SUSTAINABILITY REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Cornish Lithium Plc

Company Number 10205021

2022 SUSTAINABILITY REPORT

Cornish Lithium Plc ("Cornish Lithium" or "the Company") is an innovative minerals exploration company, providing raw materials for the green industrial revolution and the transition to renewable energy. We are focussed on the sustainable extraction of lithium and other battery metals in the historically significant mining district of Cornwall.

Our purpose is to establish a strong, sustainable and environmentally responsible extraction industry in the UK for those minerals which can contribute to the global goal of decarbonisation through clean growth and a transition to a green economy.

About this report

This is our second sustainability report and covers the period 1 January 2022 to 31 December 2022. The report discusses our approach to managing both actual and potential impacts on the economy, environment and society across our projects in Cornwall. Cornish Lithium aims to extract lithium from both hard rock and from lithium enriched geothermal waters, but due to the very different operating contexts we have indicated where disclosure relates to one or the other. We have also provided an overview of contexts on page 6.

We will continue to report on an annual basis going forward in order to keep our stakeholders appraised of our performance in regard to sustainability and our responsibilities toward our stakeholders and the environment in which we operate.

Cornish Lithium strives to maintain transparent and effective stakeholder engagement and therefore welcomes any feedback on the Company's sustainability practices or reporting. Please contact Lucy Crane at L.Crane@cornishlithium.com with any feedback.

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ABOUT CORNISH LITHIUM

TRELAVOUR HARD ROCK PROJECT

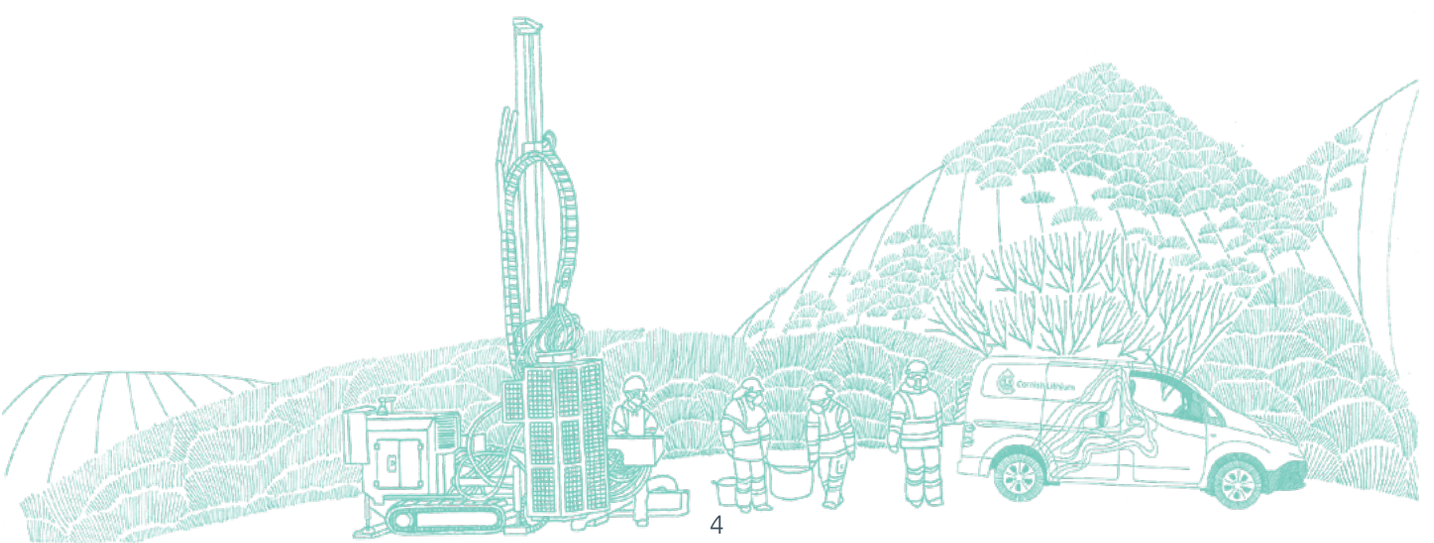
Location
St Dennis, near St Austell in central Cornwall

Situation
Situated in an existing kaolin (china clay) pit at Trelavour Downs, close to the TreLith processing site

Current status
Scoping Study completed Q2 2022, progressing towards Feasibility Study and Environmental and Social Impact Assessment (ESIA)

ESG highlights

- Exclusive licence across the St Austell granite to use low-temperature Lepidico processing technology to produce battery-grade lithium hydroxide on site
- Potential for estimated 250 additional long-term, non-seasonal jobs once in production
- Lifecycle Assessment (LCA) completed on process flowsheet
- Baseline ecological surveys have begun
- Assessing opportunities to repurpose waste streams
- Existing planning permissions for both sites
- Brownfield TreLith processing site benefits from existing infrastructure including a railway linking site to various ports and main rail line



LITHIUM IN GEOTHERMAL WATERS

Location

- Three boreholes successfully drilled to date across the following sites: two at United Downs and one at Twelveheads
- Blackwater site commenced drilling in April 2023 with a future project planned at Rosewarne
- Processing test facility established at United Downs

Characteristics

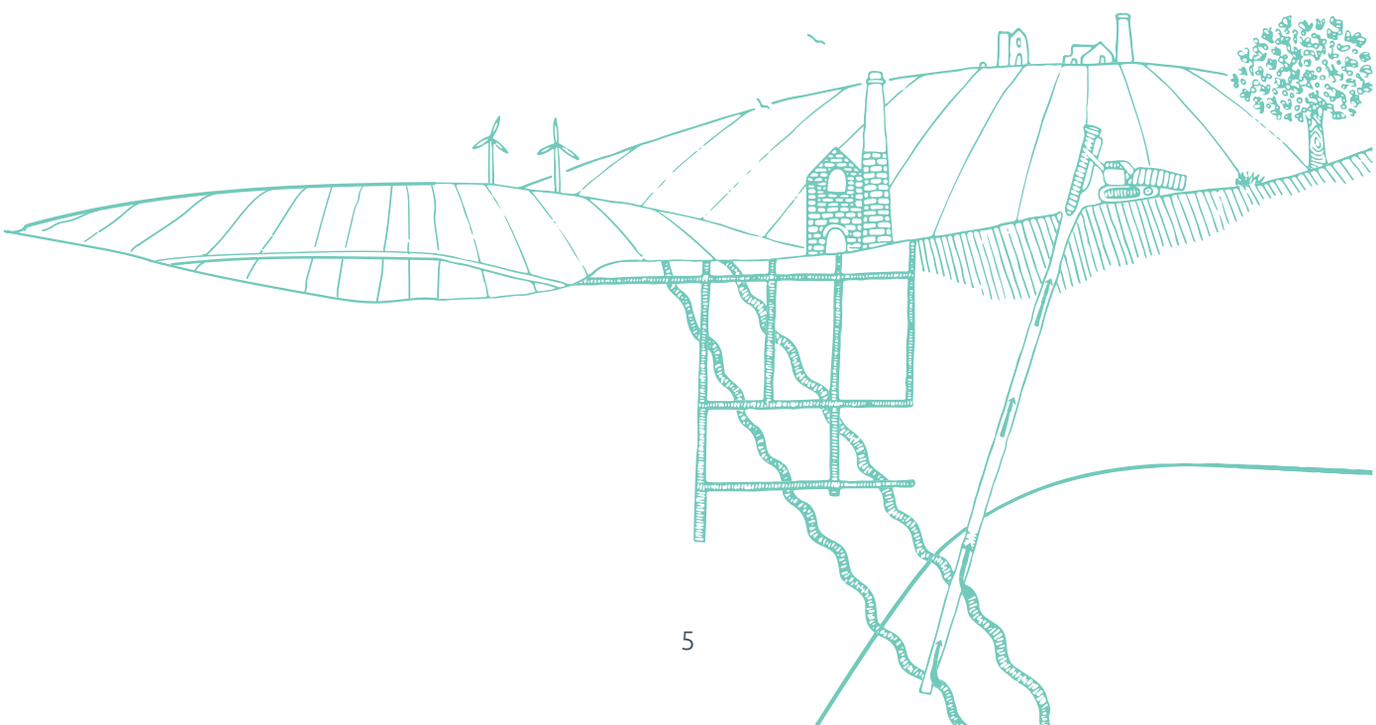
Between 1,000m and 2,000m in depth

Current status

Exploration

ESG highlights

- Co-production of lithium and geothermal heat from geothermal waters
- Small footprint and minimal waste products
- Exploring opportunities for collaboration with local heat users (e.g. industry, agriculture, housing developments)
- Potential to provide a source of potable water for industry and agriculture



Our sustainability contexts

Whilst we have Group-wide aims and commitments, the environmental contexts of our projects differ significantly between lithium in hard rock and lithium in geothermal waters and we therefore take a different approach to environmental planning and management for each.

Trelavour Hard Rock Lithium Project

The Trelavour Project is situated in an existing china clay open pit, which will be repurposed for lithium extraction. Lithium will be extracted via open cast mining of the bulk granite rock, which will then be crushed and conveyed to the nearby TreLith Processing Plant.

The TreLith site is a brownfield industrial site, which was previously used for china clay processing, and is the proposed location for our lithium extraction plants. We believe that by repurposing an existing open pit, as well as utilising existing industrial infrastructure in the area (industrial site, railways, ports), we can substantially reduce the overall environmental footprint and impact of the project.

Lithium in Geothermal Waters

We believe that the extraction of lithium from geothermal waters using Direct Lithium Extraction (DLE) techniques will prove to have a much lower environmental impact when compared to conventional hard rock lithium operations globally. The footprint of each production site will be relatively small, and wherever possible such sites will be co-located with existing industrial locations.

Extractive technology trials conducted on a pilot scale throughout 2022 have helped us to further refine the optimal process flowsheet, and we are now scoping the footprint of a full-size plant. A number of small extraction sites are envisaged across Cornwall, and it is our current intention to build a demonstration-scale plant at one of our exploration project sites in the future.

