

# ASX: CXO Announcement

27 May 2020

## Placement and SPP Alongside First European Offtake MOU

### Highlights

- Core has received firm commitments from institutional and sophisticated investors to complete a Placement of \$5.5M
- Shareholders are invited to participate in a \$1.5M Share Purchase Plan (SPP) on same terms as the Placement
- Capital Raising follows the recent signing of a non-binding Memorandum of Understanding (MOU) for offtake with Geneva-based Transamine
- The MOU relates to the potential supply of 50,000tpa of spodumene concentrate to Transamine from the Finniss Lithium Project over five years
- Updated mine plan for Finniss Lithium Project on expected increased Mineral Resources due in coming weeks
- Updated Feasibility Study on Finniss scheduled for completion towards the end of this quarter
- Core is on track to be construction ready post COVID-19

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Advanced Australian lithium developer Core Lithium Ltd (**Core** or **Company**) (ASX: CXO) is pleased to announce it has received firm commitments for the Placement (**Placement**) of shares to institutional and sophisticated investors to raise a total of \$5.5 million before costs. The Company has extended the offer to all eligible Core shareholders to participate in the Company's growth plans via a \$1.5 million Share Purchase Plan (**Share Purchase Plan** or **SPP**) on the same terms as the Placement.

Funds received from the \$5.5 million Placement and \$1.5 million SPP will be used to progress the Company's flagship and wholly-owned Finniss Lithium Project, located just south of Darwin in the Northern Territory, where significant progress continues to

be made in line with the Company's strategy of being construction-ready post COVID-19.

A total of 129,808,860 shares will be issued at \$0.0425 per share to raise \$5.5 million under the Placement. Included in this amount is a commitment by non-executive director Malcolm McComas to subscribe for \$61,557 (1,448,400 shares) of Placement shares which will be subject to shareholder approval.

Of the shares to be issued to Placement applicants, 78,993,681 shares will be issued under the Company's 10% placement capacity under Listing Rule 7.1A and a further 49,366,779 shares will be issued under the Company's 15% placement capacity under Listing Rule 7.1.

The SPP will be launched in recognition of the continued support of our existing shareholders. The issue price for the SPP will also be \$0.0425 and detailed terms of the SPP will be provided in coming days.

Bell Potter Securities and Taylor Collison acted as joint lead managers to the Placement.

Core Lithium Managing Director Stephen Biggins said,

*"Core is pleased to welcome new shareholders to the business and we strongly appreciate the continued support of our existing shareholders.*

*"As such, we are inviting existing shareholders to participate in the current Capital Raising via an SPP on the same terms as the Placement.*

*"Together with the Placement, the funds raised from the SPP will enable the Company to complete its planned objectives at the Finniss Lithium Project, which we are excited to have construction-ready as COVID-19 restrictions lift in the second half of 2020.*

*"Core has key milestones in the near-future for Finniss, including resource extensions and a Feasibility Study update to increase mine-life.*

*"Importantly, Core must also continue to invest in engineering studies and environmental monitoring to continue on its pathway towards construction of the first lithium mine and processing facility in the NT.*

*"This capital raising will also fund drilling on the Finniss project later this year to continue unlocking the value of new resources and reserves, as well as upside potential to expand capacity of the project in the future."*

### **Non-binding MOU with Transamine**

This Capital Raising closely follows the signing of a non-binding offtake term sheet (MOU) with Transamine Trading for the supply of 50,000 tonnes of spodumene concentrate per annum for five years from the Finniss Lithium Project.

This offtake deal is in addition to Core's existing binding offtake agreement with Yahua for 75,000tpa.

The term sheet with Transamine paves the way for a binding offtake agreement, which is anticipated later in 2020 and subject to due diligence and a final investment decision (FID) on the Finniss Project by Core.

Offtake with Transamine reflects Core Lithium's commitment to the diversification of the lithium-ion battery supply chain, with the inevitable establishment and growth of downstream lithium processing and battery manufacturing in Europe. Core continues to actively negotiate with a number of parties for the remaining production from Core's Finniss Lithium Project.

As announced on 26 March 2020, the Company's short-and medium-term goals have not been materially impacted by the COVID-19 pandemic and excellent progress is being made on the updated Feasibility Study.

The Company is finalising the Mineral Resource estimate upgrades for several deposits at Finniss, following extensive drilling campaigns undertaken in 2019. This will be used to update the Finniss mine plan which is expected to be completed shortly after the Mineral Resource estimate upgrade.

The updated mine plan will be used to update the Feasibility Study for the Project, with increased mine life expected to be attractive to offtake and financing partners.

Core's preliminary resource assessment work has also highlighted opportunities to extend and expand resources with further resource drilling later in 2020. Similarly, mine planning has defined significant opportunities to continue to extend the mine-life of the project and to add new reserves and potential to further extend mine-life and revenue for the project.

Core is encouraged by the ongoing confidence in lithium demand and project support despite the current challenging environment as the Company progresses towards construction, commissioning and production.

This announcement has been approved for release by the Core Lithium Board.

**For further information please contact:**

Stephen Biggins  
Managing Director  
Core Lithium Ltd  
+61 8 8317 1700  
[info@corelithium.com.au](mailto:info@corelithium.com.au)

**For Media and Broker queries:**

Warrick Hazeldine  
Managing Director  
Cannings Purple  
+61 417 944 616  
[whazeldine@canningspurple.com.au](mailto:whazeldine@canningspurple.com.au)

Fraser Beattie  
Senior Consultant  
Cannings Purple  
+61 421 505 557  
[fbeattie@canningspurple.com.au](mailto:fbeattie@canningspurple.com.au)

## About the Finniss Lithium Project

The Finniss Lithium Project is at the front of the line of new global lithium production and has arguably the best logistics chain to markets of any Australian lithium project. The Project lies within 25km of port, power station, gas, rail and one hour by sealed road to workforce accommodated in Darwin and importantly to Darwin Port - Australia's nearest port to Asia.

Lithium is the core element in batteries used to power electric vehicles, and the Finniss Project boasts world-class, high-grade and high-quality lithium suitable for this use and other renewable energy sources.

## About Transamine

Transamine is the world's oldest independent and privately held commodities trading company specialising in non-ferrous raw materials, which it sources and supplies globally.

Transamine is recognised as market specialists by producers and consumers alike, and it has often been called upon to advise on start-up projects as well as on product blending and sourcing. It also provides financial support, via direct investments, for those start-up and expansions projects, which fit its risk profile.