for issue by the Board of Directors on 4 May 2023 and were signed on its behalf by:

**Gordon Stein**

Chief Financial Officer  
4 May 2023

## Consolidated Statement of Changes in Equity

	Share Capital £	Capital Reserve £	Share based payment Reserve £	Foreign exchange Reserve £	Accumulated losses £	Total £
<b>1 January 2021</b>	-	601,427	-	(23,763)	(557,444)	20,220
Loss for the year	-	-	-	-	(1,204,702)	(1,204,702)
Other comprehensive income	-	-	-	1,854	-	1,854
Comprehensive loss for the year	-	-	-	1,854	(1,204,702)	(1,202,849)
Movement arising from the capital restructuring	-	4,711,868	-	-	-	4,711,868
<b>31 December 2021</b>	-	5,313,295	-	(21,909)	(1,762,146)	3,529,240
Loss for the year	-	-	-	-	(3,800,537)	(3,800,537)
Other comprehensive income	-	-	-	337,604	-	337,604
Comprehensive loss for the year	-	-	-	337,604	(3,800,537)	(3,462,933)
Share options and warrants	(989,115)	-	1,578,340	-	-	589,225
Share-for-share exchange	5,051,201	(5,051,201)	-	-	-	-
Shares issued in subsidiaries	-	(339,331)	-	-	-	(339,331)
Shares issued	17,014,069	-	-	-	-	17,014,069
<b>31 December 2022</b>	21,076,155	(77,237)	1,578,340	315,695	(5,562,683)	17,330,270

Movement arising from the capital restructuring reflects proceeds generated from a private equity placing of shares, net proceeds received of £4.6 million in 2021.

The accompanying notes are an integral part of these financial statements.

## Consolidated Statement of Cash Flows

	Audited Year ended 31 Dec 22 £	Audited Year ended 31 Dec 21 £
<b>Loss after tax for the year</b>	<b>(3,800,537)</b>	<b>(1,204,702)</b>
<i>Non-cash items:</i>		
Fair value recognition of share options and warrants	439,650	-
Equity settled transactions or services	4,040	97,747
Movement in prepayments and receivables	(226,877)	(51,461)
Movement in payables and provisions	115,412	437,338
Finance costs	6,751	3,579
<b>Net cash used in operating activities</b>	<b>(3,461,561)</b>	<b>(717,499)</b>
Movement in prepayments and receivables	-	-
Expenditure on exploration and evaluation assets	(4,403,228)	(695,929)
<b>Net cash used in investing activities</b>	<b>(4,403,228)</b>	<b>(695,929)</b>
Proceeds from issue of Ordinary Shares	17,014,069	4,614,121
Finance costs	(6,751)	(3,579)
Borrowings and loans – related party	-	(47,694)
<b>Net cash generated from financing activities</b>	<b>17,007,318</b>	<b>4,562,847</b>
<b>Net cash inflow</b>	<b>9,142,529</b>	<b>3,149,418</b>
Cash and cash equivalents b/fwd	3,230,997	95,635
Effect of exchange rate changes on cash & cash equivalents held	(5,261)	(14,056)
Net cash inflow	9,142,529	3,149,418
<b>Cash and cash equivalents c/fwd</b>	<b>12,368,265</b>	<b>3,230,997</b>

The accompanying Notes are an integral part of these Financial Statements.

## Notes to the Financial Statements

For the year ended 31 December 2022

### 1. GENERAL INFORMATION

#### CleanTech Lithium Plc ('CTL Plc', or the 'Company')

CleanTech Lithium Plc was incorporated and registered as a private company, initially with the name CleanTech Lithium (Jersey) Ltd, in Jersey on 1 December 2021 with registered number 139640. It was subsequently re-registered as a public limited company on 20 January 2022, and on 2 February 2022, it changed its name to CleanTech Lithium Plc.

On 14 February 2022, a share-for-share exchange between the shareholders of CleanTech Lithium Ltd (CTL Ltd, or the U.K. entity) and CTL Plc completed, resulting in CTL Plc acquiring and becoming the Parent Company of CTL Ltd and its wholly owned subsidiaries (the 'Underlying Group'). This transaction resulted in the formal and legal recognition of the CleanTech Lithium Group with CTL Plc as ultimate parent. Details of the formation of the Underlying Group are noted below.

On 17 March 2022 the Company announced its admission to trading on AIM, a market operated by the London Stock Exchange, under the ticker CTL. In addition to the Company's listing on AIM, the Company's shares are also traded on five exchanges in Germany, namely: Stuttgart and Frankfurt since June 2022, Munich, Berlin and gettex since November 2022. After the year end, CTL Plc also applied and got its shares registered and trading on the OTC market in the U.S.

### 2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with U.K.-adopted international accounting standards. These financial statements are for the year 1 January 2022 to 31 December 2022, and the comparatives are for the year 1 January 2021 to 31 December 2021.

Throughout the reporting period, including the comparatives, the historical cost basis of preparation is used, except for certain financial assets measured at fair value.

All amounts are presented in GBP £ and rounded to the nearest £, unless otherwise specified.

As permitted by Companies (Jersey) Law 1991 only the Consolidated Financial Statements are presented.

#### Formation of the 'Underlying Group'

On 22 December 2020, CTL Ltd was incorporated with a registered number 13094466 under the laws of England and Wales. CTL Ltd was formed for the purpose of acquiring the Chilean entities (described below) from the Australian entities (described below).

In January 2021, the debt and equity investments made by the Australian entities into the Chilean entities were transferred to CTL Ltd and the ultimate beneficial shareholders (the sellers) of the Australian entities were granted shares in CTL Ltd as consideration in a share-for-share exchange. Under the terms of the agreement, the then sellers sold their Ordinary Shares with full title guarantee and limited warranties in consideration for an equal percentage of the shareholding in CTL Ltd. CTL Ltd then acted as holding company for the Australian group and provided managerial support services to the Australian entities and Chilean entities for a period during 2021.