Our strategy

Project Identification and **Development**

- Data driven approach to mineral exploration, utilising our vast proprietary dataset of Cornish geology & mining
- Our IP lies in creating detailed digital models, efficiently delineating exploration targets and understanding mineral rights

Innovation and **Collaboration**

- Close partnerships with industry and academia enable us to stay at the forefront of advances in mineral exploration, extraction and development processes and technologies
- Our agreements with mineral rights owners across Cornwall provide us with first mover advantage in the County, and also grant us access to important private mining archive material

Clean and **Sustainable Growth**

- We are proud to be both Cornish and British, and always aspire to act with integrity and transparency
- Our business is centred on people: our staff and our communities are very important to us, and we strive to look after both responsibly. A diverse and talented workforce is a competitive advantage and we are committed to supporting and developing our people

People and **Place**

- As vital components of batteries used for electric vehicles and energy storage, the potential opportunity to extract metals such as lithium, tin and cobalt in Cornwall could represent a significant strategic advantage for the United Kingdom
- Incorporating circular economy and systems thinking to maximise sustainability across our projects

JOINT STATEMENT FROM OUR CHAIRMAN AND CEO

We are pleased to present Cornish Lithium's Sustainability Report for 2022 and hope that this document shows the Company's continued commitment to sustainability as we play our role in driving the UK's Green Industrial Revolution.

Since the Company's inception in 2016, Cornish Lithium has been at the forefront of sustainable mineral exploration and development in the UK and continues to embrace high environmental and social standards, recognising the importance of responsible practices in the pursuit of raw material extraction for the energy transition and modern technologies.

This sustainability report aims to provide our valued stakeholders with clear insights into our approach to environmental, social, and governance (ESG) topics, as well as a review of our performance to date. We hold ourselves to high standards when it comes to environmental stewardship, community engagement, and internal governance as the Company recognises the unique opportunity we have to establish a new industry in Cornwall: one that responsibly extracts metals vital for the energy transition, whilst respecting the region's proud mining traditions.

At Cornish Lithium, we seek to communicate in a transparent manner to all stakeholders and be accountable for our actions. This report highlights our commitment to these principles and is thus crucial in documenting our journey as a sustainable business. We remain dedicated to continuous improvement in our approach to sustainability management and external reporting.

To ensure the credibility and relevance of our reporting, we are in the process of identifying globally recognised frameworks and standards that align with our vision. Our activities are firmly rooted in supporting the United Nations Sustainable Development Goals, further demonstrating our commitment to creating positive impact.

It is our firm belief that that our efforts to establish a lithium extraction industry powered by sustainably generated renewable electricity, such as wind and solar, will not only benefit Cornwall but also the entire United Kingdom, given the importance of sustainable domestic supply chains for future industries such as the manufacturing of batteries and electric vehicles. In an era where consumers increasingly demand responsible sourcing and lower carbon footprints, it is strategically important for the UK automotive industry to have access to raw materials extracted in a sustainable manner.

Our innovative approach includes the utilisation of Lepidico's lithium processing technology, enabling the extraction of valuable by-products and maximising the value of every tonne of material processed from our hard rock Trelavour project. This advantage is particularly significant for the UK as by-product metals such as caesium and rubidium are currently exclusively produced by Chinese-controlled entities. Additionally, we are excited about our geothermal water lithium extraction programme, which has the potential to yield significant quantities of low-carbon heat energy. This energy can help reduce dependence on traditional heating fuels, especially at a time when energy costs have surged due to recent events in Ukraine. In addition, our geothermal projects could provide a source of potable water, which could be used for agricultural or industrial purposes.

Over the past year, Cornish Lithium has undertaken several actions to advance our objectives. We have strengthened our ESG team, expanded our outreach activities, and prioritised the safety of our workforce by hiring a dedicated health and safety manager. Additionally, we are proud to have been able to sponsor local charities where they are aligned

with our charitable objectives. These include the Cornwall Heritage Trust, the Cornwall Wildlife Trust, the Cornwall Community Foundation and the Cornish Seal Sanctuary. We have also actively engaged with local schools and colleges through visits and talks, aiming to inspire and educate the next generation.

The growth of Cornish Lithium as a company has not only contributed to the economic development of Cornwall, but has also created numerous job opportunities. We are committed to supporting local communities by providing work experience and internships for students, nurturing talent and fostering a sustainable future.

As we reflect on our journey thus far, we are encouraged by the progress we have made over the last six years towards establishing a crucial new industry for Cornwall. We believe that domestic production of lithium from Cornwall can play an important role in the development of a sustainable economy and the UK's journey to Net Zero.

Moving forward, this Sustainability Report will serve as an annual review, allowing us to measure our accomplishments against our ESG goals and track our progress over time. We look forward to keeping you appraised of our progress.

Ian Cockerill,
Chairman

Jeremy Wrathall,
Founder & CEO

LITHIUM: DRIVING THE GREEN ECONOMY

Due to its essential role in battery technologies lithium is widely considered by industry and governments around the world to be a critical raw material needed for the energy transition and the move to a net-zero economy. The recently updated UK Critical Minerals Strategy highlights lithium as one of 18 "minerals with high criticality for the UK" given its use in power storage batteries and electric vehicles. According to the International Energy Agency (IEA), demand for lithium could grow by 40 times by 2040 to meet clean energy technology requirements.[1]

The Importance of Lithium in Modern Day Technologies

The numbers below represent an estimate of how much lithium is contained within technologies which shape the modern world.

- Tesla Model S 51kg
- Other EVs 10-63kg
- Laptop batteries 30-40g
- Smartphone batteries 2-3g

How much lithium is in everyday items?

The UK Critical Minerals Strategy (discussed further on page 10) highlights the opportunity to accelerate UK capabilities in order to "maximise what the UK can produce domestically "given that the country is currently entirely reliant on imports of lithium, with complex supply chains which are vulnerable to geopolitical, ethical and environmental risks. Cornwall possesses significant

[1]https://www.iea.org/reports/the-role-of-critical-minerals-in-clean-energy-transitions/mineral-requirements-for-clean-energy-transitions

lithium deposits that we believe are critical to supporting the development of sustainable battery manufacturing in the UK, which will in turn support the UK's automotive industry. Cornwall also has potential to produce other key technology metals such as tin and copper that are required to enable the energy transition.

By producing lithium and other technology materials in Cornwall and reducing the UK's reliance on imported strategic materials for battery production, Cornish Lithium aims to contribute to the UK's net-zero ambition. The Company also aims to reduce the UK's vulnerability to external supply disruptions, providing a significant strategic advantage to UK-based businesses, as well as helping reduce the overall carbon footprint associated with current global lithium supply chains.

Cornish Lithium is focused on extraction techniques that offer the opportunity to produce lithium, other technology metals and associated by products in a low carbon manner.

In 2022 the UK Government produced its first Critical Minerals Strategy (the Strategy), intending to improve the resilience of critical minerals supply chains. The Strategy was updated in March 2023 and recognises the importance of critical minerals to all parts of modern life, and to the UK's climate ambitions. It sets out an approach to secure UK supply chains by boosting domestic capability in a way that generates new jobs and wealth, attracting investment and playing a leading role in solving global challenges with our international partners.

Through the Strategy, the UK Government commits to:

- accelerating growth of the UK's domestic capabilities
- collaborating with international partners
- enhancing international markets to make them more responsive, transparent and responsible

Accelerate the UK's domestic capabilities:

1. Maximise what the UK can produce domestically, where viable for businesses and where it works for communities and our natural environment.

2. Rebuild the UK's skills in mining and minerals.

3. Carry out cutting-edge research and development to solve the challenges in critical minerals supply chains.

4. Make better use of what we have by accelerating a circular economy of critical minerals in the UK – increasing recovery, reuse and recycling rates and resource efficiency, to alleviate pressure on primary supply.

Cornish Lithium has already been a recipient of Government funding for critical minerals, as highlighted in the Strategy, indicating Government support for the Company. Cornish Lithium has received investment through the Getting Building Fund for construction of the United Downs Geothermal Lithium Test Facility, as well as ATF funding for the scoping study for the hard rock project at Trelavour and the hydrometallurgical section of the Demonstration Plant to be constructed at the TreLith processing site.

https://www.gov.uk/government/publications/uk-critical-mineral-strategy/resilience-for-the-future-the-uks-critical-minerals-strategy

OUR APPROACH TO SUSTAINABILITY

Cornish Lithium is committed to exploring for and extracting decarbonising metals in a socially and environmentally responsible way. We aim to be a global leader in an industry that will play an essential role in the UK's transition to a lower-carbon economy through underpinning a secure and responsible supply chain for sustainable battery and electric vehicle manufacturing as well as supporting other industrial growth.

Effectively addressing Environmental, Social and Governance (ESG) considerations, is at the core of everything we do and is hence fully integrated into the Company's overall strategy. Cornish Lithium considers its commitment to high ESG standards vital to maintaining our social licence to operate, to creating value for all stakeholders and to ensuring commercial success.

The Company aims to comply with all relevant UK and international regulations, as well as industry best practice wherever possible and intends to adopt relevant international standards as our projects progress. Global Reporting Initiative (GRI) Standards by the time our first project is in commercial production, and we have initiated internal data collection following GRI requirements. In addition, we are considering the implications of the Task Force on Climate-Related Financial Disclosures (TCFD) and how to best build appropriate foundations for identifying and managing climate-related risks.

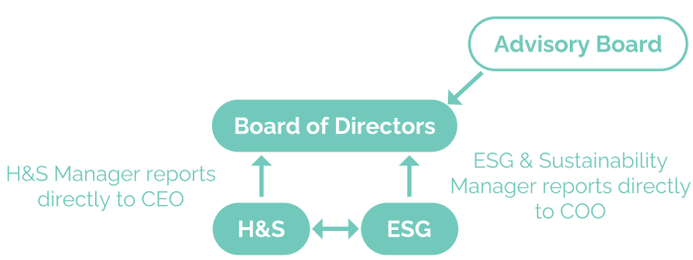
This approach includes strict adherence to the UK's health, safety and environmental standards and regulations, and working towards compliance with applicable elements of the Equator Principles. The Company regularly engages with all appropriate government agencies in order to maximise understanding of our work programmes. An effective environmental management system is being developed and stakeholder engagement plans are considered "living" documents that are appropriate for the different stages of project development across the Company's various activities.

In 2022 we adopted new environmental, health and safety (EHS) software to consolidate reporting, enable us to track performance and increase transparency across the Company. We have commenced baseline data collection in certain key areas, however this is an evolving process and we recognise the necessity of capturing additional data going forward.

We endeavor to provide stakeholders with clear insights into our operations and ESG performance on an annual basis.

Sustainability management

Our Board is responsible for Cornish Lithium's overall sustainability strategy and performance against various benchmarks. The Board has delegated day-to-day running of our ESG programmes to our internal, dedicated ESG team, which reports directly to our Chief Operating Officer.

