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ASX: CXO Announcement

16 August 2023

A\$100m underwritten Institutional Placement and A\$20m SPP to support growth and provide financial flexibility during Finniss ramp-up

Key Points

- *The equity raising will support Core's near-term growth projects, including BP33 early works and the ongoing exploration program and provide financial flexibility as it continues to ramp up and optimise production at its flagship Finniss Lithium Project*
- *Core is undertaking a fully underwritten institutional placement to raise A\$100m and provides the opportunity for existing eligible shareholders to participate via a non-underwritten Share Purchase Plan targeting a further A\$20m*
- *Under a new leadership team, Core is progressing with its key strategic priorities, with near term-growth planned to be delivered via Core's cornerstone asset BP33 with FID targeted for Q1 2024*

Australian lithium miner Core Lithium Ltd (ASX: CXO) ("**Core**", "**Core Lithium**" or "**the Company**") is pleased to announce the launch of a fully underwritten institutional placement to raise A\$100m (before costs) at the offer price of A\$0.40 per share ("**the Placement**"). In addition, Core will invite existing eligible shareholders to participate in a non-underwritten Share Purchase Plan ("**SPP**") to raise a further A\$20m (before costs) at the same price as the Placement (together the "**Equity Raising**" or "**Offer**").

The Equity Raising follows Core's successful transition from developer to miner under a new leadership team. Core achieved first concentrate production in February 2023 and is currently operating the Grants open pit, which is the Company's starter operation. The Company has successfully delivered the first two spodumene concentrate shipments. Core's next mine, BP33, has the potential to be the cornerstone asset for the Company and remains on track for a Final Investment Decision in Q1 2024.

The proceeds of the Equity Raising will allow Core to progress its near-term growth projects and preserve balance sheet flexibility during Grants ramp-up. Importantly, the Equity Raising will provide Core the ability to progress BP33 early works, perform several plant optimisation initiatives aimed at increasing recoveries, pursue a targeted exploration program, and complete study works to better understand key growth project options.

After the Equity Raising, Core will have a pro forma cash position of between ~A\$201m and A\$221m (as at 31 July 2023), which includes the expected true up payment to Yahua of ~A\$22m (which remains subject to pricing during the period) and Offer costs. This will assist Core to maintain a strong balance sheet with sufficient liquidity and financial flexibility during Grants production ramp-up.

Use of Funds

The Equity Raising proceeds, in conjunction with existing cash on hand, will be used for the following purposes:

BP33 early works (\$45 – 50m)

- Complete development of the covered box cut, improved site access and associated surface works for water management.
- Early works capital to be spent in advance of FID to maintain the development timeline ahead of the Northern Territory wet season.

FY24 plant optimisation works and Finniss sustaining capital (\$20 – 25m)

- Finniss plant debottlenecking and recovery improvement work.
- Progress several projects associated with ongoing mine operations, including water management upgrades.

FY24 exploration & study expenditure (\$35 – 40m)

- Exploration program targeting life of mine extensions as well as resource definition at Finniss, targeting up to 90,000m of drilling across existing and greenfield targets.
- Regional exploration, including Anningie and Barrow Creek, and Shoobridge projects, also in the Northern Territory.
- Completion of several upcoming studies, including a Revised Feasibility Study for BP33 and Carlton, and assessment of process solutions to improve plant recoveries.

General corporate purposes and working capital (up to \$5m)

- Supplements existing cash balance to provide additional working capital during Grants ramp-up

Core Lithium CEO Gareth Manderson said:

“Core has successfully moved from explorer to producer and we are currently working to optimise ramp up at our Grants open pit mine and progress the substantial opportunity we see in the BP33 mining project. Nearby exploration is also well underway to continue growing our resources and reserves.

During our first quarter of operations at Grants, Core has successfully produced, transported, and sold our first cargoes of spodumene concentrate. Core is taking this opportunity to raise equity to deliver on near-term growth projects during Finniss’ ramp up and continue to progress BP33 early works to maintain the FID timeline. In addition, we see potential in the Finniss mineral district with our planned exploration program over the next 12 months which aims to deliver mine life extensions and further resource definition.

As we continue to ramp up, we are actively implementing improvement projects to optimise operations and enhance lithia recoveries and plant utilisation to maximise our leverage to strong lithium market conditions in the wake of continued scarce supply and strong demand for lithium.

We have also received great support from our offtake partners Yuhua and Ganfeng Lithium as we work through ramp up. We appreciate their continued confidence in the Finniss Project and the flexibility they have demonstrated through this period.

Since I commenced as CEO, we have established an experienced leadership team who are focussed on our strategic priorities, operational delivery and sustained growth at Finniss that will deliver value for our shareholders.”

