

# ASX: **CXO** Announcement

30 July 2021

Centralised Company Announcements Platform  
Australian Securities Exchange  
10th Floor, 20 Bond Street  
SYDNEY NSW 2000

## QUARTERLY ACTIVITIES AND CASHFLOW REPORT 30 JUNE 2021

Please find attached the Quarterly Activities and Appendix 5B Quarterly Cashflow reports for the quarter ended 30 June 2021.

Yours faithfully,



Stephen Biggins  
Managing Director

# ASX Release

## Quarterly Activities Report for Three Months Ended 30 June 2021

30 July 2021

CORE LITHIUM LTD  
Level 1, 366 King William Street  
Adelaide SA 5000  
+61 8 8317 1700

### Contact:

Stephen Biggins | Managing Director  
Jarek Kopias | Company Secretary  
Email | [info@corelithium.com.au](mailto:info@corelithium.com.au)  
Website | [www.corelithium.com.au](http://www.corelithium.com.au)

### Directors:

Greg English | Non-Executive Chairman  
Stephen Biggins | Managing Director  
Heath Hellewell | Non-Executive Director  
Malcolm McComas | Non-Executive Director

### Issued Capital:

- 1,174,117,254 Ordinary Shares
- 105,003,467 Unquoted Options
- 21,613,332 Unquoted Performance Rights

## Highlights

The Board of Core Lithium Ltd (“Core” or “Company”) is pleased to present its Quarterly Activities Report for the period ended 30 June 2021.

During the June quarter, Core was focused on a number of initiatives aimed at further enhancing the value and potential of its wholly owned Finniss Lithium Project, located near Darwin in the Northern Territory.

During the reporting period, Core:

- Finalised significant work on a Stage 1 Definitive Feasibility Study for the Finniss Project, which was released to the market post-quarter end;
- Finalised an Extension Scoping Study on the Finniss Project outlining a long-term lithium production plan, which was released to the market post-quarter end;
- Recommended exploration work at Finniss with a major drilling campaign; and
- Secured a port operating agreement at Darwin Port.

**ASX: CXO**

# Finniss Lithium Project, NT

The Finniss Lithium Project (“Finniss Project”) is Australia’s most advanced new lithium project on the ASX and places Core at the front line of new global lithium production.

The Finniss Project has been awarded Australian Federal Government Major Project Status and is also one of the most capital efficient lithium projects and has arguably the best logistics chain to markets of any Australian lithium project.

The Project lies within 25km of 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. The Finniss Project boasts world-class, high-grade and high-quality lithium suitable for this use and other renewable energy sources.

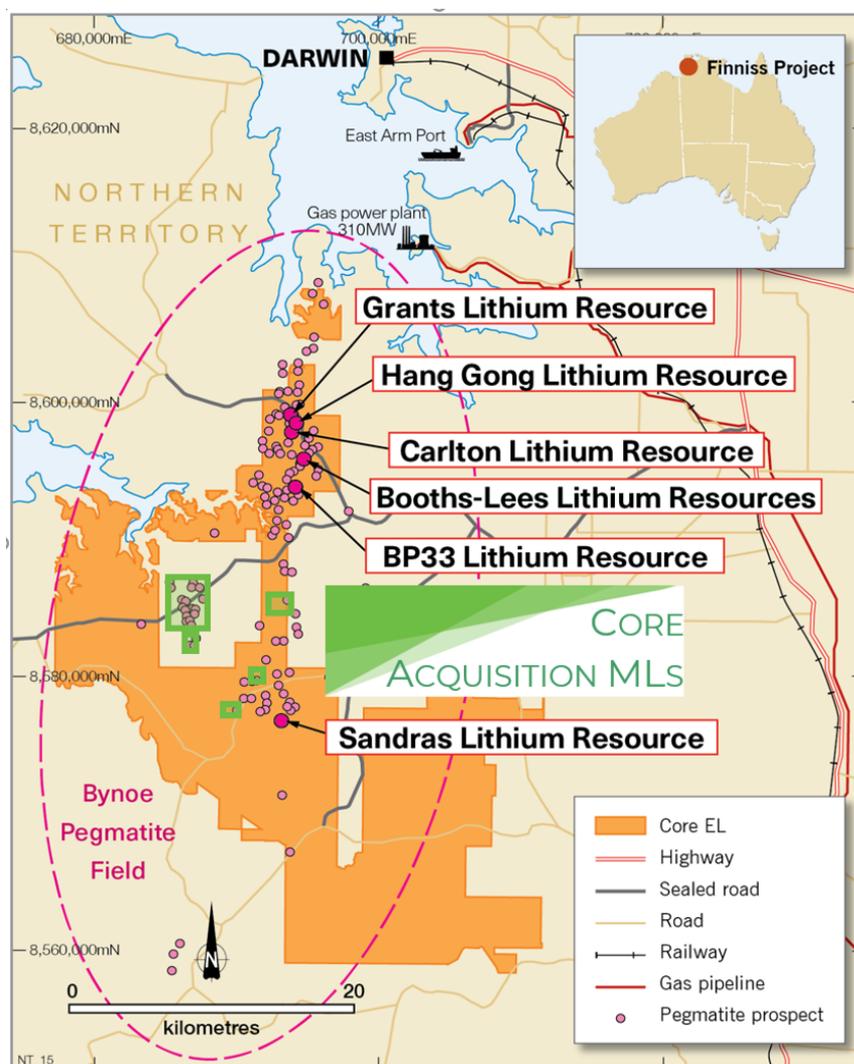


Figure 1 - Lithium resources within Core’s 100%-owned Finniss Lithium Project.

# June Quarter Activities

## Battery-grade lithium hydroxide produced from Finniss concentrate

During the reporting period, Core announced that battery grade lithium hydroxide monohydrate (LH) from spodumene mineral concentrate had been produced from the Finniss Project (ASX:CXO “Battery Grade Lithium Hydroxide from Finniss Project” on 6 April 2021).

The scoping level test work program demonstrated that the conventional ‘direct’ flowsheet can be applied to the processing of the spodumene concentrate sample to produce battery grade lithium hydroxide monohydrate.

In light of the success of this program and the recently granted Federal Government Major Projects Status and \$6m Modern Manufacturing Initiative Grant, Core is now considering the obvious downstream value potential given the Project’s synergies with the adjacent Middle-Arm industrial infrastructure near Darwin.