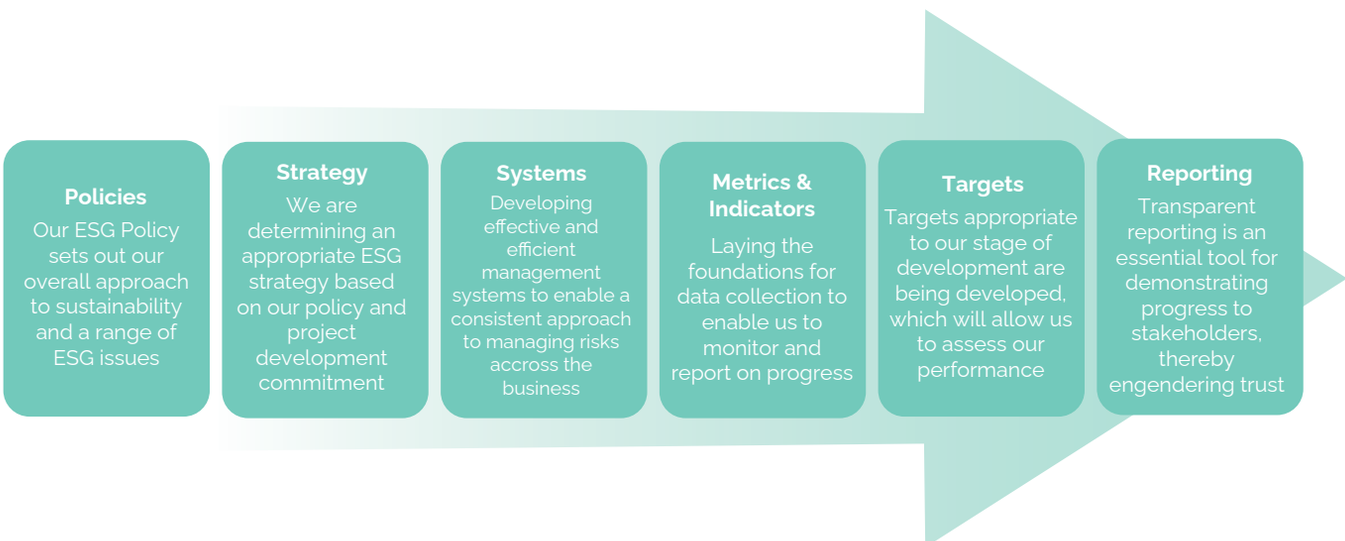


Towards the end of 2022 we established an Advisory Board, which is responsible for providing insight into ESG matters in the Cornish and national context.

We aim to ensure effective integration of ESG considerations into all aspects of exploration and development by including ESG team members in project delivery teams, thereby helping us to incorporate best practice into project design from the outset. As part of this effort, the ESG & Sustainability Manager sits on the Technical Coordination Group, which is responsible for high level management of the Company's exploration and extraction projects.

ESG performance is reported on a monthly basis to the Board and Executive team. Board meetings begin with an update from the ESG team alongside the health and safety team.

Systematic approach to sustainability management



Risk management

To ensure reliable and safe operations, managing risks and preventing accidents is a top priority for Cornish Lithium. A key aspect of our approach is to identify potential hazards early and develop detailed risk assessments that take into account the local environment, the workforce, and other stakeholders. Such risk assessments help identify areas that need improvement, and assist in the creation of effective risk management plans.

During 2022 Cornish Lithium conducted a company-wide risk evaluation, working with an external consultant to create project-specific risk registers which, in turn, feed into an overall company-wide register. This register is intended to be a "living" document, which is reviewed regularly in order to capture and mitigate emerging risks as the business develops.

To effectively manage risk, the Company aims to create a strong risk culture across all levels of the organisation in order that all employees are empowered to identify risks and take appropriate action in order to mitigate them. A clear communication and reporting structure has now been developed and implemented to ensure that all incidents are promptly reported, aided by the establishment of an internal ESG team in 2021 and the employment of an experienced Health & Safety Manager in mid-2022.

The overall Risk Management Plan encompasses health and safety in addition to environmental, social, and governance risks. We believe that responsible risk management will help ensure the safe and reliable operation of our projects as we move from exploration through development.

Sustainability action plan

In 2021 Cornish Lithium created a dedicated internal ESG team and adopted a comprehensive ESG Policy. The Company conducted a materiality review in 2022 which identified areas of focus for our sustainability strategy, laying strong foundations for our future action plan.

Our key priorities for 2023 are:

- Continue the development of an all-encompassing ESG strategy
- Further data capture and assessment to enhance performance tracking and enable external reporting of key ESG metrics including Scope 1 and 2 emissions
- Continue successful integration of ESG considerations into project development, including initiation of an ESIA at the Trelavour Project and developing a planning and permitting strategy for our lithium in geothermal waters projects
- Develop and implement an appropriate company-wide Environmental & Social Management System (ESMS)
- Update the Procurement Policy to promote transparency and accountability in our supply chain, outline expectations for suppliers and establish metrics for tracking progress
- Assessment of climate-related risks and emissions in order to develop a climate strategy roadmap and associated future reporting in line with TCFD recommendations
- Consider internationally accepted sustainability reporting standards and frameworks for adoption

Material sustainability topics

We consider a sustainability topic to be material if it has potentially significant economic, environmental and / or social impact and could affect our ability to create value over time, or when such a topic substantively influences the assessments and decisions of our stakeholders.

The following material topics were identified as part of an externally facilitated materiality assessment conducted in 2022. Full details of the process can be found in our 2021 Sustainability Report. These topics were reviewed internally in early 2023 and the Executive Committee and senior management are satisfied that they remain the most relevant topics for the future of Cornish Lithium.

Significance of economic, environmental and social impact on long term value

Responsible business	12. Responsible supply chain 14. Corporate governance and ethics
Our people	1. Safety 9. Occupational health and wellbeing 10. Training, development, talent and innovation 13. Responsible employment
Environment	3. Planning and permitting 4. Climate change, emissions and energy management 5. Environmental management 6. Waste management 7. Biodiversity 8. Rehabilitation and closure 15. Water management
Our communities and partnerships	2. Stakeholder engagement and partnerships 11. Community investment

Our commitment to the UN Sustainable Development Goals

Our operations are guided by an acute awareness of the role we play as a company in meeting the UN's Sustainable Development Goals ('UN SDGs'), including the critical role of lithium and other strategic minerals in supporting global climate action. We believe our activities and approach are best aligned with the following goals. We also contribute to additional goals such as SDG 10 (Reducing Inequalities) through our community investment activities as shown on page 31:

Renewable, sustainable energy solutions are essential to reduce the current reliance on fossil fuels. The energy transition is going to be hugely mineral intensive, with significant lithium demand from low carbon technologies. Cornwall's granite rocks are rich not only in lithium, but also geothermal heat potential.

We are investigating the opportunity to co-produce low-carbon lithium and heat from geothermal waters. We also intend to use energy form renewable sources to power our operations (where possible) once in production.

> see page 33

Responsible lithium extraction has an instrumental role in enabling economic growth, with Cornwall poised to contribute to the energy transition on account of its georesources, mining heritage and wind, solar and geothermal energy potential.

We aim to build a sustainable and responsible battery metals extraction industry in Cornwall. We are a responsible employer and recognise the benefits of a diverse, skilled and talented workforce. We are committed to providing equal opportunities in terms of the jobs and internships we offer.

> see pages 16 and 20

Innovation to develop sustainable, environmentally-sound technologies and processes will be fundamental drivers of the industrial development needed for a more climate resilient future.

Cornish Lithium is an innovative, mineral extraction company focused on the environmentally responsible extraction of lithium in the historic Cornish mining industrial landscape. We are using pioneering techniques and digital technology and are focused on using low carbon energy as well as re-using infrastructure wherever practical to minimise environmental impacts.

> see pages 20 and 25

There is an increasing call for ethical, sustainable and low-carbon production of the raw materials required as the world transitions to a decarbonised economy. Europe currently has no domestic lithium supply.

Cornish Lithium aims to extract low-carbon lithium in a responsible and ethical manner, incorporating circular economy and systems thinking within our business model from the start. By reporting on ESG issues, we wish to demonstrate transparency and accountability to all our stakeholders.

> see pages 33 and 38

Renewable energy and low-carbon technologies are vital to combatting climate change. Lithium is a key enabler of global decarbonisation on account of its use in battery technology for EVs and grid storage of renewable energy.

Cornwall is well endowed with natural capital, and the potential for wind, FLOW and geothermal energy alongside its georesources. Our work with the SW Natural Powerhouse demonstrates our commitment to the region's decarbonisation, alongside our ambition to establish a strong, sustainable and environmentally responsible extraction industry in the UK for those minerals which can contribute to the global goal of decarbonisation.

> see pages 31 and 33

Sustainable development is advanced by the efficient sharing of expertise, knowledge and technology and is underpinned by successful partnerships between governments, research institutions and companies. Multi-stakeholder collaboration is required to bring about the systemic change needed to drive global decarbonisation.

Strong partnerships with industry, academia and government bodies, enable us to stay at the forefront of innovative mineral exploration, extraction and development.

> see pages 26 and 38

RESPONSIBLE BUSINESS

Conducting business in an ethical and responsible manner, underpinned by robust governance structures.

Why it is important?

Conducting business in a responsible and ethical manner is not only the right thing to do, but is also important in minimising the risk of any potential negative impacts throughout our value chain. It is also directly linked to the reputation and good standing of the Company and the broader industry. We recognise that even in developed markets, ethical issues such as modern slavery present a real risk that we may be exposed to through our supply chain. As part of our governance practices, we are acutely aware of the importance of protecting our data, given its value and sensitivity. Along with providing employment opportunities throughout the supply chain, we are investing in community development projects. Benefits like these can contribute to long-term development needs and priorities for rural areas that have limited sources of additional revenue.

2022 achievements

- Advisory Board established
- Financial Audit Committee established
- Procurement Policy developed in 2022, which will be reviewed annually
- All Company policies were reviewed and updated as required

Next steps

- Further develop the Procurement Policy in 2023, building in more scrutiny into human rights and supply chain ethics and impacts
- Further establish ongoing staff training on Company policies and procedures

Corporate governance and ethics

Cornish Lithium is a UK registered and domiciled Company and we therefore aim to uphold the highest corporate standards, led by our Board of Directors. We look to achieve strict adherence to all applicable laws and regulations and have a framework of policies, available on our website, which are aimed at guiding ethical practices and maintaining the appropriate culture. These policies are reviewed regularly by the ESG team and annually by the Board.

Further developing our governance structures

In 2022 the constitution of the Financial Audit Committee and the Advisory Board were approved. The Advisory Board members will provide thought leadership to the Board, particularly within the context of Cornwall and surrounding areas. The initial three members of the Advisory Board are Kate Harcourt, Alverne Bolitho and Kate Holborow, and they will act as regional ambassadors for the Company. Key duties include identifying potential local and national partners and engaging with non-member stakeholders and local community interest groups in alignment with the Company's engagement and communication strategy.