In addition to CTL Ltd, the following comprised the Underlying Group:

#### Australian entities

- Chilean Lithium Salars Holdings PTY Ltd a company incorporated under the laws of Australia on 30 November 2017, with the number 623 170 123. Its registered office was located at level 4, 16 St. George Terrace, Perth, Western Australia 6000. Chilean Lithium Salars Holdings PTY Ltd acted as holding company for the Australian group;
- Chilean Lithium Salars PTY Ltd a company incorporated under the laws of Australia on 30 November 2017, with the number 619 059 862. Its registered office was located at level 4, 16 St. George Terrace, Perth, Western Australia 6000. Chilean Lithium Salars PTY Ltd acted as operating company for the Australian group.

Under section 601AA(4) of the Corporations Act 200L in Australia the above companies were de-registered on 25 March 2022. Consequently, they will not form part of the Group going forward.

#### Chilean entities

- CLS Chile SPA, a company incorporated under the laws of Chile on 15 February 2018, with the number 76.847.306-4. Its registered office is located at ESTORIL, Nro. 50, Depto: 314, Comuna: LAS CONDES, Ciudad: SANTIAGO, ROL: 2741-43. CLS Chile SPA provides funding and managerial support to the Chilean exploration and development companies within the Underlying Group;
- Laguna Negro Francisco SPA, a company incorporated under the laws of Chile on 19 January 2019, with the number 76.844.777-2. Its registered office is located at ESTORIL, Nro. 50, Depto: 314, Comuna: LAS CONDES, Ciudad: SANTIAGO, ROL: 2741-43. Laguna Negro Francisco SPA is a mineral exploration and development company with exploration and evaluation assets in Chile;
- Laguna Escondida SPA, a company incorporated under the laws of Chile on 19 January 2019, with the number 76.844.773-K. Its registered office is located at ESTORIL, Nro. 50, Depto: 314, Comuna: LAS CONDES, Ciudad: SANTIAGO, ROL: 2741-43. Laguna Escondida SPA is a mineral exploration and development company with exploration and evaluation assets in Chile;



For the year ended 31 December 2022

### 2. BASIS OF PREPARATION continued

#### Formation of the 'Underlying Group' continued

##### Chilean entities continued

- Laguna Brava SPA, a company incorporated under the laws of Chile on 19 January 2018, with the number 76.844.779-9. Its registered office is located at ESTORIL, Nro. 50, Depto: 314, Comuna: LAS CONDES, Ciudad: SANTIAGO, ROL: 2741-43. Laguna Brava SPA is a mineral exploration and development company with exploration and evaluation assets in Chile;
- Atacama Tierras Blancas SPA, a company incorporated under the laws of Chile on 9 July 2019, with the number 77.050.425-2. Its registered office is located at ESTORIL, Nro. 50, Depto: 314, Comuna: LAS CONDES, Ciudad: SANTIAGO, ROL: 2741-43. Atacama Tierras Blancas SPA is a mineral exploration and development company with exploration and evaluation assets in Chile; and
- Atacama Salt Lakes SPA, a company incorporated under the laws of Chile on 29 November 2018, with the number 76.954.532-8. Its registered office is located at ESTORIL, Nro. 50, Depto: 314, Comuna: LAS CONDES, Ciudad: SANTIAGO, ROL: 2741-43. Atacama Salt Lakes SPA is a mineral exploration and development company with exploration and evaluation assets in Chile.

Although the Australian entities were deregistered formally on 25 March 2022, the assets and liabilities were transferred within the CleanTech Operating Group such that their being wound up had no economic impact on the Group going forward.

The Group's principal business continues to be the acquisition and exploration of mineral assets in Chile. To date, the Group has not generated any revenues from its operations and is in the exploration stage.

#### Acquisition of the 'Underlying Group' and its accounting considerations

When considering the accounting treatment for both the reorganisation in January 2021 and in February 2022 the Directors concluded they both fell outside of the scope of IFRS 3 since both represented a combination of entities under common control.

In accordance with IAS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors", in developing an appropriate accounting policy to address this matter, the Directors additionally considered pronouncements of other standard setting bodies and specifically looked to accounting principles which were generally accepted in the United Kingdom (U.K. GAAP) for guidance (FRS 102) which did not conflict with IFRS and which reflected the economic substance of the transaction.

As a result, under U.K. GAAP, the assets and liabilities of the combining entities were recorded at book value, not fair value. Intangible assets and contingent liabilities were recognised only to the extent that they were recognised by the legal acquirer in accordance with applicable IFRS. No goodwill was recognised, any expenses of the combination were written-off immediately to the income statement and comparative amounts, where applicable, were restated as if the combination had taken place at the beginning of the earliest accounting period presented.

Therefore, although the Parent of Group only acquired the subsidiaries in February 2022, the consolidated financial statements have been presented as if the Group structure had always been in place, including the activity from incorporation of the Group's principal subsidiaries.

All entities had the same management as well as the same controlling shareholders. Accordingly, the comparative amounts for the year ended 31 December 2021 essentially present the consolidated financial information of the Underlying Group.

On this basis, the Directors decided that it was appropriate to reflect the combination using merger accounting principles as a group reconstruction under FRS 102 to give a true and fair view. For clarity, no fair value adjustments have been made because of the combination.

#### Going concern

The financial information has been prepared assuming the Group will continue as a going concern.

Under the going concern assumption, the Group is viewed as continuing in business for the foreseeable future. In 2022, the Group enhanced its business proposition materially through, inter alia, the streamlining of the overall corporate structure and the raising of approximately £17.9 million gross proceeds, comprising £5.6 million raised at IPO and a further £12.3 million raised in November 2022. During the year to 31 December 2022 the Group made a loss before tax of £(3.8) million (2021: £(1.2) million) and at the reporting date the Group had net assets of £17.3 million (2021: £3.5 million) including cash of £12.3 million (2021: £3.2 million).