The production of battery grade LH has provided Core and its customers confidence in the value of the Finniss Project, its importance to Australia’s northern regional economy, and strengthening Australia’s position further downstream in the global lithium battery supply chain.

## Lithium exploration breakthrough in the NT

In April, Core announced new geophysical surveys had successfully shown a strong correlation with lithium pegmatite distribution within the Finniss Project. Gravity geophysics is now considered an important tool for mapping lithium rich pegmatites within the Finniss pegmatite field (ASX:CXO “NT Lithium Exploration Breakthrough” on 23 April 2021).

The Finniss Gravity Survey was co-funded by the Northern Territory Government with survey data collected over a 500x500m and 500x1000m grid of gravity stations through the majority of Core’s Finniss Project tenements.

The survey has identified a major NNE-trending gravity high and potential lithium-pegmatite corridor that extends from the King Table Group in the north to the Leviathan Group in the south and includes the lithium-rich Observation Hill Group (main prospect: Grants, BP33, Carlton, Hang Gong and others - Figure 2).

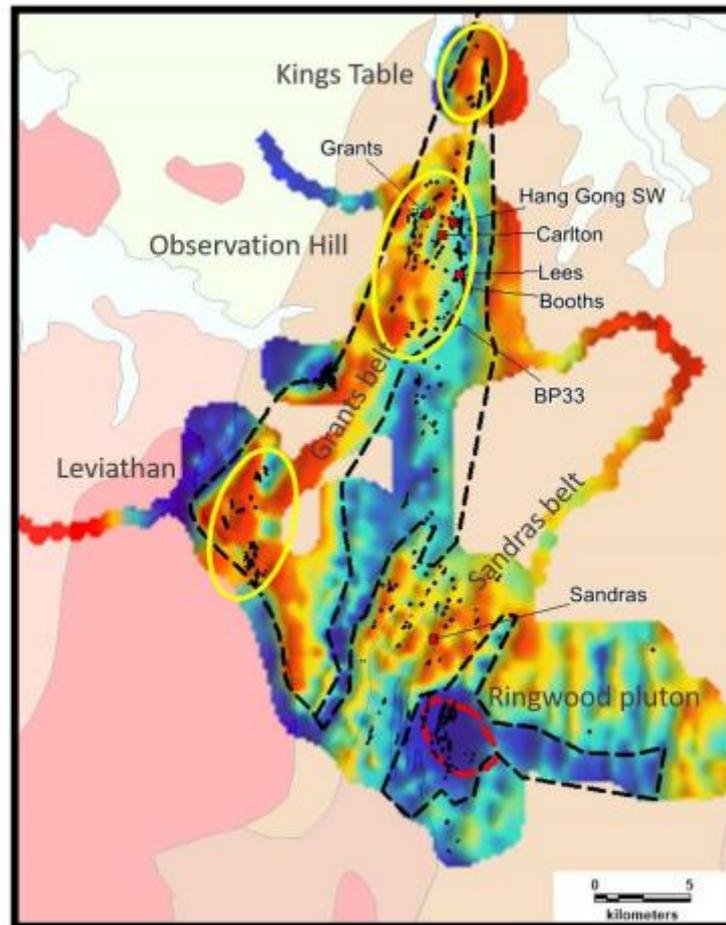


Figure 2 - Residual Gravity Image, Finiss Lithium Project.

Pleasingly, there is no reason to believe that these known lithium pegmatite groups are unique clusters. Rather, it is more likely that the currently defined distribution of pegmatites identified to date in this belt are due to large tracts of prospective ground between Grants and Leviathan, which are covered by laterite or soil cover that have not been effectively explored yet.

Core’s new gravity survey has demonstrated that the gravity methodology is a valuable tool for pegmatite exploration in the NT.

The survey shows that the most important lithium-bearing pegmatites are largely constrained to the gravity highs, at the fertility “sweet spot” above its granite source, where it is believed the thermal gradient favours precipitation and preservation of lithium minerals.

## Core’s largest shareholder and key Tesla supplier Yahua to double planned lithium hydroxide output

Core’s largest shareholder and a key supplier to Tesla – China’s Sichuan Yahua Industrial Group (Yahua) – notified the Company during the reporting period that it is planning to more than double its lithium hydroxide production capacity.

Yahua plans to invest to increase the output of its Yaan plant from 20,000tpa to 50,000tpa of battery-grade lithium hydroxide.

Yahua and Tesla signed an agreement in December 2020 for Tesla to purchase US\$630 million to US\$880 million of battery-grade lithium hydroxide over a five-year period. A significant portion of Yahua’s lithium concentrate supply requirements for Yaan can be met by Core.

Core and Yahua have signed a binding offtake agreement for Core to supply 75,000tpa (~10,000tpa LCE) of lithium spodumene concentrate. The Yahua offtake represents approximately 40% of Finnis’s proposed 175,000tpa production.

## Significant lithium Exploration Target to add more tonnes at Finnis

During the reporting period, Core defined an additional Exploration Target (ET) of 9.8 to 16.2 million tonnes at a grade of between 0.8 to 1.4% Li<sub>2</sub>O across seven different prospects within the Finnis Project (ASX:CXO “Significant Lithium Exploration Target at Finnis” on 20 May 2021).

This new ET is in addition to the Finnis Mineral Resource of 15Mt @ 1.3% Li<sub>2</sub>O.

Finnis Project Exploration Target	Tonnage (Mt)		Li <sub>2</sub> O (%)	
	Low	High	Low	High
<b>Total</b>	<b>9.8</b>	<b>16.2</b>	<b>0.8</b>	<b>1.4</b>

The ET is supported by historical drilling, trenching and exploration results. The potential quantity and grade of the ET is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Core is aiming to convert a high proportion of the ET at Finnis to Mineral Resources in 2021.

## Core secures Darwin Port operating agreement

In May, Core announced the execution of an operating agreement with the Darwin Port Operations Pty Ltd (“DPO”), for Core to export its lithium products produced at the Finnis Project through Darwin Port.

The Port Operating Agreement (“POA”) will allow Core’s wholly owned subsidiary Lithium Developments (Grants) Pty Ltd (“Lithium Developments”) to access and use

the DPO facilities to export Core's lithium products. The agreement contemplates Direct Ship Ore ("DSO") and spodumene concentrate.