Ethical conduct

Our Code of Conduct lays out the principles for ethical and professional behaviour to which all employees, officers, directors, contractors and suppliers are expected to adhere. The importance of the Cornish Lithium Code of Conduct is emphasised to all new employees as part of their induction process, alongside all key company policies. In 2023 the Company aims to strengthen our current procurement process to ensure that all contractors and suppliers are also aware of, and adhere to, the Code of Conduct.

Our staff receive training on all key Company standards and policies as part of the induction process, and also whenever new policies are implemented. During 2022 the Company recruited an experienced full-time HR Manager who will ensure detailed understanding of key policies. This process will be expanded during 2023.

The Company's Whistleblower Policy encourages employees to report non-compliance or unethical behaviour either to their line manager, or directly to the CEO or Chair of the Board, without fear of reprisal. The policy also includes a link to the independent whistleblowing charity Protect, which provides free and confidential advice to potential whistleblowers as well as working with organisations to improve their 'speak up' arrangements and campaign for better legal protection of whistleblowers. In the instance of a concern being raised, Cornish Lithium will carry out an initial assessment to determine the scope of any investigation, if required.

Anti-bribery and corruption

Cornish Lithium has a zero-tolerance approach to bribery and corruption, underpinned by an Anti-Bribery Policy which applies to all employees, officers, directors, contractors and suppliers, and is reviewed by the Board on an annual basis.

As we update our procurement process during 2023, we intend to build in due diligence procedures for assessing and managing corruption and bribery risks internally and also those associated with business partners throughout our value chain.

Human rights

Human rights are basic rights and freedoms for everyone, based on dignity, fairness, equality and respect. We are working towards the UN Guiding Principles on Business and Human Rights, and during 2023 the Board will evaluate how we are currently fulfilling our responsibility to respect human rights in a robust and coherent manner. The Board will also decide if any additional steps are required to meet the UN Guiding Principles and UK statutory reporting obligations.

Cornish Lithium believes that there are significant benefits to creating a domestic supply of lithium for use within UK industry as this will assist in de-risking international supply chains and contribute to an ethical, transparent and responsible supply chain.

Modern slavery

Freedom from slavery is a human right. We recognise that just by virtue of being in the UK, it cannot be assumed that our value chain and suppliers are free from modern slavery and so steps must be taken to ensure that this is the case.

Preventing and addressing any involvement in modern slavery throughout our business is an important part of our approach to ethical conduct, which is in part managed by our procurement process. Employees and contractors are expected to adhere to the high standards set out in our Code of Conduct and can use our internal grievance mechanism as a way to report on anything which they may notice contravenes this – including suspected modern slavery.

We respect and support the UK Modern Slavery Act and intend to publish an annual statement in this respect in the near future.

Responsible supply chain

Supply chain considerations sit at the heart of our business model. By creating an industry that produces vital battery raw materials, Cornish Lithium aims to reduce the UK's vulnerability to external supply chain disruption, reduce the carbon footprint of the supply chain, promote ethical production of lithium, generate economic growth in Cornwall and provide a significant strategic advantage to UK-industry.

It is therefore crucial that we work closely with our suppliers to ensure that the highest safety, ethical and environmental standards are met and that we understand and minimise climate-related impacts.

In 2022 we implemented a Procurement Policy which requires all suppliers and contractors adhere to the standards set out in Cornish Lithium's Code of Conduct, and we are building a directory of approved suppliers who meet our criteria set out in the policy.

As a growing business in Cornwall, we are aware of the benefits of contributing to the local supply chain (see further detail in 'shared value' on page 29). As part of our focus on ensuring responsible practices in our supply chain, we have developed a prequalification process which is used for larger contracts. This process includes a detailed questionnaire covering supplier business practices, with a focus on prior experience, health and safety and ethical, environmental and social indicators. Responses to the questionnaires and supporting information are assessed and ranked internally, and results used to evaluate which parties are invited to tender. The prequalification process considers a wide range of environmental and social factors including: social and governance policies; training; biodiversity, waste, water and energy management practices; and climate change commitments.

Going forwards, our intention is to conduct due diligence on our existing suppliers as well as potential new ones throughout 2023. It is our responsibility to ensure that the standards we expect are being

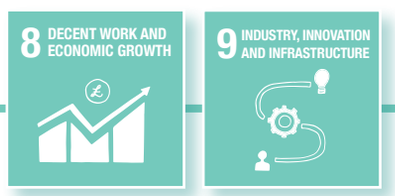
met throughout our supply chain. If any breaches are discovered we intend to hold an investigation to determine the extent of such a breach and the potential impact, and (depending on the scale of the breach) work with the supplier to rectify any issues

Information security

Cornish Lithium has assembled a vast archive of historical and modern data from public and private sources and have developed significant expertise in re-assembling this in digital format to model sub-surface geology and potential sources of mineralisation. The Company considers this data and its 3D interpretation to be highly innovative and of vital strategic importance. We are therefore acutely aware of the importance of protecting such data and have taken steps to ensure that the requisite secure IT systems and procedures are in place.

OUR PEOPLE

Prioritising the safety, health and wellbeing of employees and other stakeholders. Attracting and developing diverse talent and fostering an innovative and inclusive working environment.



Why it is important?

We recognise the safety and well-being of our employees, local communities and other stakeholders as a non-negotiable priority and are aware of the risks which can be associated with the minerals extraction industry when the correct policies and systems are not implemented. Our business is founded upon innovation – a core Company value. Without a diverse, skilled and talented workforce, we cannot achieve the technological development required to extract low-carbon lithium in a responsible and ethical manner.

2022 achievements

- Zero Reportable Incidents
- Zero Lost Time Injuries
- Zero Reportable Occupational Diseases
- Two Medical Treatment Injuries
- EHS reporting and management tool established
- Health and Safety Manager and HR Manager employed
- Wellness Committee established
- Occupational Health Screening introduced
- Induction process for new staff updated
- Key policies implemented, including Equality, Diversity and Inclusion and Company-sponsored learning
- Continued focus on innovative technologies and AI/machine learning to allow us to operate more efficiently and sustainably

Next steps

- Continue to develop our safety culture
- Further HR policy review and implementation
- Promote initiatives for broadening diversity within staff as team grows

Targets

- Zero Reportable Incidents
- Zero Reportable Occupational Diseases

Safety

Safety is our first priority, and we are committed to promoting and maintaining a strong safety culture for all employees and contractors. We implement applicable UK health and safety standards rigorously, supported by our Health and Safety Management system which is developed in line with ISO45001 and international best practice.

During 2022, we implemented a EHS reporting and management tool, to enable company-wide data collection, monitoring and reporting of all health, safety and environmental incidents and inspections.

Health and safety training is provided for all employees and business partners comprising both internal training relevant to their role within the business and external courses including IOSH Managing Safely, Nebosh Certificate and Diploma.

During 2022, the approach to health and safety has included:

- Internal risk assessment training for staff
- All hazardous activities risk assessed and regularly reviewed
- Hazard and Operability (HAZOP), Layers of Protection Analysis (LOPA) Bowtie Risk assessments for complex and higher risk hazards
- Identified controls are implemented and checked at site level with regular inspections and verification programmes to identify any failures in the controls.

Health and safety risk management is also aligned within the wider corporate risk management approach, which ensures that the Executive Committee has visibility of the key risks pertaining to the business.

The Company has a dedicated and experienced Health and Safety Manager. Communication and governance of health and safety issues is managed through a series of Health and Safety Committees at site level that feed into a Group Health and Safety Committee chaired by our CEO Jeremy Wrathall and which reports directly to the Board.

Occupational health and wellbeing

We place great importance on the physical and mental health of our staff and aim to create and promote a workplace environment that supports and promotes their wellbeing. Towards the end of 2022 we established a Wellness Committee supported by a professional Wellness Mentor, to provide on-going focus on staff wellness and to champion initiatives to improve the working environment.

Our staff have access to a confidential 24-hour Employee Assistance Programme which is supplied by a third party. We encourage our employees to lead an active lifestyle and have programmes in place to assist this effort, such as our cycle to work scheme.

Occupational health screening and monitoring is also provided to identified operational staff, to ensure appropriate action can be taken to address any issues identified. A Health Hazards Matrix was drawn up and job roles were matched to the hazards and baseline health screening has been carried out for all relevant roles. Employees' occupational health will be monitored on an annual basis to ensure that any occupational illness trends are identified, and can be addressed, as early as possible.

Responsible employment

We believe that the Company's success to date is the result of the quality and skills of its people – so we are committed to supporting and retaining them. At the end of 2022 we had 57 employees and a number of additional contractors working across our projects.

Cornish Lithium is an equal opportunity employer and we have a zero-tolerance approach to any form of discrimination. We provide clear and fair terms of employment and remuneration, including benefits such as enhanced sick pay and parental leave pay.

Employee communications and HR

We look to engender strong communications with all our employees and have an annual performance appraisal process enabling employees and managers to have an open discussion whereby feedback on performance can be given. Cornish Lithium encourages a culture where these conversations can also take place at the request of staff informally throughout the year.

The CEO, CFO and COO visit all sites regularly for face-to-face meetings with the teams, and also to provide opportunities for ad hoc meetings and informal conversations. We believe this is an important way of cultivating the collaborative, open and engaging culture that the Company strives to achieve.

Cornish Lithium now has a HR manager who has been writing and implementing a number of company policies, introducing an onboarding process for new employees, updating job descriptions for all employees, developing organisation charts, introducing occupational health screening and implementing a new HR Information System. We conduct a number of outreach events throughout the year, which are strongly supported by staff who are keen to represent the Company and meet the local community.

Diversity, inclusion and equal opportunities

Cornish Lithium aims to promote diversity and inclusion at every level of our organisation and create a positive working environment for all. One of our key focuses is to support young people who wish to embark on a career in the mineral extraction and processing industry given the challenges we foresee in securing a talent pipeline going forward. The Company is involved in a number of initiatives both locally and nationally, to try and encourage more young people (especially from diverse backgrounds) into the mineral extraction sector. An important part of this is our schools and colleges outreach programme, conducting talks and attending careers fairs in the local community. We work with organisations such as the Critical Minerals Association (CMA) and relevant Cornwall Council and national Government departments to raise awareness of the need to attract and train people in critical minerals skillsets.

We are mindful of the fact that gender diversity remains a challenge within the minerals extraction industry however, we feel there are a number of ways that we can contribute to bringing about change. Where possible, Cornish Lithium aspires to a target of gender parity across the company by 2030.

