

ASX: **CXO** Announcement

19 August 2020

New Offtake Agreement and At-Market Placement

Highlights

- Offtake partner discussions and negotiations culminate in Core signing a non-binding term sheet (MOU) for Finniss Lithium Project offtake with leading lithium player
- MOU for 20,000-30,000tpa offtake of Core's high-quality lithium concentrate and potential to participate in Finniss project finance
- Growing offtake interest and recently extended Finniss mineral resource and life of mine (LOM) offer significant upside opportunities
- \$1M at-market strategic placement to Xinfeng to fund further Finniss project optimisation

Advanced Australian lithium developer Core Lithium Ltd (**Core** or **Company**) (ASX: **CXO**) is pleased to announce that discussions and negotiations with a potential new offtake partner, Xinfeng, have culminated in the signing of a non-binding memorandum of understanding (MOU) for the supply of 20,000-30,000 tonnes per annum of spodumene concentrate for three years from the Company's wholly owned Finniss Lithium Project, located near Darwin in the Northern Territory.

This new offtake agreement supplements Core's existing binding offtake agreement with Yahua for 75,000tpa and the Company's non-binding MOU with Transamine Trading for 50,000tpa. These offtake agreements now represent approximately 85% of Core's current production capacity of 175,000tpa.

The term sheet with Xinfeng paves the way for a binding offtake agreement and also holds the potential for project finance, subject to due diligence by Xinfeng and a final investment decision (FID) for Finniss by Core.

Since 2018, Xinfeng (Tangshan Xinfeng Lithium Industry Co Ltd) located in Hebei Province, China, has built up a 1 million tonne per annum concentrate plant to process Australian lithium ore and commissioned construction of 10Ktpa Li_2CO_3 and 10Ktpa LiOH plant, which is going to conduct commissioning in October 2020.

Xinfeng has purchased lithium DSO and concentrate from Australian mines since 2018 and their proposition is to become a regional lithium salt producer to supply the recovering demand in the lithium battery cathode manufacture business.

The successful signing of the term sheet with Xinfeng is the result of engagement by Core with several potential offtake parties and project financiers, accelerated since the Company received the necessary regulatory approvals for mining and production (see ASX announcement dated 3 April 2020) and the recent \$5M Finance Facility offer from the NT Government (see ASX announcement dated 5 August 2020).

The Xinfeng offtake term sheet reinforces the lithium market's confidence in Finniss and the long-term demand fundamentals of lithium beyond the challenges brought about by the COVID-19 pandemic.

Core is receiving increased interest from new lithium parties and is close to completing additional binding offtake and customer project finance agreements.

Combined with the recently announced much larger mineral resource and subsequent Finniss mine life extension, Core is assessing the potential to increase production capacity and capture the benefits of increasing revenues. Core continues to negotiate with a number of parties for the remaining production from Finniss.

In parallel with the MOU, Core is completing a \$1 million strategic share placement with Xinfeng. The placement, which is escrowed for 12 months, is priced at market (\$0.046) to avoid dilution and will be made under Core's 10% placement capacity under ASX Listing Rule 7.1A. These funds will be utilised to accelerate the Finniss project optimisation.

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

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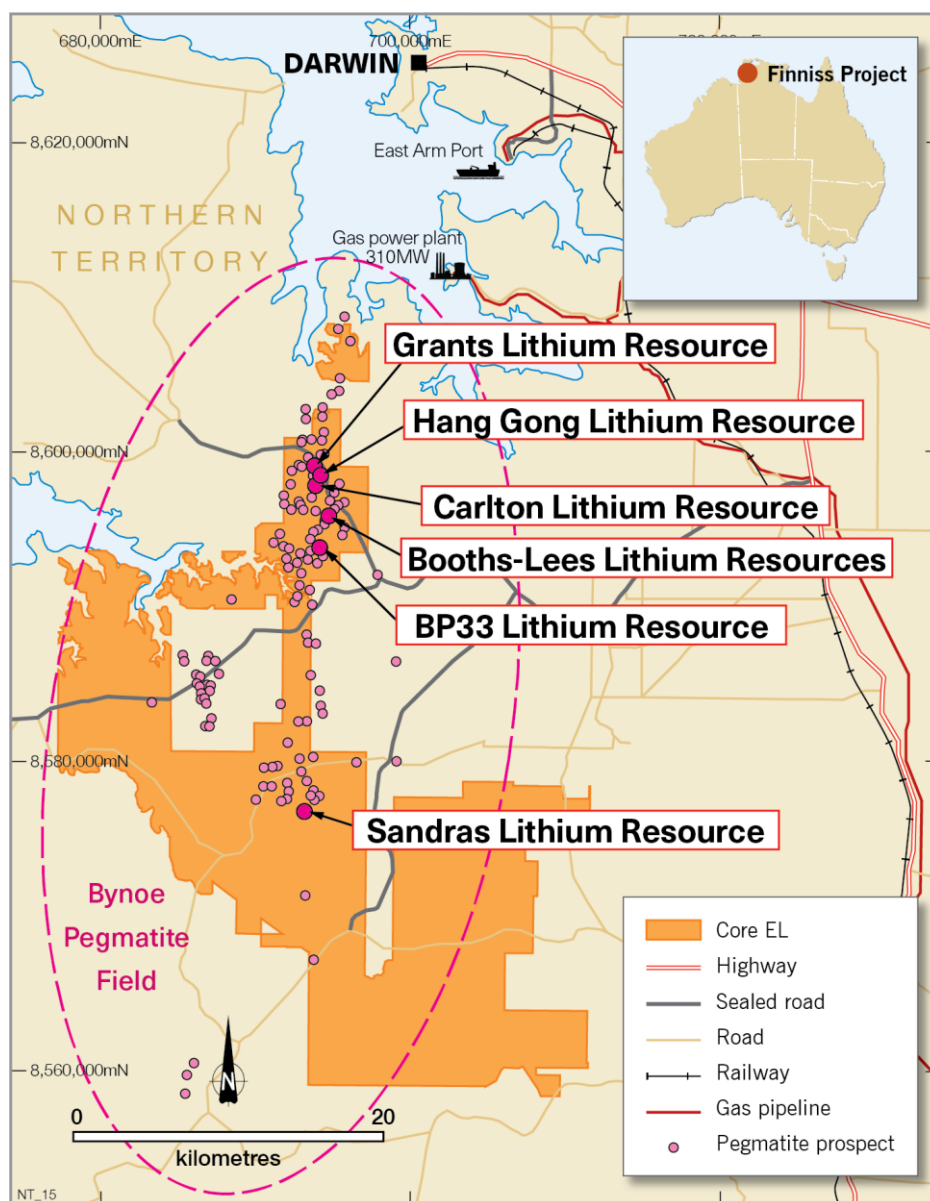
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About the Finnis Lithium Project

The Finnis Lithium Project 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 Finnis Project boasts world-class, high-grade and high-quality lithium suitable for this use and other renewable energy sources.



Lithium resources within Core's 100%-owned Finnis Lithium Project.