Access to the DPO facilities includes a truck unloading dump facility, the ship loader feed conveyor to convey product to the ship loader and access to the ship loader with berths capable of accommodating vessels up to Panamax size. As such, the DPO facilities are a strong fit for Core's requirements.

Lithium Developments is responsible for providing all labour to operate the DPO facilities when handling the Product and will obtain routine regulatory approvals relating to the use of the DPO facilities. The Port Operating Agreement has a 5-year term.

### Lithium resource expansion and exploration drilling recommences at Finniss

During the reporting period, Core was pleased to recommence drilling at the Finniss Project.

Diamond core, reverse cycle (RC) and RAB drilling has been focused on resource expansion and converting a high proportion of the newly acquired prospective ground at the Finniss Project to a Mineral Resource.

A relatively simple program of regular spaced RC drilling complemented by a proportion of diamond drilling to add further resource information is planned to bring these lithium rich pegmatites into spodumene resources in coming months.

Gold exploration activity at the Bynoe Gold Project has also recommenced, with early stage geological mapping and geochemical surveys underway ahead of gold discovery drilling programs in 2021, including follow-up drilling at the exciting Far East gold discovery.

### Greenhouse gas assessment of Finniss

In late June, Core announced the formation of a partnership with global environmental and sustainability consultants ERM Group to provide a carbon footprint evaluation, Life Cycle Analysis and Sustainability Assessment of the Finniss Project.

The Company completed a greenhouse gas (GHG) assessment for the life of the proposed Finniss Project, which evaluated estimated Scope 1, Scope 2 emissions associated with all operations at the mine (land clearing, fuel consumption, electricity usage and blasting) and Scope 3 emissions including transport of products and consumables, business travel and employee commutes.

Each scope considered carbon dioxide (CO<sub>2</sub>), nitrous oxide (N<sub>2</sub>O) and methane (CH<sub>4</sub>). Scope 1 and 2 were calculated using the National Greenhouse and Energy Reporting emission estimation methodology (Australian Government 2017), while Scope 3 emissions were estimated using the Greenhouse Gas Protocol (UK government 2020).

The assessment identified that the Finniss Project aligns well when compared on an emission intensity level (total emissions per tonne of product produced) to published

emission intensities for other spodumene concentrate production facilities in Western Australia for Scope 1 and 2.

This comparison is further improved when Scope 3 emissions are included in the assessment due to the limited distance to transport the SC6 product from the site to the refining facilities.

Figure 3 below shows the intensities for the Scope 1, 2 and 3 emissions, including those associated with the transport of the spodumene concentrate product from the sites to the refining facilities.

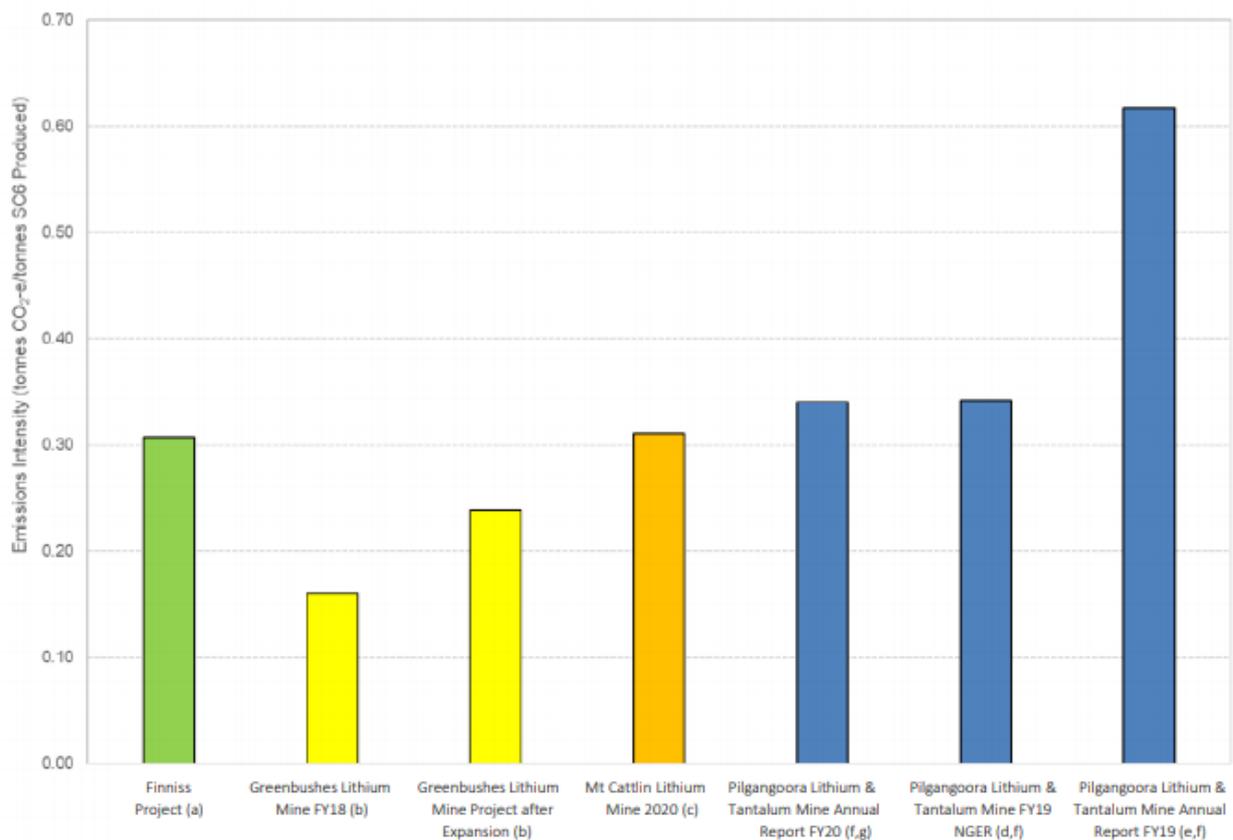


Figure 3 – (a) Finiss Lithium Project's spodumene concentrate Emissions Intensity (using Scope 1 emissions, Scope 2 emissions and Scope 3 emissions associated with the transport of the spodumene concentrate product from the site to the refining facilities) and comparison with lithium mines in Australia (Sources: GHD (2018), Pilbara Minerals (2019, 2020) and Galaxy Resources (2020)).

Core remains committed to investigating innovative approaches to further reducing its carbon footprint. For example, the Finiss Project site will undergo significant revegetation as part of the development and rehabilitation strategy.

