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CleanTech Lithium PLC
05 May 2023

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CleanTech Lithium PLC
("CleanTech Lithium", "CTL" or the "Company")
Final Results

CleanTech Lithium PLC (AIM:CTL, Frankfurt:T2N, OTC:CTLHF), an exploration and development company advancing next-generation sustainable lithium projects in Chile for the EV transition, is pleased to announce its audited Final Results for the twelve months to 31 December 2022.

A full version of the annual report is available on the Company's website, accessible via the link and with extracts set out below: https://ctlithium.com/investors/latest-presentation-report/

Steve Kesler, Executive Chairman of CleanTech Lithium, said:
"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."

Operational and Corporate Highlights in 2022

Operational

- **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 500km2 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 on-going 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

- **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

2023 Highlights - to date and planned

Operational

- **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

- **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

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The information communicated within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. Upon publication of this announcement, this inside information is now considered to be in the public domain. The person who arranged for the release of this announcement on behalf of the Company was Gordon Stein, Director and CFO.

Notes

CleanTech Lithium (AIM:CTL, Frankfurt:T2N, OTC:CTLHF) is an exploration and development company, advancing the next generation of sustainable lithium projects in Chile. Proudly sustainable, committed to net-zero, our mission is to produce material quantities of battery grade, carbon-neutral lithium using sustainable Direct Lithium Extraction technology, powered by clean energy, we plan to be the greenest lithium supplier to the EV market.

CleanTech Lithium has three prospective lithium projects - Laguna Verde, Francisco Basin and Llamara - located in the lithium triangle, the world's centre for battery grade lithium production. The Laguna Verde and Francisco Basin projects are situated within basins entirely controlled by the Company, which affords significant potential development and operational advantages. Llamara is the Company's latest greenfield project, which offers material potential upside at a low initial cost. All three projects have direct access to excellent infrastructure and renewable power.

CleanTech Lithium is committed to using renewable power for processing and reducing the environmental impact of its lithium production by utilising Direct Lithium Extraction. Direct Lithium Extraction is a transformative technology which removes lithium from brine, with higher recoveries and purities. The method offers short development lead times, low upfront capex, with no extensive site construction and no evaporation pond development so there is no water depletion from the aquifer or harm to the local environment.

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 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_2O 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 USA, 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

CEO'S REPORT

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.

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 peopleto 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.

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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^2 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 to 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^{o}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. 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 344km² 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.

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Aldo Boitano, Chief Executive Officer

FINANCIAL STATEMENTS

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)
Operating loss		(3,793,786)	(1,201,122)
Finance cost		(6,751)	(3,579)
Loss before tax		(3,800,537)	(1,204,702)
Income tax	9	-	-
Loss for the year after tax		**(3,800,537)**	**(1,204,702)**
Other comprehensive income:			
Foreign exchange differences arising on the translation of functional currencies		337,604	1,854
Total comprehensive loss for the year		**(3,462,933)**	**(1,202,848)**
Loss per share GBP £			
Basic (GBP £)	*10*	*(0.048)*	*(0.020)*

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 as at 31-Dec-22	Audited as at 31-Dec-21
		£	£
Exploration and evaluation assets	12	5,317,412	765,115
Non-current assets		5,317,412	765,115
Trade and other receivables	13	278,339	51,461
Cash and cash equivalents		12,368,265	3,230,997
Current assets		12,646,604	3,282,458
Trade and other payables		(440,338)	(213,244)
Provisions and accruals		(193,408)	(305,090)
Current liabilities	18	(633,746)	(518,334)
Net assets		**17,330,270**	**3,529,239**
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)
Total equity and reserves		**17,330,270**	**3,529,239**

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:

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Gordon Stein, Chief Financial Officer

Consolidated Statement of Changes in Equity

	Share Capital	Capital Reserve	Share based payment reserve	Foreign exchange reserve	Accumulated losses	Total
	£	£	£	£	£	£
At 1 January 2021	-	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	-	-	-		(1,204,702)	(1,202,849)
Movement arising from the capital restructuring	-	4,711,868	-	-	-	4,711,868
31 December 2021	-	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)	(3,462,993)
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
31 December 2022	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
	£	£
Loss after tax for the year	(3,800,537)	(1,204,702)
Non-cash items:		
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
Net cash used in operating activities	(3,461,561)	(717,499)
Movement in prepayments and receivables	-	-
Expenditure on exploration and evaluation assets	(4,403,228)	(695,929)
Net cash used in investing activities	(4,403,228)	(695,929)
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)
Net cash generated from financing activities	17,007,318	4,562,847
Net cash inflow	9,142,529	3,149,418
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
Cash and cash equivalents c/fwd	12,368,265	3,230,997

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

Notes to the Financial Statements

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 reregistered 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 are 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 deregistered 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;

- 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

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 formal legalisation of the CleanTech Lithium Group (the "Group").

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 sinceboth 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).

The Board has concluded it is appropriate to adopt the going concern basis given available resource having undertaken a review of the financial forecasts for a period to 31 May 2024, a period which is at least 12 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 Company'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 UK 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 pound 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.

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.

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

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.

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 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 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 confirming 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.

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.

31 December 2022	Chile	U.K., Jersey and other	Total
	£	£	£
Exploration and evaluation assets	5,317,412	-	5,317,412
Non-current assets	5,317,412	-	5,317,412
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
Current assets	463,569	12,183,035	12,646,604
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
Current liabilities	996,132	(362,386)	633,746
Net Assets	**4,784,848**	**12,545,421**	**17,330,270**

31 December 2021	Chile	U.K., Jersey and other	Total
	£	£	£
Exploration and evaluation assets	765,115	-	765,115
Non-current assets	765,115	-	765,115
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
Current assets	652,458	2,630,000	3,282,458
Trade and other payables	(42,211)	(171,034)	(213,244)
Provisions and accruals	(85,274)	(219,816)	(305,090)
Current liabilities	(127,485)	(390,850)	(518,334)
Net assets	1,290,089	2,239,150	3,529,239

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)	566,7207	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
Total	13	2

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.

	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	-
Cash paid remuneration	325,500	98,000
Aldo Boitano	155,532	-
Steve Kesler	32,184	20,000
Jonathan Morley-Kirk	25,747	-
Gordon Stein	27,757	38,274
Share based payments	241,220	76,274
Total	566,720	174,274

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	-	-
Total current tax expense	-	-

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 jurisdiction, 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)
Total current tax expense	-	-

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.

The consolidated financial information for 2021 represents the historical information prior to a Group reorganisation on

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	-
Outstanding at 31 December	10,984,745	-

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 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
Total	5,317,412	765,115

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.

Impairment assessments

The Directors assess for impairment when facts and circumstances suggest that the carrying amount of an exploration & 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
Total	278,339	51,461

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	-
At 31 December 2021	2	-
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	-
At 31 December 2022	105,333,500	21,076,156

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 USD $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.

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 USD $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)
Total	(633,746)	(518,334)

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.

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.

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 a;
- 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 and 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 dollar accounts are also held for ad hoc expenditure denominated occasionally in US dollars; the financial instruments denominated in US dollars 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.

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 and 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	-	-
Net surplus	12,368,265	3,230,997

Net debt	Cash and cash equivalents	Borrowings	Total
	£	£	£
At 31 December 2020	95,635	(53,843)	41,792
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
At 31 December 2021	3,230,997	-	3,230,997
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)
At 31 December 2022	12,368,265	-	12,368,265

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.

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