

29 April 2024

ASX: CXO Announcement

March Quarterly Activities Report

Australian lithium miner Core Lithium Ltd (**ASX: CXO**) (**Core** or **Company**) is pleased to provide its quarterly activities report for the quarter ended 31 March 2024.

Summary

- As a result of an 85% fall in the lithium price, mining activities ceased on 5 January 2024¹, with the processing of ore stockpiles continuing during the quarter
- 14% decrease in quarterly spodumene concentrate production 24,927t (28,837t Q2FY24), due to a 5-day planned shut down for operations maintenance, partially offset by higher recoveries
- 10,199t of spodumene concentrate shipped (30,718t Q2FY24), with 19,756t of spodumene concentrate and 20,000t of lithium fines available for sale at the end of the quarter, with a market value of ~A\$25m at current prices²
- ~139kt of ore stockpiles at the end of the quarter, with processing expected to complete mid-CY24
- Cash balance at 31 March 2024 of \$80.4 million, impacted by shipment timing, QP payments, and settlement of the Grants mining contract
- Revised production, operating costs and capital guidance maintained³
- Gareth Manderson stepped down as Chief Executive Officer, with Doug Warden appointed as Interim CEO
- Excellent exploration results with new large-scale, regional targets identified at Finniss and post quarter end a 58% increase in Mineral Resource to 48.2Mt at 1.26% Li₂O⁴

Commenting on the quarter, Core interim CEO Doug Warden said:

"Following the decision to cease mining in January 2024, it has been a challenging quarter for Core employees, contractors and shareholders. I'm very appreciative of the professionalism demonstrated by all involved during a difficult period.

It was pleasing to see the continued improvement in recoveries as processing of ore stockpiles continued during the quarter. Whilst processing of the remaining ore stockpiles is expected to be completed by June 2024, the Company has developed plans to restart of the Finniss operation, should the lithium price increase sufficiently to generate positive cash flow.

Although the cash balance reduced to \$80.4 million during the quarter, importantly due to the solid production and shipment timings, there was 19,756t of concentrate stocks and 20,000t of lithium fines

¹ Refer ASX announcement, "Strategic Review Update" dated 5 January 2024

² Current price based on the Fastmarkets SC6 price at 31 March 2024 of US\$1,100/t

³ Revised guidance included in the December Quarterly Activities and Cashflow Report released to the ASX on 24 January 2024

⁴ See ASX announcement "Finniss Mineral Resource increased by 58%" released on 11 April 2024

stocks at the end of the quarter. At current prices this inventory has a market value of ~A\$25m and will be sold in Q4 FY24.

We are excited by the exploration results released during the quarter and the 58% increase in the Mineral Resource announced after quarter end. Our 2024 exploration program will target both larger standalone deposits, as well as clusters of smaller deposits that have the potential to be mined with shared infrastructure.”

Sustainability

There were no recordable injuries in the quarter. There were four incidents requiring notification to NT WorkSafe, all relating to pit wall movement - no workers were at risk during these occurrences. Subsequent actions were taken to assess the efficacy of current safety measures, which confirmed the effectiveness of the controls. During the quarter, eight minor incidents were reported to Northern Territory Environment Protection Authority (NTEPA) in relation to Waste Discharge Licence 248-02 conditions.

This wet season to date, the Finniss site has received more than 3,000mm of rainfall, significantly exceeding the long term average. Water management infrastructure has performed well, however, given the intensity of some rainfall events, there were some minor exceedances. Water discharge licence (WDL) exceedance notifications have predominantly been for minor departures from pH and Turbidity. There has been some minor damage to the water infrastructure due to erosion, which will require repair this coming dry season. The Company is preparing a maintenance activity schedule to address these events.

Regular engagement with the regulator continued to confirm the pathway for future operational needs. A request for an extension to the Mine Management Plan annual submission to incorporate changes to the operating strategy was requested and approved. The Annual Environmental Monitoring Report has been prepared and submitted.