The Company has undertaken a preliminary study on potential Pumped Hydropower Energy Storage for the first Open Pit Mine at the Finiss Project and Core is considering options related to renewable energy generation and utilisation of electric vehicles.

## Nuggets at new Toolebuc Prospect extends far east gold trend to 2,500m in length

Concurrent with its ongoing work at the Finnis Project, Core was pleased to report in June on a number of positive developments associated with its wholly owned Bynoe Gold Project in the NT (ASX:CXO “Nuggets at New Toolebuc Prospect Extends Far East Gold Trend” on 24 June 2021).

Following the impressive 2020 results at Far East, exploration in 2021 has focussed on searching for along-strike extensions to the Far East gold mineralised system. This work has delineated other significant quartz vein systems to the SSW at the Toolebuc Prospect. As at Far East, metal detecting has discovered coarse gold grains and gold nuggets confirming that the Toolebuc veins are mineralised (Figure 4).

Core’s recent mapping and prospecting has materially increased the strike length of the broader target zone from the 1,600m of strike defined in 2020 to a total established strike length of 2,500m, as the Company now believes the Far East Gold Belt extends unbroken beneath the Quaternary black soil cover that separates Far East from Toolebuc.

Additional quartz veins with oxide clots after sulphide continue to be found at Toolebuc, potentially also expanding the gold-related target zone’s overall width.



*Figure 4 - Toolebuc gold samples. Left: Coarse (~1mm) gold grains peppered through host rock. Right: 10mm sized gold nugget. Scale marked at 1mm intervals in both photos.*

# Subsequent Activities

## Stage 1 Definitive Feasibility Study sets scene for Australia's next lithium producer

Subsequent to the end of the reporting period, Core reached a landmark milestone with the release of its upgraded Definitive Feasibility Study (“DFS”), underpinned by a significant increase in Ore Reserves and Life of Mine (“LOM”), for the Finnis Lithium Project (ASX: CXO “Stage 1 DFS and Updated Ore Reserves” on 26 July 2021).

The DFS demonstrates the Finnis Project’s economics to be compelling, with low capital costs and competitive operating costs that result in strong operating margins and rapid payback.

Key outputs are summarised below:

### Technical Metrics

Total Concentrate Production	<b>1.21 Mt</b>
Ave Annual Production <sup>1</sup>	<b>175 ktpa</b>
Concentrate Li <sub>2</sub> O Grade	<b>5.8%</b>
Total Ore Mined	<b>7.4 Mt</b>
Average Grade Mined (Li <sub>2</sub> O)	<b>1.31%</b>
Plant Design Throughput	<b>1 Mtpa</b>
Average Lithia Recovery	<b>71.7%</b>
Mine Life	<b>8 years</b>
Payback Period <sup>6</sup>	<b>2 years</b>

### Financial Metrics

Concentrate Price (FOB) <sup>2</sup>	<b>US\$743/t</b>
CI Operating Costs <sup>3</sup>	<b>US\$364/t</b>
AISC <sup>4</sup>	<b>US\$441/t</b>
Initial Capital <sup>5</sup>	<b>A\$89m</b>
Pre-Tax Free Cash Flow	<b>A\$344m</b>
Pre-Tax NPV <sub>8</sub>	<b>A\$221m</b>
Post-Tax NPV <sub>8</sub>	<b>A\$170m</b>
Pre-Tax IRR	<b>53%</b>
Post-Tax IRR	<b>47%</b>

1. Annual concentrate production represents the life of mine average following the start of commercial concentrate production.
2. Commodity Pricing assumptions are derived from Roskill April 2021 forecast and represent an average received price over the LOM. Assumptions include sea freight of US\$20/t concentrate and a pro-rata grade adjustment for 5.8% Li<sub>2</sub>O grade.
3. CI Operating Costs are defined as direct cash operating costs of production FOB, divided by spodumene concentrate production. Direct cash operating costs include mining, processing, transport, port, and ship-loading costs. CI Operating Costs exclude royalties and sustaining capital, with the LOM average calculated from commencement of commercial production. AUD:USD assumption is 0.70.
4. All-In Sustaining Costs (AISC) are defined as CI Operating Costs plus royalties and sustaining capital, with the LOM average calculated from commencement of commercial production.
5. Initial Capital includes pre-strip mine development for the Grants Open Pit of A\$34 million.
6. The payback period commences on the sale of the first concentrate.

With the completion of this DFS, Core has taken a major step forward towards becoming Australia’s next lithium producer and its goal of producing high quality lithium spodumene concentrate through the mining and processing of high grade spodumene-bearing pegmatites located within one hour’s drive of the Port of Darwin, Australia’s closest port to Asia.

High-grade Ore Reserves with an average grade of 1.31%  $\text{Li}_2\text{O}$ , combined with exceptional spodumene metallurgy, will enable Core to produce high quality, coarse concentrate using gravity only Dense Media Separation (DMS) processing.

The construction of a simple 1Mtpa DMS processing plant will enable Core to produce up to 197,000 tonnes of high-quality concentrate per annum over an 8-year LOM. Total Ore Reserves now stand at 7.4 million tonnes (Mt), with open pit mining planned at the Grants and Hang Gong deposits and underground mining at the Grants (below the open pit), BP33 and Carlton deposits.

A modest pre-production capex of A\$89 million (including pre-production mining costs) and strong cash flows enable a rapid payback of 2 years from the sale of the first concentrate (which is estimated to occur before then end of 2022) and confirms Finnis Project as Australia's lowest capital intensity lithium project.

The excellent Stage 1 DFS economics are further reflected in the pre-tax IRR of 53%, pre-tax  $\text{NPV}_8$  of A\$221 million and LOM pre-tax, pre-financing free cash flows of A\$344 million (the post-tax IRR and  $\text{NPV}_8$  is 47% and A\$170 million respectively with a post-tax free cash flow of A\$267 million), from revenue of A\$1.3 billion (assuming a LOM average concentrate price of US\$743/t FOB).

Assuming current spot prices of spodumene concentrate of US\$850/t (6% FOB), the pre-tax IRR and  $\text{NPV}_8$  increase to 76% and A\$315 million respectively.

LOM C1 operating costs of US\$364/t concentrate (FOB) generate a robust LOM operating margin of more than US\$370/t, assuming a LOM average sale price of US\$743/t (FOB).

