

ASX: CXO Announcement

28 November 2019

Chairman's 2019 AGM address

Good morning and welcome to the ninth Annual General Meeting of CXO and our first Annual General Meeting as Core Lithium Ltd ("Core", "Company"). Whilst the name change from Core Exploration Limited to Core Lithium Ltd approved at last year's AGM is only small (i.e. replacing "Exploration" with "Lithium") the change of name better reflects our singular focus on the development of the Finnis Lithium Project ("Project") and our transition from a junior explorer to an emerging lithium producer.

During 2018/19 we made significant progress in the development of the Project including an increase in the resources base, the gaining of government approvals and the completion of a detailed Definitive Feasibility Study ("DFS").

While the Core board ("Board") continued to focus on the execution of our strategy, the development of our talent and the management of risks related to the external environment in our markets, we had a few unforeseen events to contend with during the financial year.

The sudden death of our CFO, Erik Palmbachs, in November 2019 was one such event. Although Erik had not spent long with Core, he had an immediate and positive impact on the Company and team and was well respected and well-liked amongst his peers.

The Company's 2019 Annual Report describes the activities that were undertaken during the 2018/19 financial year, however I will now highlight some of the more significant achievements.

There is no doubt that the lithium industry has faced strong headwinds during the past 12 months with short term spodumene and lithium hydroxide prices both declining. There is ample commentary on the reasons for this short term weakening of lithium pricing, however delays in the construction and commissioning of chemical conversion facilities, predominantly located in China, along with increased supply from Australian lithium producers are major contributing factors to the current weak prices.

The decline in spodumene prices has led to the appointment of Receivers and Managers to Alita Resources and the curtailing of production by other Australian producers. Despite the current impact on prices, we remain positive about the medium and long-term outlook for our high-quality spodumene concentrate product. We believe this view to be supported by recent developments within the lithium sector, including Wesfarmers takeover of Kidman Resources and Albermale's US\$820 million investment in the Wodgina spodumene project.

Our positive outlook for the medium and long-term demand for our high-quality spodumene concentrate product is supported by significant investments, not only as mentioned earlier in Australia, but also those by customers who supply electric vehicle batteries to car manufacturers. Lithium is one of the basic requirements of a world moving toward electric vehicles. Accordingly, we expect demand for raw materials like spodumene to remain strong for the foreseeable future.

Returning to the Project, the DFS confirms Grants and BP33 as a robust operation, with high annual revenues forecast over the life-of-mine, at a strong operating margin. The low capital and operating cost of the Project reflect the high-grade orebodies at Grants and BP33, with the simple process flowsheet based on the construction of a Dense Media Separation (“DMS”) plant.

Existing road infrastructure will provide access for daily road train movements of concentrate product to the Darwin Port for shipment, which is located 88km from the project area. The Project also has other substantial infrastructure advantages, including being close to grid power, gas and rail infrastructure and being less than a 1-hour drive from the skills, trades, workshops and services in suburban Darwin.

Our focus this year at Finniss has primarily been on obtaining all of the necessary Government approvals for commencement of mining and processing at Finniss, expanding the Mineral Resource base and Project life as well as securing offtake and Project funding.

Expansion of the current resources, along with the additional resource from the highly prospective Bynoe Pegmatite Field, has the potential to substantially extend the mine life and cashflows considered in the initial DFS. Exploration results since the announcement of the DFS has illustrated the potential to grow the project beyond current mine plan.

To date, the Mineral Resource estimate for all areas drilled is nearing 10 million tonnes (Measured, Indicated and Inferred categories under the JORC code) at an overall grade of approximately 1.3% Li_2O . These Mineral Resources have been generated by drilling campaigns that have been ongoing for the last three years.

The larger Project exploration licences cover an area greater than 500km². Beyond the initial mine life of Grants and BP33, our exploration objective is to develop other prospective areas within our larger tenement holding.

We are successfully developing a portfolio of new exploration targets across this large tenement holding and this week we announced some great results from recent RC drilling at Carlton. These results and our other exploration success to date will hopefully provide for the next generation of mine sites to ensure the Company’s longevity and production capacity extends well beyond the initial mining operation detailed in the DFS.

In April 2019, we announced our maiden Ore Reserve for the Project, however establishing the quality of the Ore Reserve is equally as important as the quantity. Our team has focused on ensuring that it has a deep understanding of both the chemical

and physical properties of the Company's orebodies. The chemical properties of the spodumene concentrate and spodumene fines products are therefore well understood by Core. As such, we have been able to design a simple and capital-efficient DMS process that allows us to produce a high quality spodumene concentrate at a competitive price.