Finniss Operations

During the quarter, operations focused on processing the run of mine (ROM) stockpiles, which were built up during the December 2023 quarter. As announced on 5 January 2024, mining was suspended at the Grants open pit; this decision was made to reduce costs at Finniss and preserve cash. On 28 February 2024, Core announced the termination of mining services contract by mutual agreement with Lucas Total Contract Solutions (Lucas). An amount of \$10 million was agreed to be paid to Lucas in respect of demobilisation costs, settlement of claims as well as consumables and contractual charges incurred during suspension.

Although mining has been suspended, the processing of existing ore stockpiles and the operation of the DMS plant to produce spodumene concentrate will continue until mid CY2024. During the quarter Primero was given 3 months' notice that DMS plant operations will end once the processing of the remaining ROM stocks is completed.

The Company produced 24,927t of spodumene concentrate during the quarter. Recoveries continued to improve, averaging 63% for the quarter. In February, the DMS plant underwent a 5-day planned maintenance shut down. This shutdown included initiatives identified to further improve and sustain plant performance.

The Company hauled lithium fines to Darwin Port in March 2024 (previously recovered during late 2023), ready to be shipped and sold in April 2024. Any future sale of fines will be subject to market conditions.

Further details on performance for the quarter is shown in table 1 below.

Cash operating unit cost

Cash operating unit costs decreased by 51% compared to the prior quarter. The decrease reflects the cessation of mining, with \$32.2 million of mining costs incurred in the preceding quarter. Cash operating unit costs in the March quarter did not include amounts paid to Lucas of \$12.2 million relating to the termination of the mining contract and final payments relating to January 2024 mining operations and holding costs prior to termination. These payments were treated as non-operating cash costs for the purpose of unit cost calculations.

Table 1. Production, Sales and Costs

		Mar-24 Quarter	Dec-23 Quarter	Change
Production				
Spodumene concentrate produced	t	24,927	28,837	(14%)
Recovery rate	%	63%	60%	5%
Sales				
Spodumene Concentrate Shipments*	t	10,199	30,718	(67%)
Concentrate grade shipped	%	4.8	4.8	-
Lithium fines extracted*	t	6,629	34,787	(100%)
Lithium fines shipped	t	-	31,296	(100%)
Cost of production				
Cash operating unit cost	\$/t	964	1,953	(51%)

* At the end of the quarter there was 19,756t of spodumene concentrate and 20,000t of lithium fines available for sale, with a market value of ~A\$25m at current prices.

Cash Flow

Cash at bank at 31 March 2024 was \$80.4 million. The Company's cash position at the end of the quarter reflects:

- The timing of shipments of spodumene concentrate, with only one shipment completed during the quarter. There was 19,756t of spodumene concentrate and 20,000t of lithium fines available for sale at the end of the quarter, with a market value of ~A\$25m at current prices⁵. As a result of the shipping schedule, 10kt of lithium concentrate and 20kt of lithium fines were shipped in early April 2024, with \$14.2 million (\$10.9 million and \$3.2 million respectively) received on 19 April 2024.
- The payment of \$12.2 million to Lucas relating to the termination of the mining contract and final payments relating to January 2024 mining operations and holding costs prior to termination.
- The repayment of \$6.7 million for quotation period (QP) adjustments on shipments made in the prior quarter, resulting from a fall in the lithium spodumene prices between the date of the bill of lading and the end of the quotation period.
- In accordance with market guidance, the final cash payment of \$1.7 million for minor sustaining capital at Finniss were made during the quarter.

⁵ Current price based on the Fastmarkets SC6 price at 31 March 2024 of US\$1,100/t.
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- Exploration expenditure of \$2.4 million principally related to assay costs and geological interpretation of the expanded Mineral Resources at Lees & Booths, Ahoy and Penfolds, together with a maiden resource at Seadog. The exploration team also spent considerable time ranking targets and planning work to test these targets in CY2024. Further details of the 2024/25 exploration program will be provided in Q4 FY2024.

Sales

Lithium Spodumene

Spodumene concentrate of 10,199t at 4.8% grade was sold at an average realised price of US\$648/t⁶. The realised price was 54% lower than the prior quarter, reflecting the decline in the price of spodumene concentrate during the quarter. Additional QP payments of \$8.3 million relating to Q2 and Q3 shipments are expected to be made in Q4 FY2024.

