

ASX: CXO Announcement

22 October 2021

Offtake Agreement and Equity Investment with Ganfeng Lithium Becomes Unconditional

Highlights

- Offtake agreement with Ganfeng Lithium for offtake of 75ktpa of spodumene concentrate over 4 years is now unconditional following receipt of Chinese regulatory approvals
- Chinese approvals follow Core's Final Investment Decision
- Offtake agreement is referenced to the market price for 6% Li₂O spodumene concentrate with a price floor
- Offtake adds to Core's existing offtake with Yahua of 75ktpa, resulting in approximately 80% of Finniss' Stage 1 production contracted over the first 4 years of the mine life
- Core has received \$34 million from Ganfeng and will be issued ~100 million shares in Core

Australia's next lithium producer, Core Lithium Ltd (ASX: CXO) (Core or Company), is pleased to announce that its binding offtake agreement (Offtake) with a subsidiary of Jiangxi Ganfeng Lithium Co., Ltd (Ganfeng) for the supply of 75,000 tonnes of Li₂O spodumene concentrate per annum over 4 years and an associated \$34 million equity issue (see ASX announcement dated 9 August 2021) have become unconditional following receipt of all necessary regulatory approvals in China.

This announcement follows the Company's announcement (see ASX announcement dated 30 September 2021) that the Board had taken a Final Investment Decision (FID) to commence development of Core's wholly owned Finniss Lithium Project (Finniss), located near Darwin in the Northern Territory.

Core is fully funded for Finniss' development through to first lithium concentrate production, scheduled for Q4 2022.

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Core Lithium Managing Director Stephen Biggins said:

"I am delighted that the conditions underlying Ganfeng's Offtake and Equity Investment have now been satisfied and I welcome Ganfeng as both a Shareholder of Core and a world-class customer. We look forward to working closely with Ganfeng to deliver our Finniss Lithium Project.

"Following the Core Board's positive Financial Investment Decision for Finniss', our focus now is to commence construction and safely deliver Australia's next lithium operation in line with our schedule to produce first quality lithium concentrate by Q4 2022."

Offtake

The Offtake is for the supply and delivery of 300,000 dry metric tonnes of spodumene concentrate at 75,000tpa from Finniss over 4 years. The Offtake provides for pricing referenced to the market price for 6.0% Li₂O spodumene concentrate, adjusted for actual Li₂O content, and includes an agreed floor price. The Offtake adds to the previously announced binding offtake agreement with Yahua for 75,000tpa over 4 years. Together, these agreements account for approximately 80% of Finniss' production over the first 4 years of mine life.

The Offtake commences on the effective date of commercial production at Finniss and will cease on the date that is 4 years after commencement of supply. The Offtake can be terminated by Ganfeng if the effective date of commercial production does not occur by 1 December 2023. The Offtake otherwise contains provisions considered standard for agreements of this nature.

The Offtake is now unconditional following satisfaction of the following conditions precedent:

- Chinese regulatory approvals;
- Approval of the share placement by Core shareholders (received on 17 September 2021); and
- Core entering binding arrangements for a minimum total financing of no less than \$80 million, which was satisfied by an institutional placement in August 2021 (see ASX announcement dated 11 August 2021).

Equity Investment

Following satisfaction of the conditions precedent (see above), in addition to the Offtake, Core has received \$34m of funds from Ganfeng and will shortly complete its subscription for 100,591,715 fully paid ordinary shares in the Company (**Equity Investment**), under the terms announced to the ASX on 9 August 2021. Upon completion of the Equity Investment, Ganfeng will hold approximately 6.1% of Core shares.

The proceeds of the Equity Investment will contribute towards the development of Finniss.

Core's financial adviser on this transaction is Jett Capital Advisors LLC.

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

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About the Finnis Lithium Project

The Finnis Lithium Project is construction-ready and Australia's most advanced new lithium project on the ASX and places Core Lithium at the front of the line of new global lithium production.

Finniss 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 Finnis Project boasts world-class, high-grade and high-quality lithium suitable for lithium batteries used to power electric vehicles and renewable energy storage.

About the Jiangxi Ganfeng Lithium Co., Ltd.

Jiangxi Ganfeng Lithium Co., Ltd is a Chinese lithium chemicals and metals producer dual-listed on the Hong Kong Stock Exchange (HKG: 1772) and Shenzhen Stock Exchange (SHE: 002460). Ganfeng is one of the world's largest lithium metal producers and ranks third worldwide in terms of lithium compound capacity.

Ganfeng was founded in 2000 and is headquartered in Xinyu, China. It has a current market capitalisation of approximately US\$40 billion.

Ganfeng has investments in various lithium mineral resources across Australia, Argentina, Mexico and China. Its upstream operations include the mineral extraction of spodumene / brine / clay from global high-quality lithium sources. Midstream operations involve lithium compounds and metals processing, as well as downstream operations of lithium battery production and recycling.

Ganfeng is a major supplier of lithium-related products to major battery producers and OEMs across the world, including automakers such as Tesla and BMW.