

ASX: CXO Announcement

5 June 2019

Strategic Investment by Lithium Royalty Corp

Highlights

- **Lithium Royalty Corporation (LRC) invests A\$8.125 million for a 2.5% royalty over production from the Finniss Lithium Project**
- **LRC is a Canadian based company established to pursue investment opportunities in the battery materials sector, with a focus on lithium**
- **Strategic partnership positions the Company to advance towards becoming the next Australian lithium producer**

Advanced Australian lithium developer Core Lithium Ltd (**Core** or **Company**) (ASX: CXO) is pleased to advise that it has, through its wholly owned subsidiaries, entered into an agreement for the sale of a private royalty from the Finniss Lithium Project in the Northern Territory to Canadian royalty Company, Lithium Royalty Corporation (**LRC**).

LRC has established lithium royalties over other high-quality producing and near development lithium assets including Galaxy's (ASX: GXY) Mt Cattlin Lithium Mine.

Under the terms of the agreements, LRC will pay a total consideration of A\$8.125 million for the right to receive 2.5% of gross revenue from the sale of products from the Finniss Lithium Project (**Royalty**).

A\$6.875 million of this amount is being paid on execution and held in escrow and released to the Company upon the transaction receiving approval from the Foreign Investment Review Board (Stage 1). FIRB Approval is expected to be completed within 8 weeks.

The balance of A\$1.25 million is conditional on the Company announcing a 15 million tonne JORC Mineral Resource for the Finniss Lithium Project and the Company achieving continuous operation of the processing plant for more than 14 consecutive days (Stage 2). The Royalty rate on receipt of initial proceeds under Stage 1 is 2.115% and increases to 2.50% upon achievement of the Stage 2 milestone and payment of the balance of the purchase price by LRC.

Funds received from the granting of the Royalty will be used to progress the Company's flagship Finniss Lithium Project towards development, near term resource growth and conversion and exploration focussed on improving the production profile further and extend the mine life within the broader Finniss Lithium Project area and for working capital purposes.

Core is also actively working on several material goals that are likely to have a significant impact on the Finniss Lithium Project once achieved. Core will update shareholders in due course as significant progress on these goals is achieved, including:

- Expanding lithium resources, reserves, and mine-life at Finniss
- NT Govt Regulatory process to achieve full approval for mine and plant construction
- Binding Offtake along with Customer Finance support for remaining lithium concentrate
- Fine lithium offtake agreements

Core's Managing Director, Stephen Biggins, commented:

"We are delighted to have the support of Lithium Royalty Corporation in the form of a Royalty arrangement which contributes toward the Company's plans to transition from developer to miner."

"Lithium Royalty Corporation's significant investment in Core recognises the current value of the Finniss Lithium Project. The recently completed DFS details the profitability and rapid payback of the near development ready, Finniss Lithium Project, which we expect to generate attractive returns for our shareholders."

Corporate Advisors

The transaction was initiated and supported by New York-based financial advisor Jett Capital Advisors LCC (Jett). Jett is an independent investment bank based in New York focused on serving middle market and emerging natural resources companies.

About Core

Core has recently published a DFS for the development of a spodumene concentrate operation at the Finniss Lithium Project and is aiming to increase mine-life further and commence mining and construction in the second half of 2019 with spodumene concentrate production in 2020, subject to financing and regulatory approvals.

The Finniss Lithium Project has arguably the best supporting infrastructure and logistics chain to Asia of any Australian lithium project. The Finniss Project is within 25km of port, power station, gas, rail and 1 hour by sealed road to workforce accommodated in Darwin and importantly to Darwin Port - Australia's nearest port to Asia.

Core has established offtake and prepayment agreements and is also in the process of negotiating further agreements with some of Asia's largest lithium consumers and producers that support and finance the Finniss Project's modest capex requirements and the Company into production.

For further information please contact:

Stephen Biggins
Managing Director
Core Lithium Ltd
+61 8 8317 1700
info@corelithium.com.au

For Media and Broker queries:

Andrew Rowell
Director - Investor Relations
Cannings Purple
+61 400 466 226
arowell@canningspurple.com.au