We believe that one of the major barriers to achieving true gender equality is the opportunity for parents to take equal responsibility for childcare. Therefore, in addition to enhanced maternity and paternity leave pay, we offer enhanced pay for shared parental leave. We are also a keen supporter of Women in Mining and Women in Geothermal, helping to organise networking events in Cornwall, to promote and progress the development of women in the mineral extraction, minerals and geothermal sectors. We host a number of students for work experience and internships throughout the year, and are working with Women in Mining UK to promote these opportunities to female students studying

relevant technical subjects. Gaining industry experience can be invaluable whilst a student, and in 2022 we supported three student MSc projects and hosted eight interns (four of which were female).

Currently 26% of our employees are women, with 8% in technical roles. 14% of our Board is female and 29% of Board members are from ethnic minority backgrounds. We aspire to attract and retain more female staff, particularly within technical roles.

Case Study

Local opportunity – legal secondment and mineral skills development

Cornish Lithium provided a secondment opportunity to a Cornish young legal professional. The secondee has benefited from the opportunity by gaining an in-depth understanding of the Company's business, industry, and operations. By working on a variety of legal matters for the Company, the secondee has been able to develop their legal skills and knowledge which will be beneficial for their long-term career development in the mineral-rich region of Cornwall.

Culture and values

Since inception in 2016, Cornish Lithium has been founded on the principles of innovation, openness, integrity and doing things in the best possible way. These remain key pillars in our culture, which is led from the top by our Board and senior management, who model the behaviours and values that they wish to see from employees. This includes being open to new ideas, and prioritising honesty and transparency. We place importance on our ability to conduct business in a way that reflects our values. All new employees joining the Company receive an induction which includes information about the Company's culture and mission.

At Cornish Lithium we strive to foster a sense of psychological safety within the organisation, where employees feel comfortable speaking up and sharing their thoughts without fear of retribution or ridicule. This is being achieved through initiatives such as monthly town hall meetings and open-door policies with management. We also invest in learning and development opportunities (see further details below) to help employees develop new skills and ways of thinking that can drive innovation, and the Company has developed a formal Training Policy to support this.

Training, development, talent and innovation

In order to attract and retain the right people, we have instigated a number of internal training and development initiatives. We believe this is important in order to keep our employees engaged and to enable them to progress their careers.

Where appropriate the Company endeavours to support employees who wish to undertake further learning and development to enhance their careers. Through the annual performance appraisal process, employees have the opportunity to identify learning and development needs. Employees also have an opportunity to register their interest for a personal development discussion which may result in an individual development plan being created for them. The Company has recently introduced

a policy on sponsored learning which gives a clear message to employees regarding the support available.

As part of our approach to training, we support the Continued Professional Development (CPD) of our staff as well as providing them with opportunities to upskill where required.

Innovation

As a highly innovative company Cornish Lithium strives to remain at the forefront of technological developments within the mineral extraction industry. We take a technology-focussed approach to exploration and have assembled a vast archive of historical data which is digititised in-house. This data is then combined with satellite imagery, geophysical data and drone mapping, to build 3D digital models of the sub-surface geology and the mineral potential of the region.

By leveraging techniques such as 3D geological modelling, AI and machine learning algorithms to process geological data and identify potential mineral deposits, the need for manual exploration is considerably reduced and the chance of discovering new deposits is significantly increased. Our exploration team is able to collect and analyse vast amounts of geological data from within our archives and proprietary databases with greater speed and accuracy than ever before.

In addition, these technologies can aid in the interpretation of geophysical and geochemical data, allowing us to make more informed decisions on where to focus our efforts. Overall, we believe that embracing new technologies and innovation is essential to our exploration efforts and allows us to operate more efficiently and sustainably.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Case Study

Data Science in Geology and Mining

Cornish Lithium has been collecting historical datasets and compiling an archive of data since inception in 2016. The data types within our proprietary archive are incredibly diverse and conducting manual analysis of the work is time-consuming. It is possible, in many cases, to use Data Science and Machine Learning Algorithms ('MLAs') to rapidly analyse these datasets and extract key features that feed into further data analysis for mineral exploration.

For example, the use of MLAs to identify map objects has been developed (see Figure 1). The algorithm is fed a training dataset (240 objects) that requires some initial manual interpretation identifying symbology and any variations across the historical dataset (often due to hand drafting of the maps).

Once complete, the MLA will be able to scan the whole dataset and extract the points where these map objects have been identified and output a confidence level to it's prediction. The MLA used a training dataset of hand-digitised points that had previously been collected (50 points) and found a further 7 over a small demonstration area indicating that it is more accurate and faster than manual interpretation, once trained. These algorithms are now under development to be used more widely and for a range of map objects.

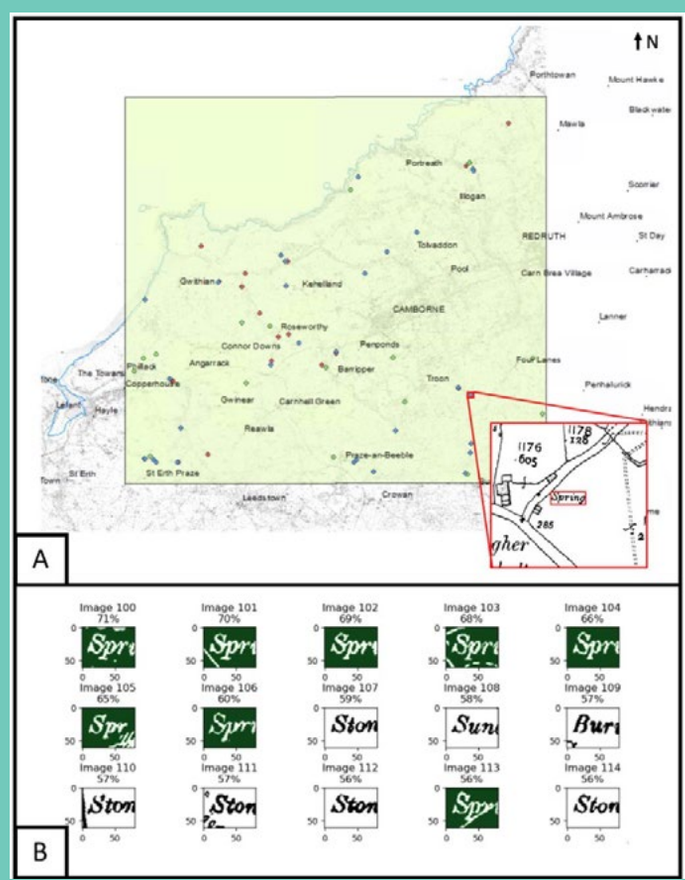


Figure 1 A) Map showing spring locations as the map object derived from Machine Learning (different colours represent different sources). B) a representation of the accuracy measurements made by the Machine Learning Algorithm for the "spring" map object

OUR COMMUNITIES AND PARTNERSHIPS

Building and maintaining strong and collaborative relationships with local communities and partners is important to Cornish Lithium and, where possible, the Company is providing shared value to stakeholders through local investment.

Why it is important?

Cornish Lithium has the potential to create significant value for the local communities in which it operates in the form of job creation, socio-economic development, local supply chain support and charitable support. Along with providing employment opportunities throughout the supply chain, we are investing in community development projects. Benefits like these can contribute to long-term development needs and priorities for rural areas that have limited sources of additional revenue.

2022 achievements

- £43,960 invested in community programmes, including a £20,000 fund with the Cornwall Community Foundation
- Talks in 16 local primary and secondary schools, reaching over 450 pupils
- Participation in 15 local school and college career fairs, reaching over 3,000 students
- Hosted school visits to our United Downs Lithium in Geothermal Waters test facility during British Science Week schools. Ca. 120 pupils attended from four schools (primary and secondary)
- Hosted 17 community drop-in sessions across our projects

Stakeholder engagement

We strive for open, active, inclusive and respectful engagement with all of our project stakeholders order that local stakeholders feel the benefit of our work.

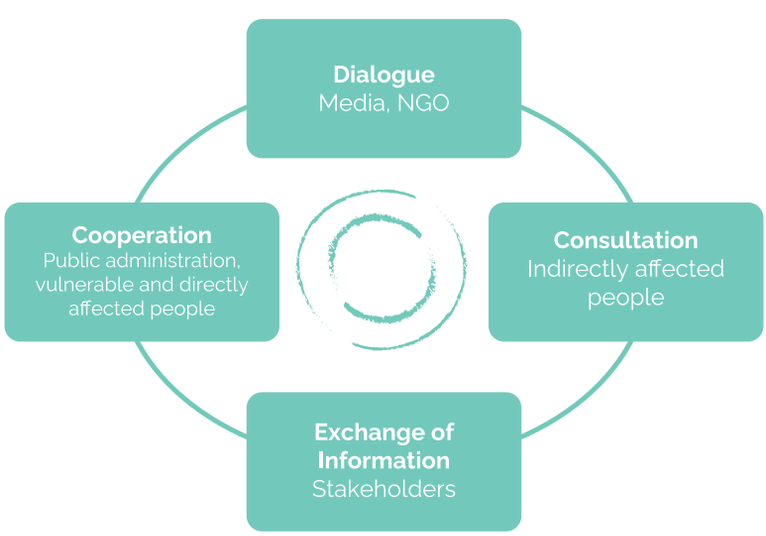
This approach has been a core part of Cornish Lithium's ethos since the beginning, and early engagement is helping us to build the foundations for a trusting relationship with the communities in which we work. Meaningful engagement with stakeholders helps us to align expectations on the management of impacts and provision of benefits.

Stakeholders are encouraged to provide feedback through a variety of channels: social media, via our website or in person at project drop-in sessions and presentation evenings. Each piece of feedback or query is assessed and followed up with in the most appropriate manner, which may be to invite the individual or group to site for a visit and discussion in person, or may be resolved via a phone call and additional project information.

In 2022 we created a Company-wide Stakeholder Engagement Plan, and then associated project action plans with a level of detail appropriate to the stage of development. All actions are recorded, included conversations with regulators.

Stakeholder mapping exercises are conducted for each of our projects or activities. We have defined local communities, government and regulators, investors, suppliers and academia / local interest groups, R&I, NGOs as the stakeholder groups which are most relevant to our business. We identify the following three separate forms of engagement:

- Outreach – to promote the work of Cornish Lithium and its activities with a wide range of stakeholders.
- Engagement – project specific contact with project stakeholders, ranging from statutory bodies to landowners and affected householders. Typically related to disclosing a particular project activity (e.g. drilling campaign) or in response to stakeholder concerns. This is designed to build relationships, to listen and be heard and understood.
- Communication – general corporate updates, contact with shareholders, press releases, marketing, all media and press. Includes social media: LinkedIn and Twitter are considered as corporate forms of communication, whereas Facebook and Instagram are used for outreach and engagement. We work with local communication agencies Wildcard PR and Curlew PR to assist with this.