LOM average All-In Sustaining Costs (AISC) are similarly competitive at US\$441/t concentrate (FOB). Core has increased aggregate Mineral Resources and Ore Reserves for the entire Finnis Project substantially since 2018 and has planned a Stage 2 process to further extend the mine life and increase the Project's free cash flow tenure.

The larger Finnis Project area comprises 500km<sup>2</sup> of exploration and mining tenements covering the Bynoe Pegmatite Field.

Completion of the DFS now paves the way for the Company to progress debt finance opportunities and finalise offtake and other customer financing discussions, enabling the Company to commence development and construction of Stage 1 by the end of this year and start delivering spodumene concentrate to customers in 2022.

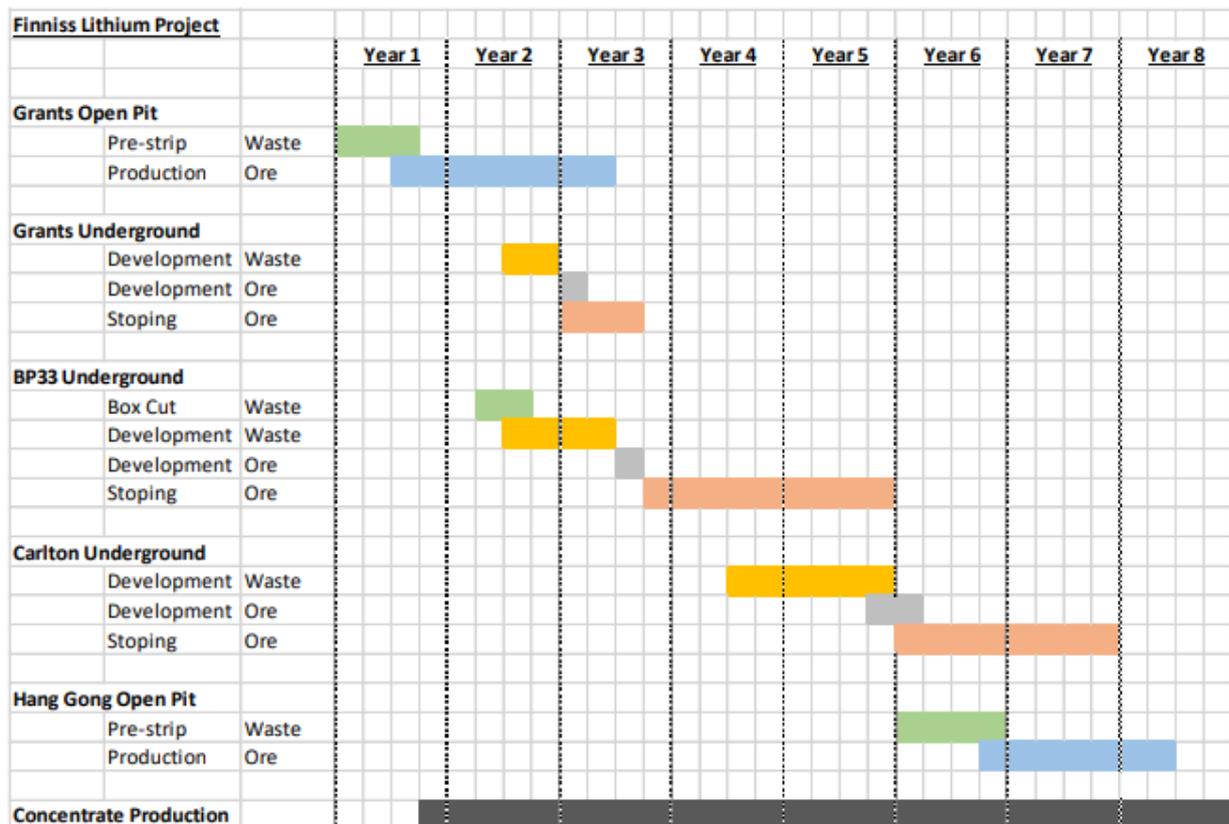


Figure 5 – Stage 1 proposed DFS Ore Reserve Schedule.

### Extension Scoping Study Confirms 10 year lithium production

In tandem with the release of the Stage 1 DFS, Core also announced a Mining Extension Scoping Study which outlined lithium production over 10 years from the Finniss Project (ASX: CXO “Scoping Study Confirms 10 Year Lithium Production” on 26 July 2021).

The Study demonstrates the Finniss Project’s economics with the inclusion of Inferred Mineral Resources to be compelling, with low capital costs and competitive operating costs that result in high operating margins and rapid payback.

Key outputs are summarised below:

Technical Metrics		Financial Metrics	
<b>Total Production<sup>1</sup></b>	1.56 Mt	<b>Concentrate Price (FOB)<sup>2</sup></b>	US\$731/t
<b>Ave Annual Production<sup>1</sup></b>	175 ktpa	<b>CI Operating Costs<sup>3</sup></b>	US\$372/t
<b>Concentrate Li<sub>2</sub>O Grade</b>	5.8%	<b>AISC<sup>4</sup></b>	US\$454/t
<b>Total Ore Mined</b>	9.8 Mt	<b>Initial Capital<sup>5</sup></b>	A\$89m
<b>Average Grade Mined</b>	1.30%	<b>Pre-Tax Free Cash Flow</b>	A\$415m
<b>Plant Design Throughput</b>	1 Mtpa	<b>Pre-Tax NPV<sub>6</sub></b>	A\$259m
<b>Average Lithia Recovery</b>	71.7%	<b>Post-Tax NPV<sub>6</sub></b>	A\$193m
<b>Mine Life</b>	10 years	<b>Pre-Tax IRR</b>	56%
<b>Payback Period<sup>6</sup></b>	2 years	<b>Post-Tax IRR</b>	49%

1. Annual production represents life of mine average following the start of commercial concentrate production.
2. Commodity Pricing assumptions are derived from Roskill April 2021 forecast and represent an average received price over the LOM. Assumptions include sea freight of US\$20/t concentrate and a pro-rata grade adjustment for 5.8% Li<sub>2</sub>O grade.
3. CI Operating Costs are defined as direct cash operating costs of production FOB, divided by spodumene concentrate production. Direct cash operating costs include mining, processing, transport, port, and ship-loading costs. CI Operating Costs exclude royalties and sustaining capital, with the LOM average calculated from commencement of commercial production. AUD:USD assumption is 0.70.
4. AISC are defined as CI Operating Costs plus royalties and sustaining capital, with the LOM average calculated from commencement of commercial production.
5. Initial Capital includes pre-strip mine development for the Grants Open Pit of A\$34 million.
6. Payback is calculated from sale of first concentrate.

