

ASX: CXO Announcement

26 November 2020

Chairman's 2020 AGM address

Good afternoon and welcome to the Annual General Meeting of Core Lithium Ltd ("Core", "Company"). Today is our tenth AGM and our first virtual AGM. While COVID-19 restrictions mean that we will be unable to hold a physical AGM, the virtual AGM allows us to engage with our overseas shareholders and those shareholders who are traditionally unable to attend our annual general meetings.

Although this year has been interrupted by COVID-19, we are proud of the significant progress that we made during 2019/20 in the development of the Finnis Lithium Project ("Project"). Through exploration success and hard work, we were able to increase once again the resource base, which led to a subsequent extension of the life of the Project. Metallurgical test work confirmed that we were able to make a saleable spodumene concentrate which allowed us to attract the interest of new offtake partners.

The Company's 2020 Annual Report describes in more detail the activities completed during the 2019/20 financial year. However, I will now highlight some of the more significant achievements.

COVID-19 has led to a general slowdown in economic growth and demand for electric vehicles which has meant the spodumene prices have remained low for the past 12 months. Despite the current low spodumene prices, we remain optimistic about the medium and long-term outlook for our high-quality spodumene concentrate product. The world is moving to a carbon emissions-free future, and electric vehicles and battery storage are a vital part of that journey. Lithium-ion batteries are the battery of choice and we, along with lithium industry commentators, believe that spodumene prices should increase in the medium future. This view is also shared by our offtake partners who are working to secure long term supply of good quality spodumene from a safe jurisdiction such as Australia.

Accordingly, during the past six months, we have secured a new non-binding long-term spodumene concentrate offtake agreements with Transamine Trading and Xinfeng. These offtake agreements supplement Core's existing binding offtake agreement with Yahua. The three offtake agreements collectively represent approximately 85% of our first three years of annual spodumene production from the Finnis Lithium Project. We aim to convert the Xinfeng and Transamine agreements to legally binding offtake agreements with the possibility of project finance. Core is pleased to have a supportive relationship with offtake partners such as Yahua, Transamine and Xinfeng.

Previous work done by the Company has shown Project economics to be favourable. However, during 2019/20 we focussed on growing the resource base and thereby the mine life by finding additional spodumene resources and improving the quality of the resources already discovered. The ore cannot be identified by geophysics and is almost all undercover, which makes the spodumene challenging to find. However, in the past few years, we have developed a unique understanding of the geology. Through the application of this knowledge, we were able to grow the Project mineral resources successfully. These new discoveries have enabled the Company to integrate new and expanded mining operations at BP33 and Carlton. The inclusion of underground mining at BP33 and Carlton improves the overall economics of the Finnis Lithium project and allows Core to extend the mine life to seven years. We are currently in the process of completing a Definitive Feasibility Study for the more extensive operation and which we expect to enhance the prospects of the Finnis Lithium Project greatly.

Our exploration success has not only led to a significant increase in spodumene resources but has also resulted in the discovery of multiple new gold prospects in the immediate area. Most of these gold prospects have not been adequately explored and provide an excellent opportunity for the Company. While our focus remains on developing the Project, the gold offers a low-cost option to create value for shareholders. The discovery of so much gold in the area has been a pleasant surprise.

As with any large project, there are many approvals and consents required to bring the Project into operation. All regulatory approvals are now in place for Grants and permitting of BP33 has commenced. The licensing of Grants is an outstanding achievement that cannot be understated. We have spent a significant amount of time and effort engaging with all relevant stakeholders and have established strong relationships with the government and within the communities within which we operate. At this stage, we are confident of having all BP33 approvals in place in early 2021.

The skillset of the Board and our management team will continue to evolve as we continue our transition from an exploration company to a junior miner. As part of this transition, the Board was strengthened during the 2019/20 year with the appointment of Malcolm McComas as an Independent Non-Executive Director. Malcolm's position strengthens our capabilities and skills at both management and board level as the Company moves toward the development and operations of Australia's first lithium project outside of WA.

On behalf of the Board, I would like to take this opportunity to thank all our employees for their dedication and energy in making 2020 a success. We also express our gratitude to our offtake partners with who we have developed a healthy relationship. Finally, we thank our shareholders for your continued support, trust and confidence.

In closing, we are excited about the year ahead. We are confident that spodumene prices will rise in the medium to long term and that we will be able to continue to secure long term binding offtake agreements with key partners. We are well funded and look forward to building Australia's next lithium mine.

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The information included in this announcement has been obtained from the "Increased Ore Reserve Significantly Extends Finniss" announcement dated 30 June 2020 and Core confirms that all material assumptions and technical parameters underpinning the forecast financial information derived from the Ore Reserve and Mineral Resource continue to apply and have not materially changed.