Core is continuing discussions with its offtake partners regarding future delivery schedules.

Lithium Fines

In response to improving lithium prices and dryer weather conditions, Core shipped 20kt of lithium fines in April and is evaluating the potential for additional fines shipments in CY2024.

Exploration and studies

Resources update

With the onset of the wet season, exploration activities during the quarter were limited to interpretation of assay results from the 2023 drilling program, resource modelling and planning for the upcoming drilling season.

During the quarter, the Company released updated exploration results. These exceptional drilling results from the Ah Hoy and Seadog prospects, included⁷:

- NMRD095 - 70m @ 1.40% Li₂O from 514m at Ah Hoy; and
- FRC473 - 78m @ 1.30% Li₂O from 270m (to end of hole) at Seadog.

These results support new large-scale, regional targets at Finniss, which were identified through Greenfields geophysical and geochemical surveys and scout drilling. The Company also received encouraging results from the Shoobridge geochemical survey. Results to date show significant large-scale lithium anomalism along the trend of and parallel to the historical Barretts and Old Company tantalum workings.

The Company is currently developing an exploration program to target these potential large-scale regional targets as well as further exploration of the Shoobridge and Anningie / Barrow Creek regions. In addition to prioritising lithium targets, the Company intends to dedicate a portion of its 2024 exploration program to progressing the Napperby uranium project as well as the gold projects within its portfolio.

⁶ The pricing mechanism includes adjustments for grade and a price settlement period. Pricing periods used to adjust provisional pricing are typically a two-month period, including the month of shipment, which is intended to ensure final pricing is better aligned with the time of delivery of product to the end customer.

⁷ See ASX announcement "Core Delivers Excellent Exploration Results" released on 22 March 2024
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Subsequent to quarter end, the Company announced a 58% increase in the Mineral Resource Estimate to 48.2Mt at 1.26% Li₂O⁸, at the Finnis Lithium Project. A summary of this update is presented below:

Table 2. Finnis Lithium Project Mineral Resource Estimate Summary

Mineral Resource Estimate for the Finnis Lithium Project 0.5% Li ₂ O cut-off			
Resource Category	Million tonnes (Mt)	Li ₂ O %	Li ₂ O Contained Metal (kt)
Measured	6.33	1.41	89.3
Indicated	21.6	1.30	280
Inferred	20.3	1.18	239
Total	48.2	1.26	608

Note: Totals within this table are subject to rounding

Core's 2024 exploration program will target both larger standalone deposits, as well as clusters of smaller deposits that have the potential to be mined with shared infrastructure.

BP33 studies update

Whilst the BP33 early works have been suspended, the feasibility study is ongoing. The study is currently being reviewed by an independent party as part of the annual update of Ore Reserves and Mineral Resources ahead of the year-end reporting of Reserves and Resources. FID for BP33 has been deferred until market conditions improve.

Corporate

During the quarter, Gareth Manderson stepped down as CEO, and Andrea Hall resigned as a Core director. Doug Warden has been appointed as interim CEO and James Virgo as interim CFO. The executive search process for a new CEO is expected to conclude in Q4 FY24. At the date of this report there is no further update on this process.

Other disclosures

As at 31 March 2024, Core had the following capital structure:

- 2,136,935,544 ordinary shares; and
- 6,603,943 unquoted performance rights.

Core's Appendix 5B includes amounts in item 6.1. The amounts in item 6.1 represent director fees paid to entities nominated by relevant directors.

⁸ See ASX announcement "Finnis Mineral Resource increased by 58%" released on 11 April 2024
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Tenements

Tenement number	Tenement name	Interest at the end of Quarter	Changes during the Quarter
South Australia			
EL 6574	Fitton	100%	None
EL 6038	Mt Freeling	100%	None
EL 6111	Yerelina	100%	None
EL 6445	Wyatt Bore	100%	None
Northern Territory			
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 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 31407	Shoobridge	100%	None
EL 31449	Napperby	100%	None
EL 31886	Adelaide River	100%	None
EL 32205	Finniss Range	100%	None
EL 32392	Ivy	100%	None
EL 32396	Murray Creek	100%	None
EMP 28651	Observation Hill (Extractive Lease)	100%	None

Tenements(cont.)