## Scoping Study identifies value potential of Lithium Fines

Core also announced to the market in late July a Scoping Study which has identified a potential value improvement opportunity to the Finniss Project through production and sale of a Lithium Fines (“LF”) by-product grading approximately 1.0% Li<sub>2</sub>O (ASX: CXO “Scoping Study identifies potential for Lithium Fines” on 26 July 2021).

Metallurgical test work undertaken to-date indicates that the partial recovery of lithia from this tailings stream is possible efficiently and economically with limited additional processing steps.

Further work is required to better define the impact of mine dilution, the lithia deportment and grade by size fraction, but pending negligible mine dilution presenting to ROM ore and a similar crushed product particle size distribution to the test work sample, Core believes there is an opportunity to produce approximately 110,000 tonnes per annum of LF by-product grading circa 1.0% (w/w) Li<sub>2</sub>O.

In the Stage 1 DFS, the lithium fines are assumed to be stored with other tailings. However, in response to a forecast shortage of primary lithium supply and expressions of interest in offtake for the LF by-product, there is a strong opportunity for Core to capture the value of this by-product from existing Ore Reserves and Mineral Resources with no incremental mining cost and minimal incremental processing cost.

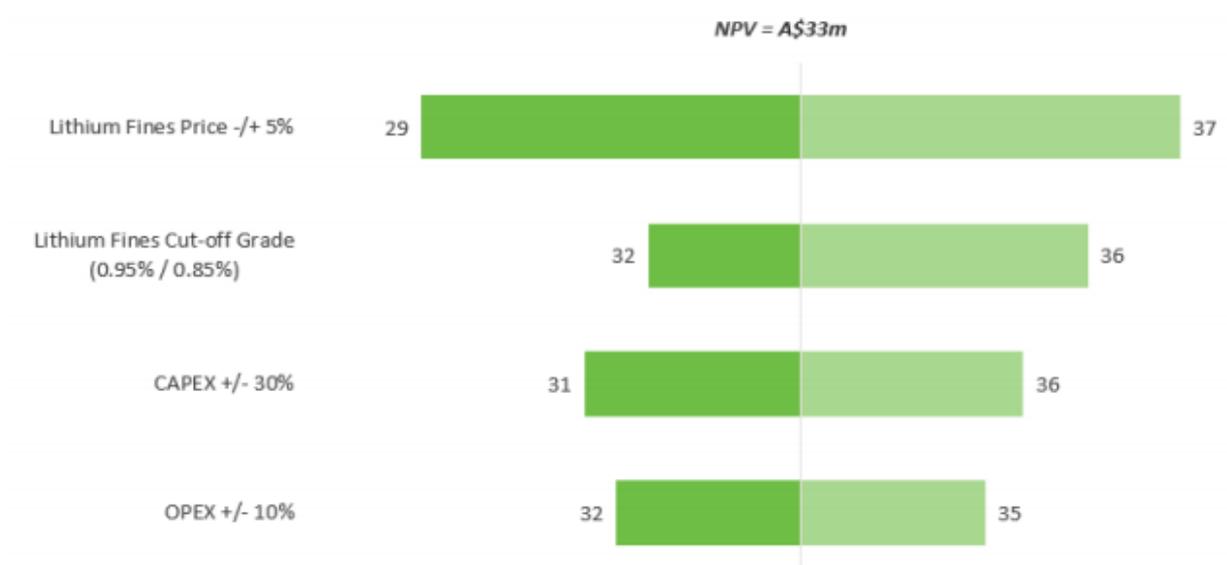
The economics of this opportunity are further assisted by the fact that Core’s Finnis Project is located within a 1 hour drive of the Port of Darwin, keeping transport and logistics costs to a minimum.

Key assumptions and approximate stand-alone economic outcomes of the LF Scoping Study are shown in the table below:

Technical Metrics <sup>6</sup>		Financial Metrics <sup>6</sup>	
First LF Production	CY 2024	Fines Price (FOB) <sup>2</sup>	US\$65/t
Total LF Production	930 kt	C1 Operating Costs <sup>3</sup>	US\$21/t
Ave Annual LF Production	110 ktpa	Initial Capex <sup>5</sup>	A\$8.4m
Product Cut-Off Grade (Li <sub>2</sub> O)	0.90%	Pre-Tax Free Cash Flow <sup>4</sup>	A\$50m
Average LF Grade (Li <sub>2</sub> O)	1.06%	Pre-Tax NPV <sup>4</sup>	A\$33m
Payback Period <sup>1</sup>	< 12 months	Pre-Tax IRR <sup>4</sup>	171%

1. Payback is calculated from sale of first product
2. Pricing based on an assumed price of US\$80/tonne (CFR) for LF product grading 1.0% Li<sub>2</sub>O, with pro-rata adjustments for grade above or below 1.0% Li<sub>2</sub>O (down to cut-off of 0.9% Li<sub>2</sub>O) and assumed sea freight of US\$20/t concentrate.
3. C1 Operating Costs are defined as direct cash operating costs of production FOB, divided by production tonnes. Direct cash operating costs incl. processing, haulage, port logistics, and ship-loading costs. C1 Operating Costs exclude royalties. AUD:USD assumption is 0.70.
4. Free Cash Flow, NPV and IRR as shown here are exclusive of corporate tax and all royalties.
5. Capital works required include a fines handling facility and storage shed. Construction is assumed to commence in Q1 2023 and take 6 months to complete. A 20% capital contingency has been included in the capital estimate.
6. The Technical Metrics and Financial Metrics are estimates that reflect information presented by advisors and consultants and reflect the market conditions at the time of presenting this information.

A sensitivity analysis has been performed for key project assumptions as follows:



As a potential by-product, the LF can also be viewed as reducing the overall unit operating costs of producing 5.8% spodumene concentrate. Based on the assumptions described above, it is estimated that producing and selling LF has the potential to reduce the unit C1 operating costs shown in the Stage 1 DFS by US\$23/tonne of spodumene concentrate.

### \$6m Modern Manufacturing Initiative Grant from Australian Federal Government

Subsequent to the end of the reporting period, Core was notified that it had been successful in its application for a \$6 million grant under the Federal Government's Modern Manufacturing Initiative ("MMI Grant").