Our understanding of the chemical and physical properties of the Project products has allowed our marketing team to take a targeted approach in our discussions with potential offtake partners.

Downstream lithium chemical producers in China and customers in Japan and South Korea are the largest buyers of spodumene concentrate and our marketing efforts will continue to focus on Asian countries. The team has cultivated good relationships in the largest of these markets, China, however is also focussed on developing strong relationships with lithium industry companies in Japan, Korea and Taiwan.

The completion of the DFS in April 2019 marked an important milestone for the Project, as it defined the mining schedule for the Project. The DFS also confirmed the capital and operating cash costs and we continue to search for further optimisations to refine and improve the economics of the Project.

As with any large project, there are many approvals and consents required to bring the Project into operation. Core's project team has established an excellent Government relations platform, covering areas of statutory approvals, environmental land management, indigenous affairs and local council consents.

Core's environmental team has made excellent progress during the year with the Northern Territory Environment Protection Authority delivering a positive Assessment Report for the Project in June 2019. The remaining approvals have taken longer than expected and we are hopeful of receiving approval of the Mine Management Plan by the end of 2019.

The Project has progressed rapidly to financial execution and implementation principally due to the success of our exploration drill programs, the high-grade orebodies and the proximity of the deposits to infrastructure.

We are constantly reviewing the composition of the Board to ensure that we have the appropriate balance of skills, experience and knowledge required to maximise our chances of the successful development of the Project.

Accordingly, last month Malcolm McComas was appointed as a non-executive director of the Company. Malcolm is an experienced company director and was previously an investment banker with leadership roles at several global organisations. Specifically, he was head of investment banking at County NatWest (now Citi Group) for ten years and a director of Grant Samuel for a similar period. Malcolm's appointment as a director is one of the resolutions being considered today.

Over the past 12-18 months the Company has continued its transition from a junior explorer to an emerging lithium producer. From the primary building block of resource delineation, the grant of the Mining Lease through to engineering and the completion

of the DFS, the continuing momentum demonstrates the Company's resolve to bring the Project to rapid fruition.

On behalf of the Board, I would like to take this opportunity to thank all Core staff for their dedication and passion in delivering results. It is their focus and resilience in the face of difficulty that enables our substantial progress. I would also like to take this opportunity to thank you, our shareholders, for your support and confidence in our company.

In closing, I would like to say that we are excited about the year ahead. We are confident that the high grade of our Project, when coupled with the low capital and operating costs, will result in the development of a project capable of delivering excellent value to all shareholders. We are well funded and focused on our strategy.

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About Core

Core is positioned to be Australia's next Lithium Producer, developing one of Australia's most capital efficient and lowest cost spodumene lithium projects located in close proximity to Darwin Port, Australia's closest port to Asia.

Core's 2019 DFS highlights production of 175,000tpa of high-quality lithium concentrate at a C1 Opex of US\$300/t and US\$50M Capex through simple and efficient DMS (gravity) processing of some of Australia's highest-grade lithium resources.

Core is currently working toward increasing resources, reserves and mine-life ahead of project construction and lithium production, subject to financing and regulatory approvals.

The Finnis Lithium Project has arguably the best supporting infrastructure and logistics chain to Asia of any Australian lithium project. The Finnis Lithium 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 an offtake and prepayment agreement and is also in the process of negotiating further agreements with some of Asia's largest lithium consumers and producers.

Competent Persons Statements

Core confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning the Mineral Resource and Ore Reserve estimates in the announcements “Grants Lithium Resource Increased by 42% ahead of DFS” dated 22 October 2018, “Over 50% Increase in BP33 Lithium Resource to Boost DFS” dated 6 November 2018, “Maiden Sandras Mineral Resource Grows Finniss to 6.3Mt” dated 29 November 2018, “Finniss Mineral Resource Grows to 8.6Mt with Hang Gong” dated 31 January 2019, “Upgrade of Mineral Resource at Carlton Grows Finniss Project” dated 12 March 2019, “Finniss Feasibility Study and Maiden Ore Reserve” dated 17 April 2019 and “Initial Resource for Lees Drives Finniss Mineral Resource” dated 6 May 2019 continue to apply and have not materially changed. The Mineral Resources and Ore Reserves underpinning the production target have been prepared by a Competent Person in accordance with the requirements of the JORC code. Core confirms that the Company is not aware of any new information or data that materially affects the information included in this announcement and confirms that all material assumptions underpinning production target and forecast financial information derived from the production target announced on 17 April 2019 as “Finniss Definitive Feasibility Study and Maiden Ore Reserve” continue to apply and have not materially changed.