## Notes to the Financial Statements continued

For the year ended 31 December 2022

### 2. BASIS OF PREPARATION continued

#### Going concern continued

The Board has concluded it is appropriate to adopt the going concern basis given available resource and having undertaken a review of the financial forecasts for a period to 31 May 2024, a period which is at least twelve months from the date of approval of these financial statements. Although the forecasts anticipate future fund raising to allow the Group to accelerate the development of its lithium projects the Directors have also considered a downside scenario in which future fund raising is limited. In such a scenario, which the Directors consider extremely remote, the Directors would look to implement cost saving initiatives which include but are not limited to reducing discretionary capital expenditure. It is appropriate for the Board to consider such a scenario because, as with any future funding event, there can be no certainty as to the timing or quantum of such funding and that failure to raise future capital could have a material consequence for the Group. However, because there can be no certainty regarding the timing or quantum of such funds this may indicate a material uncertainty which may cast significant doubt regarding the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

The Directors have extensive experience in raising capital for projects and ventures of this nature and remain confident in the Group's ability to raise the capital needed to maintain and deliver on its commitments and continue as a going concern.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of the Group's Financial Statements is done in compliance with U.K. adopted International Accounting Standards and the following summarises the Group's key accounting policies.

#### Standards and interpretations issued but not yet applied

At the date of the Group's Financial Statements, the Directors have reviewed the standards in issue by the U.K. Endorsement Board and the International Financial Reporting Interpretations Committee by the International Accounting Standards Board, which are effective for periods beginning on or after the stated effective date but have not yet been applied. In their view, these standards would not have a material impact on the financial reporting of the Group.

#### Foreign currency

##### Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The Consolidated Financial Statements are presented in Pounds Sterling, which is the Group's functional and presentation currency.

##### Transactions and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

##### Group companies

The results and financial position of the Chilean entities are recorded in CLP \$ and, where relevant in 2021 of the Australian entities from AUD \$, are translated into Pounds Sterling GBP £, the presentation currency, as follows:

- assets and liabilities on the Statement of Financial Position are translated at the closing rate at each reporting date;
- income and expenses in the Statement of Comprehensive Income are translated at average exchange rates, unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions; and
- all resulting exchange differences are recognised in 'other comprehensive income'.

On consolidation, exchange differences arising from the translation of the net investment in the Chilean entities are recognised in 'other comprehensive income'. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of gain or loss on sales.

##### Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognised in the Income Statement.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or enacted substantively at the period end, and adjusted for amendments to tax payable with regards to previous years. The tax rates that apply in each foreign jurisdiction are disclosed in Note 9.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities on the Statement of Financial Position and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or enacted substantively tax rates expected to apply when the asset is realised, or the liability settled.



## Notes to the Financial Statements continued

For the year ended 31 December 2022

### 3. SIGNIFICANT ACCOUNTING POLICIES continued

#### Income taxes continued

The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Income Statement in the period that substantive enactment occurs.

A deferred tax asset is recognised to the extent that it is probable and not uncertain that future taxable profits will be available against which the asset can be utilised.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities that do not affect accounting or taxable profit; and
- goodwill.

#### Exploration and evaluation assets

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Exploration and evaluation assets are capitalised as intangible assets on an individual prospect basis until such time as an economic volume is defined or the prospect is abandoned. No costs are capitalised until the legal right to explore the property has been obtained. When it is determined that such costs will be recouped through development and exploitation, the capitalised expenditure is first tested for impairment, then transferred to tangible assets and depreciated over the expected productive life of the asset.

Costs for a producing prospect are amortised on a unit-of-production method, based on the estimated life of the reserves, while costs for the prospects abandoned are written-off.

Impairment reviews for deferred exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a single cash generating unit. An impairment review is undertaken when indicators of impairment arise but typically when one or more of the following circumstances apply:

- unexpected geological occurrences are identified that render the resource uneconomic;
- title to the asset is compromised;
- fluctuations in commodity prices render the project uneconomic; or
- lack of available financing to progress the project.

Where the Group enters into exploration option agreements with third parties, the Group may acquire or dispose of mineral rights and certain benefits attached to those mineral rights. Since these options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets when payments are made, or as recoveries when payments are received, either against exploration and evaluation assets or as income within the Income Statement depending on the nature of the option agreement.

The recoverability of the amounts capitalised for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Group's interest in the underlying mineral claims, the ability to develop its exploration and evaluation assets, the ability to obtain the necessary financing to complete their development and future profitable production.

#### Capitalising of people costs

The relevant portion of employee and contractor costs (including the share based payment charge) incurred for service and activity deemed to relate to the evaluation, technical feasibility and commercial viability of extracting a mineral resource are capitalised.

#### Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbances are caused by the exploration or development of exploration and evaluation assets due to statutory, contractual, constructive or legal obligations.

At the reporting date, the Group has no environmental rehabilitation obligations in Laguna Negro Francisco SPA, Laguna Escondida SPA, Laguna Brava SPA, Atacama Tierras Blancas SPA, or Atacama Salt Lakes SPA; as such, no provision has been recognised in the Group's Financial Statements.

The Directors review annually for changes in regulatory requirements with respect to environmental rehabilitation obligations.

#### Impairment

At the end of each reporting period, the carrying amounts of the Group's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any.



For the year ended 31 December 2022

### 3. SIGNIFICANT ACCOUNTING POLICIES continued

#### Impairment continued

The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognised in the Income Statement.

For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Income Statement.