The Australian Federal Government awarded the Grant in recognition of the future commercial potential for Core to produce battery-grade lithium hydroxide ("LiOH") near the Finniss Project.

Core is completing a Scoping Study that examines the potential to capture more of the lithium value chain through downstream processing of this concentrate to produce LiOH. This Scoping Study will be followed up with the undertaking of Feasibility Studies which are being supported by the Grant. Core notes that these studies are being carried out in parallel with the Company's primary focus of developing the Finniss Project in line with its production timeframe.

The opportunity of downstream lithium processing at the Middle Arm Industrial Precinct, ideally located between Finniss and export facilities at the Darwin Port, has strong alignment with the Australian Federal Government's Modern Manufacturing Strategy, which is focused on increasing the capabilities of Australia's onshore refinement of critical minerals.

The MMI Grant follows the receipt of Major Project Status for the Finniss Project by the Federal Government earlier this year.

### Core signs agreement to connect Finniss to the grid

In July, Core announced the execution of a power connection agreement with Power and Water Corporation in the NT.

The two-year agreement allows Core to construct a physical link between the Finniss Project and the PWC Electricity System so that electricity can flow between the Finniss Project and the system, securing physical capacity of 5,000 kVA which is sufficient to meet the needs of the Finniss Project.

Power and Water is an NT government-owned corporation that transmits and distributes electricity, and provides water services, across the Northern Territory.

The connection agreement is considered a Simple Connections agreement by PWC which allows Core to finalise the connection design and select a PWC approved contractor to construct the connection.

Once the grid connection is constructed the infrastructure is transferred (gifted) to PWC after which PWC will provide the Finniss Project with a connection service. The transferred works are to be constructed in accordance with the PWC approved design, specifications provided by PWC, and all applicable laws and applicable Australian Standards.

Once the connection is established, the Finniss Project will then be connected to low-cost power and Core will have the right to choose an electricity supplier, as well as the opportunity to utilise low-emission renewable and gas generated power.

# Corporate

## Core added to the MSCI Global Index

Core was added to the Morgan Stanley Capital International (MSCI) Micro Cap Australia Index as of 27 May 2021.

The MSCI Australia Micro Cap Index is designed to measure the performance of the micro cap segment of the Australian equity market.

## Appendix 5B expenditure disclosure

Core's Appendix 5B includes amounts in item 6.1 and 6.2. The amounts in item 6.1 represent director fees paid to entities nominated by relevant directors. The amounts in item 6.2 represent managing director costs capitalised for exploration activity undertaken.

During the quarter, Core expended \$1.65 million on exploration activities. This expenditure primarily represents exploration and development activities at the Finniss Project and Bynoe gold project.

## Share capital changes – Ordinary Shares, Options and Performance Rights

During the quarter, the following changes were made to Core's capital structure:

- Exercise of 100,000 unquoted performance rights where performance hurdles were previously met.
- Issue of 1,125,000 unquoted performance rights with KPI based vesting conditions to employees of the Company as remuneration.

Subsequent to the end of the quarter, the following changes were made to Core's capital structure:

- Lapse of 1,718,334 unquoted performance rights where performance hurdles were not met.
- Issue of 540,000 unquoted performance rights with KPI based vesting conditions to employees of the Company as remuneration.

A summary of movements and balances of equity securities between 1 April 2021 and the date of this report are listed below (items marked with a \* occurred following the end of the quarter):

	Ordinary shares	Unquoted Options	Unquoted performance rights
On issue at start of the Quarter	1,174,017,254	105,003,467	21,766,666
Performance rights - exercised	100,000	-	(100,000)
Performance rights - issued	-	-	1,125,000
Performance rights – lapsed*	-	-	(1,718,334)
Performance rights – issued*	-	-	540,000
<b>Total securities on issue at the date of this report</b>	<b>1,174,117,254</b>	<b>105,003,467</b>	<b>21,613,332</b>

## Mineral Resources and Ore Reserves as at 30 June 2021

ORE RESERVES*				
Deposit /Resource	Classification	Tonnes (Mt)	Grade (Li <sub>2</sub> O%)	Contained Metal (kt)
<b>Open pit</b>				
	Proved	1.0	1.4	14.9
Grants	Probable	0.8	1.5	11.6
	<b>Total</b>	<b>1.8</b>	<b>1.5</b>	<b>26.5</b>
<b>Underground</b>				
	Proved	1.3	1.4	18.4
BP33	Probable	1.0	1.4	13.2
	<b>Total</b>	<b>2.3</b>	<b>1.4</b>	<b>31.5</b>
	Proved	0.6	1.2	7.1
Carlton	Probable	1.0	1.0	10.6
	<b>Total</b>	<b>1.6</b>	<b>1.1</b>	<b>17.8</b>
	Proved	1.9	1.3	25.5
Total underground	Probable	2.0	1.2	23.8
	<b>Total</b>	<b>3.9</b>	<b>1.3</b>	<b>49.3</b>
	Proved	2.9	1.4	40.4
Total all mining methods	Probable	2.8	1.3	35.4
	<b>Total</b>	<b>5.7</b>	<b>1.3</b>	<b>75.8</b>

\* Subsequent to the end of the quarter, the Ore Reserves were upgraded as announced on 26 July 2021 as "Stage 1 DFS and Updated Ore Reserves".