OVERVIEW OF ENGAGEMENT IN 2022

Stakeholder group	Methods	ESG topics raised	Outcomes
Local communities	• Presentation evenings • Drop-in sessions • Community events • Social media & website • Print media	• Impacts of existing and new projects – water use, noise, dust, ecology • Community benefit	• Various stakeholders invited to site to see what we're doing, concerns discussed and stakeholders reassured • Investment in local community projects and initiatives.
Government and regulators	• One-on-one meetings • Website • Company reports and releases • Social media	• Planning & permitting • Opportunity for domestic lithium production	• Ongoing dialogue with government and regulators to ensure they're up to date with project progress and plans
Investors	• One-on-one meetings • Website • Company reports and releases • Social media • Conferences	• Impacts of existing and new projects – job creation, water use, noise, dust, ecology	• Supportive of the company approach to ESG management
Suppliers	• Supplier engagement questionnaire • Procurement meetings	• Data • Current PQQ process can be quite onerous for suppliers	• 2023 review of Procurement Policy • 2023 supply chain due diligence
Academia, local interest groups, R&I, NGOs	• One-on-one meetings • Project based meetings e.g. R&I project teams	• Circular economy • Lithium extraction technologies	• Various collaborations including some grant funded projects

Education and outreach

We are committed to community education and have a number of programmes in place to support science, technology, engineering and maths (STEM) in the local area and at a national level. In our view, this is a fundamental way of building a pipeline of talent for the mineral extraction industry. Our initiatives include hosting visits from local schools and colleges, outreach from our staff in the form of talks and demonstrations.

Key topics we focus on are:

- The role of lithium in decarbonisation
- The minerals exploration and extraction process
- Introduction to Cornish Lithium's projects
- Career opportunities within the mineral extraction sector

We also participate in events that encourage students into geoscience such as Girls into Geoscience and through Women in Mining, alongside highlighting career opportunities in Cornwall, as evidenced by our 2022 attendance at 15 school and college careers fairs.

Partnerships

Building and maintaining effective partnerships is fundamental to how we operate at Cornish Lithium. Strong partnerships with industry and academia enable us to stay at the forefront of innovative mineral exploration, extraction and development. Whilst industry partnerships are allowing us to efficiently find new resources and expediate our project development.

As a founding member of the Critical Minerals Association (CMA), we actively participate in the domestic mining debate. The CMA brings together companies and individuals within the UK mining ecosystem, to provide a voice to and help inform UK Government of key industry challenges as well as the importance of critical minerals to society. Our CEO sits on the UK Critical Minerals Expert Committee, providing input into the UK's first Critical Minerals Strategy, updated in March 2023.

Cornish Lithium also chairs the South West Natural Powerhouse (SWNP), an independent consortium formed from industry, academia and local government who work in collaboration to facilitate net zero in the South West. The consortium, which is centered around collaboration and a shared vision of clean growth through sustainable development and circular economy thinking, fosters responsible stewardship of our natural resources, whilst promoting sustainable and accelerated development of the blue and green economies.

Shared value

We strongly believe that the Cornish mineral extraction industry can form a fundamental part of the UK's supply chain of the critical raw materials, such as lithium, required to deliver the transition to a net-zero economy.

We wish to positively contribute to the economic growth and development of the region over the longer term. In doing so, we aim to ensure that our stakeholders benefit in the sustainable success of the Company through local employment and supplier opportunities, payment of taxes, investment in the local environment and community support and development.

In an area where skilled jobs are sparse and employment is often seasonal in nature, we are providing high quality, long-term career opportunities. As our projects develop, the employment potential will increase, with the potential to significantly add to the local economy as shown in the case study below. Our lithium from geothermal waters sites will also generate a number of highly skilled jobs at each site that we develop.

Local procurement

In order to support the economy around our operations, we have included a preference for local suppliers as part of our procurement process.

Case Study

Creating shared value in Cornwall

In 2022 we worked with consultants E4Tech to conduct a Gross Value Add calculation exercise for our projects.

Throughout the 24 years of building, operating and decommissioning of our hard rock Trelavour Project, Cornish Lithium could add £870m to the local economy and create 260 long-term jobs (20-year careers) and 230 shorter-term construction jobs to Cornwall.

- This could provide the development of a skilled workforce and offer secure employment in a region with a large dependence on seasonal work.
- It would be compatible with local and national Government objectives of levelling-up the UK, working towards a sustainable future.
- Over the 20 year mine life Company activity could add £38m in direct value add to Cornwall every year (mostly from employing a local labour force of 208 and paying salaries of £11m). Cornish Lithium's direct activity and activity from primary suppliers could add 0.4% of Cornish GVA and 0.1% of local jobs annually[3].
- The indirect benefits in the supply chain increase the value add a further c.£40m and 350 jobs.
- Induced benefits to the local economy through higher spending have not been calculated but would bring additional value.

In comparison to hard rock extraction, geothermal techniques are more costly to develop, but can create more value in build, operation, as well as elsewhere in the supply chain.

Battery cell production has the potential to add significantly more value than the other steps modelled in the supply chain. So, developing the conditions for battery production plants in the UK by establishing the necessary upstream material manufacturing could provide further significant benefit to Cornwall and the UK.

[2]Research conducted by E4Tech. Estimated over the proposed 24 years of building, operating and decommissioning the Trelavour project.

Community investment

In spite of its rich mining heritage, Cornwall has a number of socioeconomic challenges characterised by average salaries which are 89% of the national average in terms of weekly pay[3], house prices significantly above the rest of the UK and a strong reliance on seasonal tourism related businesses.

We have established the Cornish Lithium Community Fund through the Cornwall Community Foundation and in order to direct our investment meaningfully, we have developed the following charitable objectives:

1. Advance education, including supporting projects and training that benefit people of all ages by enhancing their skills, with a focus on Earth Sciences and History of Cornwall, including Mining History;
2. Advance environmental protection and improvement including the transition to net zero;
3. Support the industrial heritage of the region, including mining history, to bring educational and wellbeing benefits and enhance the local landscape; and
4. Provide and improve facilities in the interests of social welfare and leisure time with the aim to improve residents' wellbeing.

Advance **education**

- Training for all ages
- Skills enhancement
- Earth Sciences
- Cornish history
- Mining history

Advance **environmental protection**

- Transition to net zero
- Support biodiversity

Support **industrial heritage**

- Enhance local landscape
- Support mining history

Provide **social welfare and leisure facilities**

- Support groups facilitating this

Given its expertise and local knowledge, the Cornwall Community Foundation helps us identify the most pressing local needs which require investment as well as conducting due diligence on groups applying for funding. We also meet with the groups after the funding has been delivered for them to show us how the support is being used.

[3]Calculated using 2019 figures for GVA and employment from
Cornwall Council: Economy Monitoring Monthly Update (EMMU) September 2021.
Source: ONS (https://www.nomisweb.co.uk/reports/lmp/la/1946157349/report.aspx?#ls)

The Cornish Lithium Community Fund will not support sporting activities in general and will carefully review proposed funding opportunities for diversity and inclusion aspects and collective community benefits. We also retain a modest sum outside of the Fund to allocate at our discretion, allowing us to respond to ad hoc sponsorship opportunities throughout the year, all of which are assessed against our charitable objectives.

In 2022, Cornish Lithium invested £43,960 in local community projects and initiatives, with key projects including:

- Bissoe Valley Nature Reserve Guardians
- Steam Up at Water and Steam Museum, London
- Roche Panto
- Roseland Academy green power race cars
- Roseland Youth Trust Sailing Academy
- School mining games
- St Dennis mid Cornwall male voice choir
- Cornwall Heritage Trust School Transport Grant and school leaflets
- University of Exeter Knowledge Awards
- UK Geothermal Symposium
- Coastline housing fundraiser for South West Children's Hospice
- Seal Sanctuary 'Fund Our Future'
- Kernow Killer trail run near United Downs
- St Austell Bay Rotary Club Tree of Lights

ENVIRONMENT

Minimising our environmental impact and developing low carbon lithium extraction projects.

Why it is important?

Responsible environmental practices are essential in building and maintaining our social licence to operate. We are aware of the potential environmental impacts of our future operations and are also conscious that these will be scrutinised as part of planning and permitting processes. Given the urgency to tackle climate change, we see an important opportunity for business, and specifically the minerals extraction industry, to accelerate the green energy transition through making environmentally-sound choices.

2022 achievements

- Baseline ecological surveys started at the Trelavour Project
- LCA produced for the Trelavour Project based on scoping study process flowsheet
- 'Habitat Awareness Training' for all employees and key consultants
- Initiatives to explore potential to produce lithium from waste

Next steps

- Commence ESIA for the Trelavour Project
- Refine process flowsheet for extraction of lithium from geothermal waters and determine future site footprint
- Active engagement with relevant stakeholders to obtain emissions data

Environmental management

Cornish Lithium's overarching aim with regards to environmental management is to first identify and assess the risks and impacts of our projects and activities. We can then establish measures to avoid, minimise and mitigate possible negative impacts and risks, and promote opportunities for beneficial impacts. We are committed to building comprehensive and responsible environmental protection and management practices into the design of our projects at the earliest possible stage in order to ensure our projects are delivered in a responsible way whilst maximising the efficient use of our natural resources.

By concentrating our activities wherever possible on brownfield sites such as our TreLith processing site, we believe we can lower the overall environmental impact of our operations. In this respect our Trelavour Project is focused on the extant Trelavour Pit and the TreLith processing site was previously used for china clay processing.

The Board has oversight of environmental management, with our overall approach detailed in our ESG & Sustainability Policy. Whilst we have Group-wide aims and commitments, the environmental contexts of our projects (discussed on page 6) differ significantly between lithium in hard rock and lithium in geothermal waters and we therefore take a different approach to environmental planning and management for each.

We intend to comply fully with all relevant environmental regulations, and therefore conduct regular monitoring as appropriate to ensure compliance for our activities. In addition, an Environmental Management System (EMS) is being developed for use across the Company in line with ISO 14001, to cover the activities currently being undertaken. Various elements of this (management plans and procedures) have been developed in more detail where appropriate, such as the Stakeholder Engagement Plans, Complaints Procedure, Water Monitoring Plan, Environmental Management Plan for Trelavour and Trelith, Ground Clearance Procedure etc. Additional plans and procedures are in development as the projects progress.