#### Financial instruments

The Directors classify the Group's financial assets in the following categories:

- financial assets at 'fair value through Income Statement'; or
- loans and receivables.

The classification depends on the purpose for which the financial assets were acquired. The classification of the Group's financial assets is determined at initial recognition and depends on the nature and purpose of the financial instrument.

Financial assets carried at fair value through the Income Statement are recognised and recorded initially at fair value and transaction costs are expensed in the Income Statement.

#### Loans and receivables

Other receivables and borrowings that have fixed or determinable payments that are not quoted in an active market are classified as '*loans and receivables*'. '*Loans and receivables*' are recognised initially at the transaction value and carried subsequently at amortised cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at the year end.

The Directors have classified the Group's other receivables and borrowings as '*loans and receivables*'.

#### Share based payments

The fair value of share options or warrants granted is charged to the income statement or capitalised in the statement of financial position, with a corresponding increase in a share based payment reserve. The fair value of share options is measured at grant date, using the Black-Scholes pricing model, and spread over the period up to the point the vesting condition is met. Upon exercise, the share based payment reserve is released to the accumulated profit or loss. The warrant instruments granted to any counterparty are measured and recognised in the same way as share options at the date of issue.

#### Other financial liabilities

'*Other financial liabilities*' are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period.

The Directors have classified the Group's other payables as '*other financial liabilities*'.

### 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements conforming with adopted IFRSs requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities as at the reporting date and the reported amount expenses during the period. Actual outcomes may differ from those estimates. The key sources of uncertainty in estimates that have a risk of causing material adjustment to the carrying amounts of assets and liabilities, within the next financial year, are the impairment of assets and the Group's going concern assessment. In addition, judgement is required to be exercised in determining a functional currency, including assessing the underlying transactions, events and conditions which are relevant to an entity.

#### Impairment

The Directors apply significant judgment in assessing each of the Group's cash-generating units and assets for the existence of indicators of impairment at the reporting date. Internal and external factors are considered in assessing whether indicators of impairment are present that would necessitate impairment testing. The indicators of impairments and their assessment are set out in Note 10.



## Notes to the Financial Statements continued

For the year ended 31 December 2022

### 5. SEGMENTAL INFORMATION

The Group operates in a single business segment, being the exploration and evaluation of mineral properties. These activities are undertaken in Chile, alongside administrative operations in the U.K. (and formerly in Australia).

	Chile £	U.K., Jersey and other £	Total £
<b>31 December 2022</b>			
Exploration and evaluation assets	5,317,412	-	5,317,412
<b>Non-current assets</b>	<b>5,317,412</b>	<b>-</b>	<b>5,317,412</b>
Trade and other receivables	186,273	92,066	278,339
Related party and intra-group receivables	102,985	(102,985)	-
Cash and cash equivalents	174,311	12,193,954	12,368,265
<b>Current assets</b>	<b>463,569</b>	<b>12,183,035</b>	<b>12,646,604</b>
Trade and other payables	369,756	70,582	440,338
Related party and intra-group payables	510,767	(510,767)	-
Provisions and accruals	115,609	77,799	193,408
<b>Current liabilities</b>	<b>996,132</b>	<b>(362,386)</b>	<b>633,746</b>
<b>Net Assets</b>	<b>4,784,848</b>	<b>12,545,421</b>	<b>17,330,270</b>
	Chile £	U.K., Jersey and other £	Total £
<b>31 December 2021</b>			
Exploration and evaluation assets	765,115	-	765,115
<b>Non-current assets</b>	<b>765,115</b>	<b>-</b>	<b>765,115</b>
Trade and other receivables	12,667	38,795	51,461
Related party and intra-group receivables	57,232	(57,232)	-
Cash and cash equivalents	582,560	2,648,437	3,230,997
<b>Current assets</b>	<b>652,459</b>	<b>2,630,000</b>	<b>3,282,458</b>
Trade and other payables	(42,211)	(171,034)	(213,244)
Provisions and accruals	(85,274)	(219,816)	(305,090)
<b>Current liabilities</b>	<b>(127,485)</b>	<b>(390,850)</b>	<b>(518,334)</b>
<b>Net Assets</b>	<b>1,290,089</b>	<b>2,239,150</b>	<b>3,529,239</b>

### 6. EXPENSES BY NATURE

	Audited Year ended 31 Dec 22 £	Audited Year ended 31 Dec 21 £
Auditor's remuneration	60,000	35,000
Compliance and regulatory expenses	41,165	59,464
Legal, Nomad and broker & fees	161,226	658,949
Director costs (Note 7)	566,720	174,274
Equity settled transaction (or services rendered)	4,040	97,747
Other expenses	2,960,635	175,688

### 7. STAFF AND DIRECTORS

	Audited Year ended 31 Dec 22 £	Audited Year ended 31 Dec 21 £
Average monthly number of employees	9	-
Directors	4	2
<b>Total</b>	<b>13</b>	<b>2</b>

In 2022, many of the personnel who contributed to the Group's operations and activities in 2021 have transitioned from consultant to employee status. In addition, the Chilean headcount has also grown substantially throughout the year as the needs of the business have also grown. When consultants and employees are combined, the Group had a headcount total approximately 20 at the year end.

In 2021, there were no employees involved in the Group's exploration and evaluation activities other than the Directors. Personnel engaged by the Group to support the Group in its activities were engaged in a consultancy capacity. There were no management employees who were not Directors. Several employee contracts were awarded commencing the first quarter of 2022.

The appointment of Directors within the Group varied with respect to timing and entity. Notwithstanding, the variation of formal appointments or designation as director or consultant, the following sets out the remuneration for those individuals who are noted as having held Director roles or carried out those roles on a consultative basis for the Group. The table below summarises their cash settled, and equity settled remuneration for the Directors of CleanTech Lithium Plc.



