



ASX: CXO ANNOUNCEMENT

6 December 2018

Finniss Lithium Project Update

HIGHLIGHTS

- Finniss Lithium Project Mineral Resource base update expected to materially increase over next 2 months
- Definitive Feasibility Study scope and schedule revised to allow for the inclusion of new Mineral Resources and expected increase in mine life
- Yahua and Ruifu commit to a strategic placement at 5c per share as part of a proposed equity financing of up to \$4 million to accelerate resource expansion and expanded scope of the DFS
- Timetable unchanged for Finniss Lithium Project construction targeting mid-2019

Emerging Australian lithium developer, Core Lithium Ltd (ASX: CXO) (“**Core**” or the “**Company**”), is pleased to provide the following update for the Finniss Lithium Project, located 80km from Darwin, NT.

Recent success with exploration and Resource drilling completed at Finniss at Lees-Booths Link, Carlton, Hang Gong and Sandras have intersected substantial new spodumene mineralised pegmatites within the Finniss Lithium Project.

Core is awaiting drill assays from recently completed exploration and resource drilling and will then aim to complete the Resource assessment process for each of Carlton, Hang Gong and Lees-Booths Link and anticipate announcing substantial resource expansion for the Project over the next 2 months.



Expanded Resources

Core is currently anticipating materially increasing the existing resource base on the Finniss Lithium Project over the next 2 months.

The Carlton Prospect is located within the same Mining Lease application area as Grants Lithium Deposit and within 1km of the proposed mine and processing facility at Grants. The Mining Lease covering both Carlton and Grants is expected to be granted before the end of 2018.

The Hang Gong Prospect is located within 1.5km of Grants on an existing granted Mining Licence, where a series of flat lying spodumene bearing pegmatites have been intersected in Core's recent drilling.

The Lees-Booths Link Prospect is emerging as a potentially significant deposit, with mineralisation already defined over 1,000m strike length within a series of shallow dipping, spodumene-bearing pegmatites (see ASX announcement 12 November 2018). The shallow dipping geometry of the multiple spodumene pegmatites at Lees-Booths Link is expected to lend itself to simple, low-cost open pit mining.

In addition, as part of the updated Mineral Resource estimates, several areas defined within these new mineralised zones are anticipated to require greater drilling density in order to be classified in the higher confidence Measured and Indicated Mineral Resource categories and to therefore be able to be converted to Reserves (subject to economic study).

Drill programs are planned in early 2019 to increase the drill density in these areas which is ultimately expected to result in a larger mining inventory. The proposed drilling is within a kilometre of sealed roads and drilling will continue where possible through the wet season.

Expanded DFS

Given the expected material change in the combined Mineral Resource estimate for the Project, the Company has formed the view that the Definitive Feasibility Study (**DFS**) process needs to recognise this and it should be accommodated in the analysis in order to deliver an optimal outcome in terms of the size and scheduling of the mining operations, and to more accurately reflect the project Core expects to deliver.

In addition to the inclusion of additional resource tonnes into the mine plan to drive longer mine life, based on discussions with potential offtake partners on their product preferences and to optimise financial returns to the project the Company is likely to increase the target concentrate grade. The trade-off between producing a higher specification product that



reaches a higher sales price and potential slight reduction in recoveries as a result will be considered by the ongoing DFS.

Core is also investigating potential improvements to the project economics through an optimised processing flowsheet. Considerations potentially include the integration of a flotation circuit as a Stage 2 of the Project, once Stage 1 (Dense Media Separation (**DMS**) plant) is producing successfully. The introduction of a flotation circuit has the potential to increase production capacity, particularly if the Mineral Resource base is materially higher, as anticipated.

Importantly, this decision does not impact the timetable for planned mine and plant construction and production. The Company now has a revised DFS timetable that still anticipates reporting to the ASX ahead of receiving all regulatory approvals, which is unchanged in early Q2 2019.

Capital Raising

Core's binding offtake partner Yahua and non-binding offtake partner Ruifu, being two of China's largest lithium producers, have committed to \$1.5M of new equity at 5 cents per share to accelerate resource drilling programs of the recently discovered prospects and delivery of the expanded scope of the DFS ("**Strategic Placement**").

The funds committed by parties associated with Ruifu (**Ruifu**) in the Strategic Placement is unrelated to the \$3 million commitment previously provided by Ruifu under the non-binding Term Sheet in respect of the US\$35m pre-payment and concentrate and offtake and associated placement for approximately \$3 million. Both Ruifu and Core continue to work diligently towards execution of binding agreements, with the expectation of completion in Q1 2019.

In addition to the \$1.5 million Strategic Placement, the Company is finalising plans for the balance of additional new equity up to a further \$2.5 million to be raised on the same terms as the Strategic Placement, and further details will be announced in the coming days.

Core's Managing Director, Stephen Biggins, commented:

"It was a difficult decision to defer the release of the DFS, however the positive exploration results and expected substantial Mineral Resource increase meant that we would have released a study that would have dated very quickly, and would not reflect the project we believe Core will ultimately develop."



“In the context of the recently announced \$1.58 billion deal to sell half the Wodgina Lithium Project from Mineral Resources (ASX:MIN) to Albemarle, Core is understandably keen to maximise the resources and valuation potential of the Finniss Lithium Project.

“Given we are not expecting regulatory and other approvals before the start of Q2 2019, we believe it makes much more sense to incorporate the new information and ensure that we have the best project possible before we commit shareholder’s funds to development.

“We look forward to the release of the Mineral Resource upgrades over the coming weeks and our plans to be Australia’s next lithium producer.”

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Competent Persons Statement

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 estimates in the announcements “Over 50% Increase in BP33 Lithium Resource to Boost DFS” dated 6 November 2018 and “Grants Lithium Resource Increased by 42% ahead of DFS” dated 22 October 2018 continue to apply and have not materially changed. The Mineral Resources 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 product target announced on 25 June 2018 continue to apply and have not materially changed.

The report includes results that have previously recently been released under JORC 2012 by Core as referenced in this announcement. The Company is not aware of any new information that materially affects the information included in this announcement.