As part of our efforts to manage and measure our environmental performance, as well as to report regularly to our stakeholders, we are establishing internal procedures to efficiently collect baseline data. As part of our 2023 review of the Procurement Policy, we will add requirements around collecting environmental data from our supply chain in a format suitable for future reporting. Data is already recorded for office energy and water consumption, Company vehicles and staff commutes, however we intend to build on this throughout 2023 to lay the foundations for future reporting requirements.

Planning and permitting

Cornish Lithium aspires to ensure that our projects are designed and delivered to the highest global standards.

Trelavour Project

During 2022 baseline surveys commenced at the Trelavour Project with baseline ecological surveys starting in June 2022 for a 12 month period at both the Trelavour Pit and the Trelith processing plant site. These surveys are being conducted by Cornwall Environmental Consultants (CEC) and include surveys for bryophytes, badgers, dormice, reptiles, bats, birds (including nightjars) and invertebrates.

Interim project environmental support between the scoping study and engagement of a consultant for the ESIA (expected by summer 2023) is being provided by global sustainability consultancy ERM.

This includes advice as to monitoring locations for surface water, groundwater, air quality, noise, and oversight of Cornish Lithium's Stakeholder Engagement Plans.

Lithium in Geothermal Waters

Cornish Lithium now has a defined process of engagement once a prospective site for lithium in geothermal waters has been identified. For new exploration projects a Preliminary Ecological Assessment is initially conducted at proposed drill sites to understand any potential impacts and how to mitigate them. These are carried out by local, independent environmental consultants (CEC or Plan for Ecology) with such works being supervised by their ecologists. Reports from these consultants then form part of the temporary planning permissions we apply for to enable us to drill exploration boreholes.

Case study

Habitat Awareness Training

Cornish Lithium is working with local Cornish consultancy Plan for Ecology to deliver 'Habitat Awareness Training' for all employees and key consultants. The training session is held at our Trelavour Project and conducted by Dr Kim Jelbert from Plan for Ecology. The session starts with a presentation which covers the importance of ecological awareness, legislative requirements and previous prosecutions and habitat and species impact scenarios.

Discussion is encouraged throughout the presentation, and the team to date has been highly engaged with the sessions held. The presentation is then followed by a walkabout within the Trelavour Pit, where different habitats are discussed, with debate encouraged around ecological considerations for site development. This training course is playing a significant role in educating the whole team about the importance of considering potential impacts on ecology throughout the business.

Stakeholder engagement

Building and maintaining an open and transparent dialogue with the communities around our projects is of utmost importance to us. We consider stakeholder impact at every stage of project planning, with focus on limiting noise and light pollution, increased traffic, and impacts on the environment. As we look to develop our project at Trelavour, or to drill new sites for lithium in geothermal waters, stakeholder consultation and engagement is key at each project milestone. In 2022 we created a company-wide

Stakeholder Engagement Plan, and then associated project action plans with a level of detail appropriate to the stage of development. All actions are recorded and included in conversations with the relevant regulators.

Climate change, emissions and energy management

Cornish Lithium aims to establish a strong, sustainable and environmentally responsible extraction industry in the UK for those minerals that can contribute to the global goal of decarbonisation through clean growth and a transition to a green economy. We recognise the importance of minimising our energy use and the overall contribution we can make at a company level to global decarbonisation. A core part of our current approach is to utilise low carbon technologies and methods wherever possible, helping to minimise our footprint. Where possible the Company uses electric vehicles to minimise our impact on the environment.

Governance – Climate Change

Our governance structure for sustainability management, which includes climate change, emissions and energy management, is included on page 11, with the Board being ultimately responsible.

Risks and Opportunities – Climate Change

Physical and transitional climate considerations are being integrated into our overall risk registers and management systems and it is our intention to design our projects to minimise our impacts to, and maximising our resilience against, a changing climate.

Alongside the risks presented by climate change, we recognise that there are also opportunities. Environmentally-responsible lithium extraction to facilitate the energy transition is considered to be a key opportunity for Cornish Lithium, as global demand for the metal is increasing due to its use in batteries and green technologies. In addition, this global increase in demand is driving innovation in lithium extraction technologies – technological advances that we are embracing due to their apparent environmental benefits for our business. These include, for example, the Lepidico process for hard rock lithium extraction, and DLE technology for lithium in geothermal waters.

Cornish Lithium is also investigating the potential to co-produce geothermal heat alongside lithium. This would not only create a truly sustainable source of lithium to support the UK's growing battery industry but would also help to decarbonise local businesses and provide them with a more sustainable future energy source.

Our strong preference is to locate boreholes for lithium extraction on brownfield sites which are proximal to potential end users of the geothermal heat– either businesses looking to decarbonise, or housing schemes looking for district heating. We believe that these measures should all help to lower the overall environmental impact of extracting lithium from geothermal waters, and help to enhance social acceptance of our projects.

Carbon Emissions Metrics

Cornish Lithium is laying the foundations for future monitoring of Scope 1 and 2 emissions reporting by developing a systematic approach to data collection. Our ambition is to establish clear guidelines and protocols for data collection, ensuring consistency and accuracy. This involves identifying and tracking direct emissions from owned or controlled sources (scope 1) and indirect emissions from purchased electricity, heat, or steam (scope 2).

Additionally, we intend to establish regular reporting cycles and internal verification processes to ensure the integrity and completeness of the disclosed carbon emission data. By introducing robust scope 1 and 2 carbon emission data collection practices, our aim is to demonstrate a commitment to transparency, sustainability, and responsible environmental management in line with TCFD guidelines. We are also beginning to consider how to best approach defining our scope 3 emissions. These will become much more material as we move towards production. We recently conducted a survey of staff commuting in 2022 to help us start to understand our scope 3 emissions (amongst other sources). We recognise that to effectively collect scope 3 carbon emission data, we need to adopt a collaborative approach with our value chain partners, including suppliers, contractors, and transportation providers in order to gather relevant emissions information. This involves developing clear guidelines and requirements for data reporting, which may include requesting suppliers to provide emission data based on standardised methodologies.

We have consolidated energy and water usage data for 2022 across our sites, and track fuel consumption by contractors, such as Priority Drilling, to feed into future sustainability reporting. Throughout 2023 we intend to actively engage with relevant stakeholders, including energy suppliers and our supply chain, to obtain comprehensive and reliable emissions data. We are also considering appropriate measurement tools and technologies to track emissions effectively. As we move towards production, this may involve implementing energy management systems or software solutions that enable real-time monitoring and data capture.

Energy Management

Our ESG Policy commits to seeking opportunities to minimise our energy consumption and use of other resources in project design– including through the appropriate use of on site or local renewable energy sources. As our projects develop, we are actively exploring opportunities to power our future operations with renewable energy, likely through Power Purchase Agreements (PPAs) directly with providers. This would have the added benefit of decoupling the price paid for energy from the National Grid.

At our Trelavour project lithium is extracted in two main stages. The first is a physical concentration stage to form a lithium mica concentrate, and the second stage is a hydrometallurgical process using the licensed process developed by Australian company Lepidico, to produce battery grade lithium hydroxide. Cornish Lithium has acquired an exclusive licence to use Lepidico's technology across the St Austell region in Cornwall.

The Lepidico process is a low-energy, ambient condition leach using conventional industrial equipment. Lepidico's case studies have demonstrated lower energy consumption and lower capital and operating costs for the technology compared to other known processing routes. This is in keeping with the Company's strategy of supporting decarbonisation of the lithium supply chain.

As our lithium in geothermal waters projects progress and we refine the lithium extraction process, our intention is to conduct a Lifecycle Assessment to understand the relative impacts associated with this.

Case study

E4Tech Lifecycle Assessment

In 2022, we conducted a LCA on the Trelavour process flowsheet to assess environmental / carbon impact with consultants E4Tech. The LCA was based on data from the 2022 Scoping Study.

The objective of the LCA was to understand the environmental impact of lithium mined from Trelavour and refined to battery-grade lithium hydroxide on site using the Lepidico process before entering local (UK and EU) battery supply chains, compared with current global sources of lithium. This was compared against Australian spodumene that is refined in China and exported to Rotterdam for EU/UK distribution of battery grade lithium hydroxide (LiOH) for use in lithium-ion battery production.

The aim of the LCA was to highlight environmental hotspots within the process that could make UK supplies more attractive from a sustainability perspective.

Results of the LCA were as follows:

- Trelavour production is likely to have lower environmental impacts for Global Warming Potential, Land Use and Water Use when compared to the current equivalent supply of mined and refined lithium to EU/UK markets;
- Other impact categories need further consideration including resource scarcity, and ionising radiation, which can be refined with data from additional processing testwork; and
- There is a significant opportunity to further reduce environmental impacts by considering non-fossil fuel sources for the mining fleet, and powering the mineral processing plants by renewable energy instead of fossil fuels.

Air Quality

The UK has stringent air quality standards, and permits to work must adhere to these high standards. We aim to fully comply with all relevant regulations as our projects develop.

At our Trelavour Project we are moving towards conducting air quality (AQ) baseline studies and impact assessments and have acquired air quality monitoring equipment which will enable us to measure PM10, PM2.5, NOx and Sox and dust deposition. A preliminary plan for monitoring locations around the Trelavour project has been proposed and EIA/ESIA consultants will be appointed in 2023.

Noise

Under UK regulations we are required to self-monitor noise levels of our operations to demonstrate compliance with the planning conditions and have purchased the necessary noise monitoring equipment to enable this. Automatic reports are generated by the monitors each morning for the previous 24 hours and staff check daily that we are operating within our limits. To date no breaches of noise limits have occurred.

Waste management

We seek to minimise any waste products as far as practicably possible by investigating opportunities for use of coproducts and by-products, thereby aiming to incorporate circular economy design within our business model. Waste management is incorporated into our site environmental management plans, and we intend to implement international best practice regarding waste management as our projects develop.

We are actively seeking opportunities to repurpose waste streams that will be generated by the Trelavour Project, and are involved in a number of research projects and collaborations investigating this. We are also investigating the potential to produce lithium from battery waste in an effort to use natural resources as efficiently as possible. See the case studies below for further details.

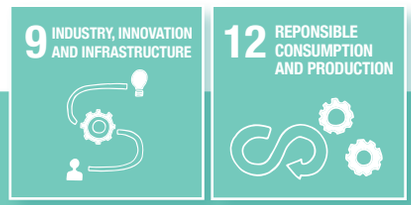
Case Study

Producing lithium from waste

The CLiCCC project (Co-production of Lithium and China Clay in Cornwall) was a £1 million Innovate UK-funded project between Cornish Lithium, Imerys and HSSMI.