MINERAL RESOURCES					
Deposit	Classification	Tonnes (Mt)	Li <sub>2</sub> O %	Li <sub>2</sub> O (t)	LiCO <sub>3</sub> (t)
Grants	Measured	1.09	1.48	16,100	39,815
	Indicated	0.82	1.54	12,600	31,160
	Inferred	0.98	1.43	14,000	34,622
	<b>Total</b>	<b>2.89</b>	<b>1.48</b>	<b>42,700</b>	<b>105,597</b>
BP33	Measured	1.50	1.52	23,000	56,879
	Indicated	1.19	1.50	17,000	42,041
	Inferred	0.55	1.54	8,000	19,784
	<b>Total</b>	<b>3.24</b>	<b>1.51</b>	<b>48,000</b>	<b>118,704</b>
Sandras	Inferred	1.30	1.0	13,000	32,149
	<b>Total</b>	<b>1.30</b>	<b>1.0</b>	<b>13,000</b>	<b>32,149</b>
Carlton	Measured	0.63	1.31	8,000	19,784
	Indicated	1.20	1.21	15,000	37,095
	Inferred	1.19	1.33	16,000	39,568
	<b>Total</b>	<b>3.02</b>	<b>1.28</b>	<b>39,000</b>	<b>96,447</b>
Hang Gong	Indicated	1.19	1.3	15,300	37,837
	Inferred	0.83	1.19	9,900	24,483
	<b>Total</b>	<b>2.02</b>	<b>1.2</b>	<b>25,200</b>	<b>62,320</b>
Booths & Lees	Inferred (Lees)	0.43	1.3	5,400	13,354
	Inferred (Lees South)	0.35	1.2	4,300	10,634
	Inferred (Booths Link)	1.47	1.06	15,700	38,826
	<b>Total</b>	<b>2.25</b>	<b>1.13</b>	<b>25,400</b>	<b>62,814</b>
Finniss Project	Measured	3.22	1.47	47,100	116,478
	Indicated	4.40	1.37	59,900	148,133
	Inferred	7.10	1.22	86,300	213,420
Finniss Project	<b>Total</b>	<b>14.72</b>	<b>1.32</b>	<b>193,300</b>	<b>478,031</b>

## Tenement Table

Tenement number	Tenement name	Interest at the end of Quarter	Changes during Quarter
<b>South Australia</b>			
EL 6574	Fitton	100%	None
EL 6038	Mt Freeling	100%	None
EL 6111	Yerelina	100%	None
EL 6445	Wyatt Bore	100%	None
<b>Northern Territory</b>			
EL 26848	Walanbanba	100%	None
EL 28029	White Range East	100%	None
EL 28136	Blueys	100%	None
EL 29347	Yambla	100%	None
EL 29389	Mt George	100%	None
EL 29580	Jervois East	100%	None
EL 29581	Jervois West	100%	None
EL 29698	Finniss	100%	None
EL 29699	Bynoe	100%	None
EL 30012	Bynoe	100%	None
EL 30015	Bynoe	100%	None
EL 30669	Ross River	100%	None
EL 30793	McLeish	100%	None
EL 31058	Barrow Creek	100%	None
EL 31126	Zola	100%	None
EL 31127	Ringwood	100%	None
EL 31139	Anningie West	100%	None
EL 31140	Anningie South	100%	None
EL 31145	Barrow Creek North	100%	None
EL 31146	Barrow Creek South	100%	None
EL 31271	Bynoe	100%	None
EL 31279	Sand Palms	100%	None
EL 31449	Napperby	100%	None
EL 31886	Adelaide River	100%	None
EL 32205	Finniss Range	100%	None
EL 32392	Ivy	100%	Granted in March 2021
EL 32396	Murray Creek	100%	Granted in March 2021

Tenement number	Tenement name	Interest at the end of Quarter	Changes during Quarter
<b>Northern Territory</b>			
MLN16	Bynoe	100%	None
ML 31726	Grants Mineral Lease	100%	None
ML 32074	Observation Hill Ancillary Lease	100%	None
ML 32346	BP33 Mineral Lease	100%	Granted in January 2021
ML 32278	C5 Dam Ancillary Lease	100%	Granted in March 2021
ML 29912	Saffums	0%	
ML 29914	Labelle	0%	
ML 29985	Angers	0%	Obtained right to acquire under call option deed in March 2021
ML 31654	Annie	0%	
MLN813	Bilatos	0%	
MLN1148	Centurian	0%	

## Competent Person Statement

*The information in this release that relates to the Estimation and Reporting of Ore Reserves is based on, and fairly represents, information and supporting documents compiled by Mr Blair Duncan. 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, "Maiden Sandras Mineral Resource Grows Finniss to 6.3Mt" dated 29 November 2018, "Finniss Feasibility Study and Maiden Ore Reserve" dated 17 April 2019, "Initial Resource for Lees Drives Finniss Mineral Resource" dated 6 May 2019, "Finniss Lithium Resource increased by over 50%" dated 15 June 2020, "Increased Ore Reserve Significantly Extends Finniss" dated 30 June 2020, dated "Stage 1 DFS and Updated Ore Reserves" dated 26 July 2021 and "Napperby Uranium Resource Update and Increase" dated 12 October 2018 continue to apply and have not materially changed except as updated by subsequent announcements. Core confirms that it is not aware of any new information or data that materially affects the results included in this announcement as cross referenced in the body of this announcement and that all technical parameters underpinning the Mineral Resources and Ore Reserves 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 all material assumptions underpinning production target and forecast financial information derived from the production target announced on 30 June 2020 and 26 July 2021 continue to apply and have not materially changed.*

Authorised for release by the Board of Core Lithium Ltd.

### 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)

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

## Appendix 5B

Mining exploration entity or oil and gas exploration entity  
quarterly cash flow report

Name of entity

Core Lithium Ltd	
ABN	Quarter ended ("current quarter")
80 146 287 809	30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(4)	(92)
(b) development	-	-
(c) production		
(d) staff costs	(206)	(1,112)
(e) administration and corporate costs	(512)	(1,454)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	25	66
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	231
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(697)</b>	<b>(2,361)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	(2,028)
(c) property, plant and equipment	(110)	(141)
(d) exploration & evaluation	(1,649)	(5,814)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Net proceeds / (payments) for Security bond)	(266)	(374)
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(2,025)</b>	<b>(8,357)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	41,563
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	1,214
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(4)	(2,455)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Lease repayments)	(32)	(126)
3.10	<b>Net cash from / (used in) financing activities</b>	<b>(36)</b>	<b>40,196</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	40,946	8,710
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(697)	(2,361)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,025)	(8,357)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	36	40,196
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>38,188</b>	<b>38,188</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</b>	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	38,108	40,866
5.2	Call deposits	80	80
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>38,188</b>	<b>40,946</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	49
6.2	Aggregate amount of payments to related parties and their associates included in item 2	57

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

7.	<b>Financing facilities</b> Note: the term "facility" includes all forms of financing arrangements available to the entity.  Add notes as necessary for an understanding of the sources of finance available to the entity.	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>	-	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(697)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,649)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(2,346)
8.4 Cash and cash equivalents at quarter end (item 4.6)	38,188
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	38,188
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	16.3
<p><i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i></p>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<p><i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i></p>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 July 2021

Authorised by the Board of the Company

(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.