Details of the Placement

The Placement will comprise the issue of 250 million new fully paid ordinary shares at an offer price of A\$0.40 per share, which represents a:

- 26.6% discount to the last closing price of A\$0.545 on 15 August 2023; and
- 30.2% discount to the 5-day volume weighted average price of A\$0.573, as at 15 August 2023

New shares will be issued under the Placement under the Company’s existing placement capacity under ASX listing rule 7.1. Accordingly, no shareholder approval is required for the Placement. New shares issued under the Placement will rank equally with existing fully-paid ordinary Core shares.

The Placement is fully underwritten by Macquarie Capital (Australia) Limited and Canaccord Genuity (Australia) Limited.

Settlement of the new shares issued under the Placement is expected to occur on Monday, 21 August 2023, with allotment scheduled for Tuesday, 22 August 2023. Further details of the Offer are set out in the Company’s investor presentation lodged with the ASX today. The investor presentation contains important information including key risks of investing in Core Lithium and foreign selling restrictions with respect to the Placement.

Details of the Share Purchase Plan (SPP)

Existing eligible shareholders, being those shareholders that are residents in Australia or New Zealand that held Core Lithium shares as at 7:00pm (Sydney time) on 15 August 2023 (“**Eligible Shareholders**”) will be invited to participate in the SPP. Eligible Shareholders will have the opportunity to apply for up to A\$30,000 of additional Core Lithium Shares. The SPP will be at the Placement offer price of A\$0.40 per share¹.

The SPP is targeted to raise up to A\$20m (before costs) and is not underwritten. Core Lithium retains the right to accept oversubscriptions or to scale back applications (in whole or in part) at its absolute discretion (subject to the limit prescribed in the ASX listing rules), which may result in the SPP raising more or less than A\$20m.

Shares issued under the SPP will rank equally with existing fully paid ordinary Core shares. The SPP offer booklet, containing further details on the SPP, is expected to be released on the ASX and sent to Eligible Shareholders on 24 August 2023. The SPP is subject to the terms and conditions in the SPP Offer Booklet.

Timetable

| Event | Time (Sydney time) |
|--|------------------------|
| Record date for eligibility to participate in SPP | 7:00pm, 15 August 2023 |
| Trading halt | 16 August 2023 |
| Launch of Offer and ASX release of Investor Presentation | 16 August 2023 |
| Trading halt lifted and announcement of completion of Placement | 17 August 2023 |
| Settlement of Placement Shares | 21 August 2023 |
| Allotment of Placement Shares | 22 August 2023 |
| Dispatch SPP Offer Documents and SPP Offer open date | 28 August 2023 |
| SPP closing date | 15 September 2023 |
| Announcement of SPP participation and results, and allotment of New Shares | 22 September 2023 |
| Commencement of trading of New Shares under the SPP | 22 September 2023 |

The timetable is indicative only and remains subject to change at Core’s discretion, subject to compliance with applicable laws and the ASX Listing Rules. Core reserves the right to change the timetable or cancel the SPP at any time before new Shares are issued, subject to regulatory requirements. Core encourages Eligible Shareholders who wish to participate to act promptly in submitting their application forms. The Company reserves the right to close the SPP early, in its sole and absolute discretion, should it be considered necessary to do so, by making an announcement to the ASX.

This announcement was approved for release by the Board of Core Lithium Ltd.

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¹ The Company has applied to ASX for a waiver of Listing Rules 7.1 to permit the SPP to be undertaken at a discount greater than 20% of the 5-day VWAP. If the waivers are not granted, the SPP will be conditional on shareholder approval.

About Core Lithium

Core Lithium Ltd (ASX: **CXO**) (**Core** or **Company**) is an Australian hard-rock lithium mining company that owns and operates the Finnis Lithium Operation on the Cox Peninsula, south-west and 88km by sealed road from the Darwin Port, Northern Territory. Core's vision is to generate sustained value for shareholders from critical minerals exploration and mining projects underpinned by strong environmental, safety and social standards. For further information about Core and its projects, visit www.corelithium.com.au.

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This announcement contains statements which may be in the nature of forward-looking statements. No representation or warranty is given, and nothing in this announcement or any other information made available by the Company or any other party should be relied upon as a promise or representation, as to the future condition of the respective businesses and operations of the Company. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as 'outlook', 'anticipate', 'project', 'target', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast', 'evolve' and similar expressions. Persons reading this release are cautioned that such statements are only predictions, and that the Company's actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Forward-looking information is developed based on assumptions about such risks, uncertainties and other factors set out herein, including but not limited to general business, economic, competitive, political and social uncertainties; the actual results of current exploration, development and construction activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of lithium; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accident, labour disputes and other risks of the mining industry; and delays in obtaining governmental approvals or financing or in the completion of development or construction activities. This list is not exhaustive of the factors that may affect forward-looking information. These and other factors should be considered carefully, and readers should not place undue reliance on such forward-looking information. The Company disclaims any intent or obligations to or revise any forward-looking statements whether as a result of new information, estimates, or options, future events or results or otherwise, unless required to do so by law. Statements regarding plans with respect to the Company's mineral properties may contain forward-looking statements in relation to future matters that can be only made where the Company has a reasonable basis for making those statements.

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