## Notes to the Financial Statements continued

For the year ended 31 December 2022

### 7. STAFF AND DIRECTORS continued

	Audited Year ended 31 Dec 22 £	Audited Year ended 31 Dec 21 £
Aldo Boitano	133,000	98,000
Steve Kesler	44,000	-
Jonathan Morley-Kirk	33,000	-
Gordon Stein	115,500	-
<b>Cash paid remuneration</b>	<b>325,500</b>	<b>98,000</b>
Aldo Boitano	155,532	-
Steve Kesler	32,184	20,000
Jonathan Morley-Kirk	25,747	18,000
Gordon Stein	27,757	38,274
<b>Share based payments</b>	<b>241,220</b>	<b>76,274</b>
<b>Total</b>	<b>566,720</b>	<b>174,274</b>

### 8. WIND UP OF AUSTRALIAN ENTITIES

On 25 March 2022 the Australian Entities were wound-up and formally deregistered. At 31 December 2021, the Australian entities did form part of the Group but were not shown as a discontinued operations on the basis there has been no net change to the overall economic substance of the Group, nor had there been a change to the ultimate beneficial owners of the Group arising from the corporate restructurings which ultimately led to the deregistrations of the Australian entities.

### 9. INCOME TAX

#### Income tax expense

	Audited Year ended 31 Dec 22 £	Audited Year ended 31 Dec 21 £
Current tax	-	-
<b>Total current tax expense</b>	<b>-</b>	<b>-</b>

#### Reconciliation of the tax expense

The standard rate of corporation tax in Jersey is nil % (2021: nil %) which differs from the tax rates in foreign jurisdictions as follows: Chile tax rate of 27% (2021: 27%); Australia tax rate of 30% (2021: 30%); and U.K. tax rate of 19% (2021: 19%).

Notwithstanding the Group has cost centres in several tax jurisdictions, for tax reconciliation purposes, the Directors have decided to use the Chilean corporate tax rate as most appropriate given the operations and future production of the Group is located in Chile.

	Audited Year ended 31 Dec 22 £	Audited Year ended 31 Dec 21 £
Loss before taxation	(3,800,537)	(1,204,702)
Tax at the aggregated applicable tax rate of 27% (2021: 27%)	1,026,145	325,270
Losses carried forward on which no deferred tax is recognised	(1,026,145)	(325,270)
<b>Total current tax expense</b>	<b>-</b>	<b>-</b>

At 31 December 2022, the Group had £5,270,963 of accumulated tax losses (2021: £1,470,426). It is unlikely any of the unutilised tax losses would have become available for use under the current Jersey-centric corporate structure given the absence of future profits which would have accrued to the Australian entities. An indefinite carry-forward of net operating losses is permitted under Chilean tax rules.

No deferred tax asset is recognised on these losses due to the uncertainty over the timing of future profits and gains.

### 10. EARNINGS PER SHARE

#### Basic and diluted earnings per share

		Audited Year ended 31 Dec 22	Audited Year ended 31 Dec 21
Loss attributable to equity shareholders of the Parent	£	(3,800,537)	(1,204,702)
Basic weighted average number of shares in issue	#	78,557,176	60,393,575
Basic loss per share	£	(0.048)	(0.020)

Basic loss per share is based on the weighted average number of Ordinary Shares in issue during the period. Diluted loss per share assumes conversion of all potentially dilutive Ordinary Shares arising from the share schemes detailed in Note 11. Potential ordinary shares resulting from the exercise of warrants, and options have an anti-dilutive effect due to the Group being in a loss position. As a result, diluted loss per share is disclosed as the same value as basic loss per share.



## Notes to the Financial Statements continued

For the year ended 31 December 2022

### 10. EARNINGS PER SHARE continued

#### Basic and diluted earnings per share continued

The consolidated financial information for 2021 represents the historical information prior to a Group reorganisation on 14 February 2022, whereby the Company became the Parent Company of the Underlying Group. For 2021, the weighted average number of shares uses the number of shares in issue immediately prior to the Group's admission to AIM on 17 March 2022. This has been applied retrospectively to the number of shares in issue at 31 December 2021 to ensure that the adjusted earnings per share figures are comparable over the two periods.

### 11. SHARE BASED PAYMENTS

During 2022, options have been granted by CleanTech Lithium Plc to Directors, employees and suppliers of the Group to purchase Ordinary Shares in the Company. Various vesting conditions apply.

A summary of the number of options and warrants in issue as at 31 December 2022 is set out below:

	Audited Year ended 31 Dec 22 £	Audited Year ended 31 Dec 21 £
Outstanding at 1 January	-	-
Share options granted	6,670,000	-
Warrant shares granted	4,314,745	-
<b>Outstanding at 31 December</b>	<b>10,984,745</b>	-

At 31 December 2022 none of the options or warrants granted had been exercised nor had they been forfeited or allowed to lapse. All options and warrants are granted in the Company's name. Share options granted have a weighted average exercise price of 44 pence and warrant shares granted have a weighted average exercise price of 34 pence.

The fair value of each option granted was estimated on the grant date using the Black Scholes option pricing model. The fair value of each warrant granted was estimated on the grant date using a Monte Carlo simulation and cross referenced with the Black Scholes pricing model. The following assumptions have been used:

	Share Options	Warrant Shares
Fair value of call option per share	£0.09 – 0.38	£0.11 – 0.34
Share price at grant dates	£0.20 – 0.55	£0.20 – 0.49
Exercise price	£0.36 – 0.57	£0.20 – 0.47
Expected volatility	86%	86%
Vesting period	4.7-5.0 years from vesting	4.7-5.0 years from vesting
Risk-free interest rate (based on government bonds)	3.79%	3.79%

The total share option fair value charge was £588,713 (2021: £nil) and the total warrant shares fair value charge was £989,114 (2021: £nil) over the vesting period. Both charges represent non-cash accounting adjustments.