- Kaolin extraction creates slurry to separate out kaolin (china clay) before being dried
- Waste materials comprise mica minerals and quartz
- This is deposited on tips and dams, which potentially contain lithium-rich micas
- These have been evaluated for the potential to co-produce kaolin and lithium in Cornwall, increasing efficiency and repurposing waste
- LCA carried out to assess environmental / carbon impact
    - Could help reduce the carbon emissions associated with lithium extraction
    - Potential to share infrastructure

Watch our project video online: https://vimeo.com/751622182



Case Study

REBLEND – recovering minerals for the energy transition from waste

The REBLEND project aims to further develop three processes to directly recover valuable cathode active materials (CAM) from production scrap and end of life automotive and consumer batteries for reuse in automotive batteries.

The project is led by Ecoshred, with University of Leicester, University of Birmingham, Minviro, Iconichem Widnes, Watercycle Technologies, Ecolamp Recycling, and Cornish Lithium. It is funded by the Faraday Battery Challenge.

The project utilises the innovative technologies developed at the University of Leicester and University of Birmingham in cathode active material recovery from Li-ion batteries. Delamination technologies have been developed to recover materials in a more efficient, and less energy intensive way than is used currently.

Operating with a zero-waste policy, Watercycles will be processing all of the waste water derived from the delamination and cathode material recovery process. Cornish Lithium will be providing a “raw lithium material” in the form of geothermal waters taken from the currently drilled boreholes in Cornwall. This will test whether a raw material lithium component can be used to act as a feedstock into the recycling process, closing the loop of the Li-ion battery lifecycle.

Biodiversity

As part of UK planning processes Cornish Lithium will be required to demonstrate at least 10% biodiversity net gain (BNG) during the development of any of our projects that will require planning permission. This BNG should be delivered as far as possible in similar habitats to those affected by our activities.

Trelavour Project

A calculation of current project biodiversity units has been conducted by consultants CEC within the pit and at Trelith, to give us a baseline for the project before any works were carried out. Once the final project scheme has been determined, another calculation will be required to incorporate additional project areas and so determine the final amount of BNG we will be required to deliver.

Taskforce for Nature-Related Financial Disclosure (TNFD)

We are following developments with the TNFD framework and are considering ways in which we can incorporate nature into our decision making, as per the framework guidelines.

Rehabilitation and Closure

Our intention is to leave a positive and lasting environmental and social legacy from all of our projects. Successful closure and rehabilitation requires regulatory compliance, a strategy for the use of the land after mining has finished and coincident rehabilitation plan, and also socio-economic planning to help

support communities through the transition phase at the end of mine life. Such plans will be created at the appropriate point in project development.

Lithium in Geothermal Waters

Our exploration boreholes are drilled under a temporary GPDO planning permission, with the condition that sites are returned to their previous state once the permission has terminated. Our team will reinstate drill sites such as Twelveheads post-drilling to a state agreed on by both the landowner and the mineral planning authority (MPA).

Trelavour Project

Mine closure and rehabilitation plans were budgeted for in the 2022 project Scoping Study. As the Trelavour Project progresses towards Feasibility Study, work is planned in 2023 to start the project ESIA process where options for mine closure and rehabilitation will be considered in detail in conjunction with expert consultants, the landowners, local communities, regulators and other stakeholders. Our intention is to create and ultimately deliver a plan which is optimum for all stakeholders.

Water Management

We operate in an area of low water stress when considered on a global scale, however Cornwall has officially been in drought since August 2022.

As with other environmental factors, our water management issues and priorities will differ between hard rock and lithium in geothermal waters (see page 6 for more detail on context), but we are acutely aware of our responsibility to use this natural resource efficiently and responsibly. This will include recycling it in our processes from drilling through to extraction wherever possible. As stated in our ESG Policy, we are committed to implementing efficient water management and ensuring our activities do not negatively impact on the quality or availability of local water sources. Water management policies will be put in place at the appropriate stage of project development for both hard rock and lithium in geothermal waters.

We undertake regular water monitoring at TreLith and in the Trelavour Pit to ensure regulatory compliance. For our lithium in geothermal waters exploration activities we gain the relevant consents from the Environment Agency (EA; Groundwater Investigation Consents) to enable the work, and as these projects develop appropriate water management policies will be implemented.

Trelavour Project

When the Trelavour Project is in commercial production, water will be used during the lithium extraction process, and also in the transport of tailings slurry to the tailings storage facility. The flowsheet is being designed in order to ensure that process water is captured, cleaned and recycled throughout the system wherever possible.

Currently, water is used during resource drilling, with rigs set up to recirculate water as far as practicably possible. A series of lagoons are being created within the Trelavour Pit to manage surface water discharge to the south of our boundary area, ensuring that surface water discharge meets acceptable environmental standards.

We are fortunate to have an existing water management facility at our TreLith site, where regular monitoring of the surface water in tanks and lagoons that comprise the water management system is carried out to ensure that the water is clean and safe to discharge to local watercourses as per the

existing site permit, which has now been transferred to Cornish Lithium. The process and procedures are detailed in the site environmental management plan.

Water management was considered as part of the Trelavour Scoping Study and will be a key focus of both the EIA/ESIA and Feasibility Study for Trelavour. This will include water abstraction, water use, recycling and water treatment. We will also carry out a Climate Change Risk Assessment (CCRA) which will examine the potential effects of climate change on the project, for example in planning for more extreme weather events and reduced return periods for these, and for water stressed conditions. The design responses to these risks, in terms of water management structures and water capture, management, treatment and reuse/recycling will be incorporated into each aspect of the Trelavour project (pit, processing, materials transfer and the management and disposal of residues).

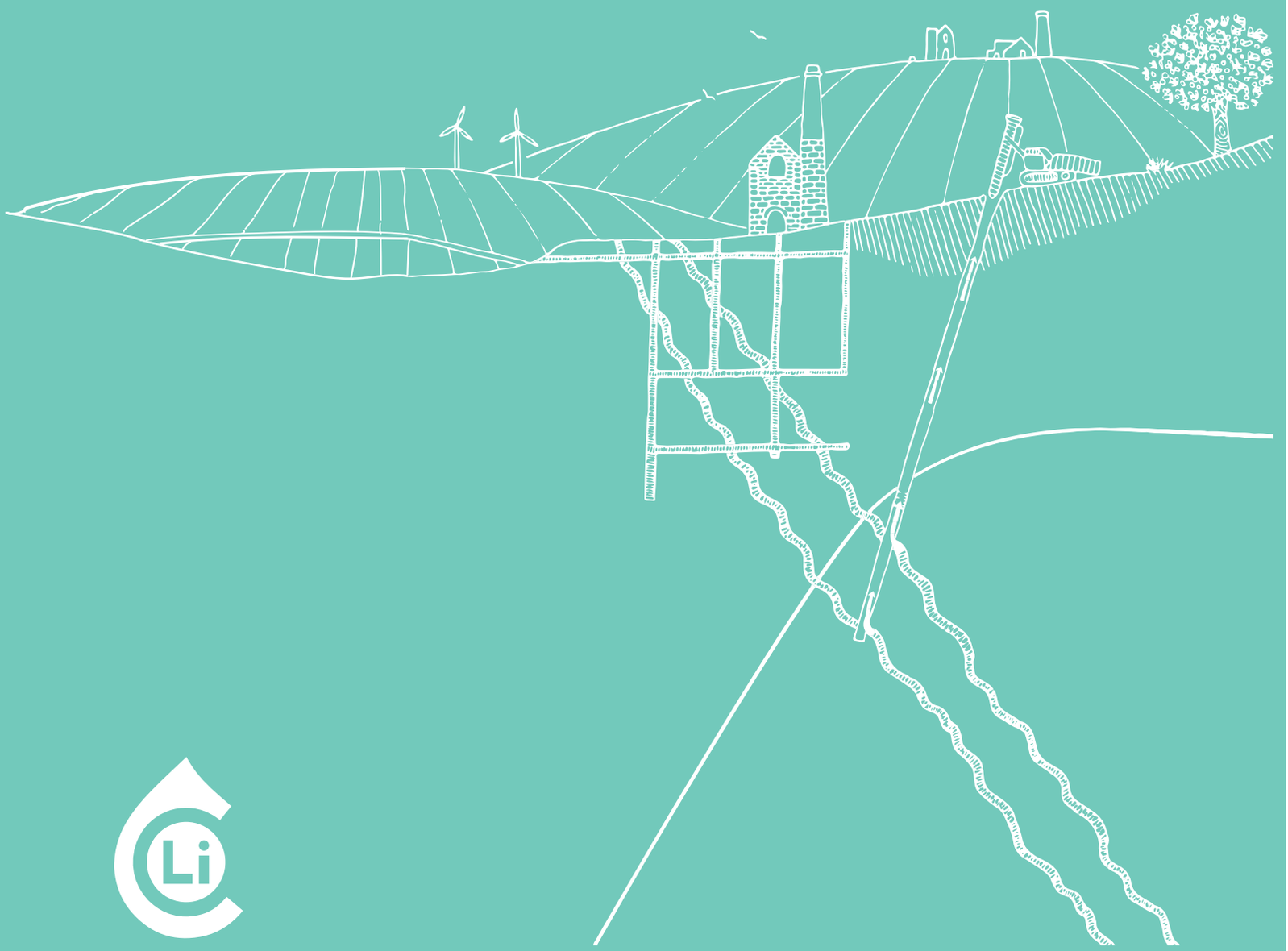
Lithium in Geothermal Waters

Prior to exploration drilling, Groundwater Investigation Consents (GICs) are received from the Environment Agency. A survey of local water features is conducted as part of the consenting process, and these are monitored during drill programmes to ensure no adverse impacts.

Water is currently used during exploratory drilling, and rigs are set up to minimise water use and recirculate as far as possible. During testing of exploration boreholes, geothermal waters are pumped to surface for sampling, or they may be temporarily stored at surface before being returned down the borehole to help characterise the subsurface system.

Water is sampled regularly for monitoring purposes, to allow us to characterise it for both lithium content and environmental purposes including disposal where relevant. During lithium production, water will be pumped to surface from depths of up to 2,000m, where it will enter the lithium extraction plant.

Direct Lithium Extraction technology is highly selective and is able to remove just the lithium ions from the geothermal waters. There is an opportunity to also use the geothermal heat as a low-carbon and renewable heat source for local end users, and we are investigating opportunities to partner with local businesses and industry to utilise this heat. These lithium-depleted waters can then be treated to produce a clean, potable water product, or reinjected back down to depth (subject to the relevant environmental permits being obtained).



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