Tenement number	Tenement name	Interest at the end of Quarter	Changes during The Quarter
Northern Territory			
ML 29912	Saffums	100%	None
ML 29914	Labelle	100%	None
ML 29985	Angers North	100%	None
ML 31654	Annie/Old Crusher	100%	None
ML 31726	Grants Mineral Lease	100%	None
ML 32074	Observation Hill (Ancillary Lease)	100%	None
ML 32278	Grants Dam (Ancillary Lease)	100%	None
ML 32346	BP33 Mineral Lease	100%	None
MLN16	Bynoe	100%	None
MLN813	Bilatos	100%	None
MLN1148	Centurian	100%	None

Core confirms that it is not aware of any new information or data that materially affects the results as cross referenced in the body of this announcement and that all material assumptions and technical parameters underpinning the Mineral Resources continue to apply and have not materially changed.

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

For further information please contact:

James Virgo

Interim CFO

Core Lithium Ltd

+61 8 8317 1700

info@corelithium.com.au

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

Important Information

This announcement may reference forecasts, estimates, assumptions, and other forward-looking statements. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions, it cannot assure that they will be achieved. They may be affected by various variables and changes in underlying assumptions subject to risk factors associated with the nature of the business, which could cause results to differ materially from those expressed in this announcement. The Company cautions against reliance on any forward-looking statements in this announcement.

All references to dollars (\$) and cents in this announcement are to Australian dollars, unless otherwise stated.

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

Core Lithium Ltd

ABN

Quarter ended ("current quarter")

80 146 287 809

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,251	71,001
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	(38,983)	(149,370)
(d) staff costs	(3,381)	(10,624)
(e) administration and corporate costs	(2,140)	(9,558)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	818	3,878
1.5 Interest and other costs of finance paid	(119)	(668)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(40,554)	(95,341)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(1,060)	(5,774)
(d) exploration & evaluation	(2,406)	(24,901)
(e) investments	-	-
(f) other non-current assets - mine development	(636)	(49,761)
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	42
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.4	Dividends received (see note 3)	-	-
2.5	Other (Net proceeds / (payments) for Security bond)	-	(530)
2.5a	Other (Government grant co-funding received)	-	-
2.6	Net cash from / (used in) investing activities	(4,102)	(80,924)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	111,368
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(3,675)
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 (Payments of lease liabilities)	(668)	(3,338)
3.10	Net cash from / (used in) financing activities	(668)	104,355
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	124,826	152,786
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(40,554)	(95,341)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,102)	(80,924)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(668)	104,355
4.5	Effect of movement in exchange rates on cash held	865	(509)
4.6	Cash and cash equivalents at end of period	80,367	80,367

5. 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	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	80,367	124,826
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	80,367	124,826

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	124
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

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. Financing facilities 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.	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
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)	(40,554)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(2,406)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(42,960)
8.4 Cash and cash equivalents at quarter end (item 4.6)	80,367
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	80,367
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.9
<p><i>Note: if the entity has reported positive relevant outgoings (i.e. 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>	
<p>8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:</p>	
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?	
<p>Answer: No, during Q3 FY24, there were multiple one-off events and cost outflow resulting from the strategic review. This includes termination payments for key contractors and employees. In addition, there was 19,756t of spodumene concentrate and 20,000t of lithium fines available for sale at the end of the quarter, with a market value of ~A\$25m at current prices. This material is expected to be sold in Q4 FY24.</p>	
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?	
<p>Answer: The Company has no intention of raising additional cash to fund operations and does not consider it necessary at this time. Reduced expenditure as noted above and further sales are expected to provide the Company with cash in excess of two quarters.</p>	
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?	
<p>Answer: Yes. As the remaining ore stockpiles are processed, the Company continues to reduce costs to ensure it is able to fully progress exploration and development projects for the foreseeable future.</p>	
<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: 29 April 2024

Authorised by: By the Board

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 – e.g. 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.