### 12. EXPLORATION AND EVALUATION ASSETS

Expenses incurred to date by the Chilean entities on feasibility studies, mineral exploration and delineation were capitalised as 'exploration and evaluation assets' within 'non-current assets' in accordance with the Group's accounting policy.

	Audited Year ended 31 Dec 22 £	Audited Year ended 31 Dec 21 £
Balance at 1 January	765,115	69,186
Additions	4,552,297	695,929
<b>Total</b>	<b>5,317,412</b>	<b>765,115</b>

Additions for the year include approximately GBP £149,000 (2021: £nil) of fair value of share options and warrants recognised and exclude capital project prepayments of approximately GBP £744,000 (2021: £nil) which will be recognised as the capital works progress.

## Notes to the Financial Statements continued

For the year ended 31 December 2022

### 12. EXPLORATION AND EVALUATION ASSETS continued

#### Impairment assessments

The Directors assess for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset (E&E) may exceed its recoverable amount. In making this assessment, the Directors have regard to the facts and circumstances noted in IFRS 6 paragraph 20. In performing their assessment of each of these factors, at 31 December 2022, the Directors have:

- reviewed the time period that the Group has the right to explore the area and noted no instances of expiration, or licences that are expected to expire in the near future and not be renewed;
- determined that further E&E expenditure is either budgeted or planned for all licences;
- not decided to discontinue exploration activity due to there being a lack of quantifiable mineral resource; and
- not identified any instances where sufficient data exists to indicate that there are licences where the E&E spend is unlikely to be recovered from successful development or sale.

Based on the above assessment, the Directors are not aware of any facts or circumstances that would suggest the carrying amount of the E&E asset may exceed its recoverable amount.

### 13. TRADE AND OTHER RECEIVABLES

	Audited Year ended 31 Dec 22 £	Audited Year ended 31 Dec 21 £
Prepayments and deposits	194,712	23,251
VAT	4,988	15,543
Other receivables	78,639	12,667
<b>Total</b>	<b>278,339</b>	<b>51,462</b>

Prepayments and deposits largely reflect prepayments with respect to with capital projects in Chile. Other receivables largely reflects advance payments in relation to mining properties in Chile.

### 14. SHARE CAPITAL

#### Share capital

The Group's Financial Statements have been presented on a consolidated basis.

Share capital	Number of shares	£
At 1 January 2021	-	-
Issued	2	-
<b>At 31 December 2021</b>	<b>2</b>	<b>-</b>
Share for share exchange CTL Ltd	60,366,573	5,051,201
Cash received for shares held in creditors	-	194,917
Fundraise shares issued	44,766,925	17,867,122
Commissions on fundraise shares issued	-	(1,047,970)
Warrant shares fair value adjustment	-	(989,114)
Equity settled transactions	200,000	-
<b>At 31 December 2022</b>	<b>105,333,500</b>	<b>21,076,155</b>

In 2022, CTL Plc completed its formal acquisition of the Underlying Group through a share-for-share agreement with the shareholders of CTL Ltd. In addition, shares were issued by CTL Plc as a part of the IPO placing, and as a part of the placing which completed in November 2022.

Of the share capital raised, approximately £1.0 million was offset by fundraising commissions in accordance with U.K. IFRSs.

### 15. CONTINGENT LIABILITIES

#### Laguna Verde Option Agreement

Currently, the Group has an indirect interest in the Laguna Verde concessions pursuant to the Laguna Verde Option Agreement which was entered into on 23 April 2021.

Pursuant to the Option Agreement, the Vendors have granted Atacama Salt Lake SPA (Atacama) the option to purchase the concessions at any time prior to the expiry of the agreement, being 20 April 2026.

In consideration for the grant of the Option, Atacama is required to make payments to the vendors comprising: (i) a fixed price of US\$334,000 (of which US\$119,000 has been paid, with the balance payable in annual instalments); and (ii) a variable price, as calculated in reference to the valuation of lithium carbonate and other commercially extractable products from the concessions. The variable price is payable with a mix of cash and shares as follows: 20% payable in cash and 80% payable through the issue of shares in CleanTech Lithium Plc. The minimum variable price payable under the Option Agreement is US\$3.5 million. Atacama may discard the option to purchase the relevant Laguna Verde properties and in the event of such a decision no further payments would be due.



## Notes to the Financial Statements continued

For the year ended 31 December 2022

### 15. CONTINGENT LIABILITIES continued

#### Cooperation Agreement

In 2021, the Group entered into a cooperation agreement with Beyond Lithium, a Chilean-Argentinian based Direct Lithium Extraction technical service provider. The terms of that agreement provided a framework within which Beyond Lithium would undertake laboratory test-work and the building of a pilot processing plant.

During the year, the Cooperation Agreement with Beyond Lithium was terminated in accordance with the contract terms. Under terms of the settlement, the Company paid US\$50,000 in cash and issued 200,000 shares to Beyond Lithium in connection with the completion of the first milestone of producing a 1kg sample of battery-grade lithium.

### 16. OTHER RESERVES

#### Foreign exchange reserve

The foreign exchange reserve represents the differences arising on the translation of transactions from the functional currencies.

#### Accumulated losses

The accumulated losses represents the consolidated losses of the Group, comprising the U.K., Chilean and Australian entities since their respective incorporation dates. Movements during the year represent the consolidated comprehensive loss for that year.

### 17. RELATED PARTY TRANSACTIONS

In 2022, the Company procured professional photographs of the Board for publication purposes from a related party of one of the Directors. The transaction had a value of £750 and was paid in full in the year.

### 18. PAYABLES, PROVISIONS AND ACCRUALS

	Audited Year ended 31 Dec 22 £	Audited Year ended 31 Dec 21 £
Trade and other payable	(321,476)	(213,244)
Provisions	(86,007)	(85,274)
Other taxes and social security	(118,862)	-
Accruals	(107,401)	(219,816)
<b>Total</b>	<b>(633,746)</b>	<b>(518,334)</b>

Trade and other payables in 2022 largely reflect creditor balances in Chile relating to routine trade operating payables.

The provisions balance reflects the provision for taxes associated on the expenses classified as Director fees for Mr Boitano. Prior to 2021, Mr. Boitano provided ad hoc financing support to the Group to fund working capital and exploration and evaluation expenditure. Related party transactions involving Mr. Boitano comprised settlements of liabilities on behalf of the Group or on behalf of Mr. Boitano and transfers by Mr. Boitano to or from the Group under informal finance arrangements. No such funding arrangements were made between the Group and Mr. Boitano after 2020. In historical periods, net amounts owing to the Group were waived and expensed to the Income Statement and totalled approximately £33,000 in 2020. These amounts were classified as Director fees and a provision for taxes relating to same was made. Any amounts advanced by or to Mr. Boitano were deemed repayable on demand and did not carry an interest rate.

Other taxes and social security costs reflect accruals of routine balances at year end. The accruals balance at 31 December 2022 largely comprises routine professional service fees for activities carried out, but for which invoices were pending at year end.

### 19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's financial instruments consist of cash, receivables, accounts payable and accrued liabilities. The carrying value of receivables, accounts payable and accrued liabilities approximate their fair values due to their immediate or short-term maturity and have been classified at amortised cost.

The Group is exposed to a variety of financial risks by virtue of its activities, including liquidity risk, credit risk, foreign currency risk, interest rate risk and commodity price risk.

The Directors' objective with respect to risk management is to minimise potential adverse effects on the Group's financial performance and position. The Directors are responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

#### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations as they become due. The Group's ability to continue as a going concern is dependent on the Directors' ability to raise the funds required through future equity financings and asset sales, or a combination thereof. The Group has no regular cash inflow from its operating activities.



## Notes to the Financial Statements continued

For the year ended 31 December 2022

### 19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

#### Liquidity risk continued

The Directors manage the Group's liquidity risk by:

- maintaining adequate cash reserves through the use of the Group's cash received from equity placings;
- continuously monitoring actual cash flows to ensure the Group maintains an appropriate amount of liquidity; and
- forecasting cash flow requirements for the Group's planned exploration and development work programmes and its associated corporate activities. Based on this analysis, the Directors secure sufficient additional equity investment and borrowings to ensure an appropriate level of liquidity is maintained.

Failure to realise additional funding, as required, could result in the delay or indefinite postponement of further exploration of the Group's mineral properties. This could result in the Group being unable to meet the continued listing requirements following admission to the London Stock Exchange.

All the Group's liabilities are on demand or fall due in less than one year

#### Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk at the reporting date is the carrying value of the Group's receivables and cash. The Directors limit the Group's exposure to credit risk on liquid financial assets through maintaining the Group's cash with high credit-rated financial institutions.

#### Foreign currency risk

The Group has its only significant exposure to foreign currency risk through expenditures incurred on the Chilean entities exploration and evaluation assets in Chile, denominated in Chilean Pesos. Cash balances held within the Group entities are denominated in their respective functional currencies, although US\$ accounts are also held for ad hoc expenditure denominated occasionally in US\$; the financial instruments denominated in US\$ held by the Group are minimal at each reporting year.

A 10% movement in the GBP £/CLP \$ exchange rates would increase/(decrease) net assets of the Group by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

At 31 December 2022	£
Effect on net assets of the Group:	
Strengthened by 10%	478,845
Weakened by 10%	(478,485)

At 31 December 2021	£
Effect on net assets of the Group:	
Strengthened by 10%	(58,077)
Weakened by 10%	124,791

#### Interest rate risk

The Group is exposed to interest rate risk to the extent that the future cash flows of a financial instrument fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk is minimal, as cash is placed in deposits held with financial institutions that generate modest investment returns, and furthermore, the Group has no financial liabilities subject to variable interest rates.

#### Commodity price risk

Fluctuations on prevailing commodity market prices present a possible risk for the Group. Such commodity prices could impact the cost of power for production processes and the market price for battery-grade lithium carbonate. The pre-production status of the Group means exposure to these risks has minimal financial impact on the Group. The Group does not use commodity forward contracts and futures to hedge against price risk in commodities as they are not yet appropriate for the Group.

### 20. CAPITAL RESERVE

The capital reserve represents a reserve arising on consolidation, as a result of accounting for share for share exchange.



## Notes to the Financial Statements continued

For the year ended 31 December 2022

### 21. CAPITAL MANAGEMENT

The capital of the Group consists of the items included within 'equity' on the Statement of Financial Position. The Directors manage the Group's capital structure based on the nature and availability of funding and the timing of expected or committed expenditures. The Directors' capital management policy is to maintain sufficient capital to support the acquisition, exploration and future development of the Group's exploration and evaluation assets, and to provide sufficient funds for the Group's corporate activities.

The Group's exploration and evaluation assets are in the exploration phase of development. Consequently, the Group is unable to finance its operations through production revenues. The Group has relied historically on equity financings and on debt funding, or a combination thereof, to finance its activities. The Directors project the Group's future capital requirements by planning the exploration and future development activities to be undertaken on its exploration and evaluation assets, assessing the level of corporate activities that are necessary to support the growth and development of the Group. The Group is not subject to any capital requirements imposed externally.

### 22. NET DEBT RECONCILIATION

The table below sets out an analysis of net debt and the movements in net debt for each of the years presented:

	Audited Year ended 31 Dec 22 £	Audited Year ended 31 Dec 21 £
Cash and cash equivalents	12,368,265	3,230,997
Borrowings	-	-
<b>Net surplus</b>	<b>12,368,265</b>	<b>3,230,997</b>

	Cash and cash equivalents £	Borrowings £	Total £
<b>Net debt</b>	<b>95,635</b>	<b>(53,843)</b>	<b>41,792</b>
<b>31 December 2020</b>	<b>95,635</b>	<b>(53,843)</b>	<b>41,792</b>
Proceed from the issue of new equity	4,614,121	-	4,614,121
Cash flows	(1,478,759)	47,694	(1,431,065)
Non-cash movement	-	6,149	6,149
<b>31 December 2021</b>	<b>3,230,997</b>	<b>-</b>	<b>3,230,997</b>
Proceed from the issue of new equity	17,014,069	-	17,014,069
Cash flows	(7,871,541)	-	(7,871,541)
Effect of exchange rate changes	(5,259)	-	(5,259)
<b>31 December 2022</b>	<b>12,368,265</b>	<b>-</b>	<b>12,368,265</b>

### 23. SUBSIDIARY UNDERTAKINGS

At the date of this Report, CleanTech Lithium Plc has the following subsidiary undertakings, all of which are wholly owned, directly or indirectly:

Name of company	Country of incorporation	Ownership
CleanTech Lithium Ltd	England & Wales	Wholly owned by CleanTech Lithium Plc
CLS Chile SPA	Chile	Wholly owned by CleanTech Lithium Ltd
Laguna Negro Francisco SPA	Chile	Wholly owned by CleanTech Lithium Ltd
Atacama Salt Lakes SPA	Chile	Wholly owned by CleanTech Lithium Ltd
Laguna Escondida SPA	Chile	Wholly owned by CleanTech Lithium Ltd
Atacama Tierras Blancas SPA	Chile	Wholly owned by CleanTech Lithium Ltd
Laguna Brava SPA	Chile	Wholly owned by CleanTech Lithium Ltd
Llamara SPA	Chile	Wholly owned by CleanTech Lithium Ltd

The financial information presented by the Group in this report also contains information relating to the two Australian entities, noting these were wound-up and formally deregistered on 25 March 2022. At 31 December 2021, the Australian entities also formed part of the Group. Australia has not been shown as a discontinued operation on the basis there has been no net change to the overall economic substance of the Group nor has there been a change to the ultimate beneficial owners of the Group arising from the corporate restructurings and subsequent deregistrations of the Australian entities.

Name of company	Country of incorporation	Ownership
Chilean Lithium Salars Holdings Limited	Australia	Wholly owned by CleanTech Lithium Ltd
Chilean Lithium Salars Pty Limited	Australia	Wholly owned by CleanTech Lithium Ltd

### 24. SUBSEQUENT EVENTS

On 5 January 2023, the Company announced the results of a recently completed Scoping Study for the Laguna Verde Project.

On 1 February 2023, the Company announced the granting of 119 licences at the Group's third key asset, Llamara.

On 28 March 2023, the Company announced two changes to the Board of Directors, namely: that Steve Kesler transitioned from being Non-Executive Chairman to being Executive Chairman; and the appointment of Maha Daoudi as Independent Non-Executive Director.

On 31 March 2023, the Company announced it had received a notice to exercise 1,100,000 share options, from an former employee. The subscription generated £396,000 in cash proceeds for the Group.



## Glossary

<b>1H/2H</b>	First Half of Year/Second Half of Year
<b>ASX</b>	Australian Securities Exchange
<b>CEOL</b>	Spanish abbreviation for: Contract for Lithium Operations
<b>CLS Pty</b>	Chilean Lithium Salars Pty Limited (Australian overhead company now wound-up and deregistered)
<b>CLSH</b>	Chilean Lithium Salars Holdings Limited (Australian holding company now wound-up and deregistered)
<b>CPI</b>	Corruption Perception Index
<b>CSR</b>	Corporate Social Responsibility
<b>CTL Ltd</b>	CleanTech Lithium Ltd; U.K. registered and tax domiciled Company
<b>CTL Plc</b>	CleanTech Lithium Plc; Jersey registered and tax domiciled Company
<b>DLE</b>	Direct Lithium Extraction
<b>EIA</b>	Environmental Impact Assessment
<b>ESG</b>	Environmental, Social and Governance
<b>EV</b>	Electric Vehicle
<b>FB</b>	Francisco Basin
<b>FCA</b>	Financial Conduct Authority
<b>Group</b>	Group as defined in the Notes to the Financial Statements
<b>HSE</b>	Health Safety and Environment
<b>IPO</b>	Initial Public Offering
<b>JORC</b>	The JORC Code provides a mandatory system for the classification of minerals Exploration Results, Mineral Resources and Ore Reserves according to the levels of confidence in geological knowledge and technical and economic considerations in public reports
<b>LCE</b>	Lithium Carbonate Equivalent
<b>Li<sub>2</sub>CO<sub>3</sub></b>	Lithium Carbonate
<b>LL</b>	Llamara
<b>LSE</b>	London Stock Exchange
<b>LV</b>	Laguna Verde
<b>MAR</b>	Market Abuse Regulations
<b>mg/L</b>	Micrograms Per Litre
<b>NDA</b>	Non-disclosure agreement
<b>PFS</b>	Pre-feasibility Study
<b>PPA</b>	Power Purchase Agreement
<b>PV</b>	Photovoltaic
<b>QCA Code</b>	Quoted Companies Alliance Corporate Governance Code
<b>TEM</b>	Transient Electromagnetic Method



## Directors, Officers and Advisers

**Directors**  
Steve Kesler, Executive Chairman  
Aldo Boitano, Chief Executive Officer  
Gordon Stein, Chief Financial Officer  
Maha Daoudi, Non-Executive Director  
Jonathan Morley-Kirk, Non-Executive Director

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