

ASX: CXO Announcement

9 August 2021

Binding Offtake Agreement and A\$34m Equity Investment with Ganfeng Lithium

Highlights

- Binding agreements executed with Ganfeng Lithium for:
 - Offtake of 75ktpa of spodumene concentrate from Finniss Lithium Project over 4 years
 - A\$34 million equity investment at a price of 33.8 cents per share, a 10% premium to Core's 10-day VWAP
- The offtake agreement is referenced to the market price for 6% Li₂O spodumene concentrate, adjusted for actual Li₂O content, with a price floor
- The offtake adds to Core's existing offtake with Yahua of 75ktpa over 4 years, resulting in approximately 80% of Finniss' Stage 1 production being contracted over the first 4 years of the mine life
- The equity investment is subject to Core shareholder approval and regulatory approvals in China
- The offtake is subject to receipt of the equity investment from Ganfeng

Advanced Northern Territory lithium developer, Core Lithium Ltd (ASX: CXO) (**Core** or **Company**), is pleased to announce that it has executed a binding offtake agreement (**Offtake**) with a subsidiary of Jiangxi Ganfeng Lithium Co., Ltd (**Ganfeng**), one of the world's largest lithium producers by production capacity, for 75,000 tonnes per annum over 4 years. In addition, Ganfeng has agreed to a A\$34 million equity investment into Core at a 10% premium to the 10-day VWAP, equating to an issue price of 33.8 cents per share (**Equity Investment**).

Following the recent release of the Company's robust Stage 1 Definitive Feasibility Study and associated scoping studies (see announcements of 26 July 2021), the Offtake Agreement and Equity Investment are a proactive initiative that provides

certainty of offtake and funding, to meet the previously stated timeline of construction commencement at the Finniss Lithium Project (Finniss or the Project) in 2H 2021.

Core's Managing Director, Mr Stephen Biggins, commented:

"The Offtake and Equity Investment by Ganfeng represents a transformational moment for Core. Ganfeng has a proven track record of investing in high-quality lithium projects across the world and of being a strong and supportive offtake partner. We welcome Ganfeng's participation with Core, and look forward to developing a long-lasting, mutually beneficial relationship with them."

Offtake

The Offtake is for the supply and delivery of 300,000 dry metric tonnes of spodumene concentrate at 75,000tpa from the Finniss Project 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 the Project's production over the first 4 years of mine life.

The Offtake commences on the effective date of commercial production. The Offtake 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.

Conditions precedent to the Offtake include the receipt of the Equity Investment and the conditions precedent of the Equity Investment (see further below). The Offtake otherwise contains provisions considered standard for agreements of this nature.

Equity Investment

Ganfeng and Core have entered into a subscription agreement whereby Ganfeng has agreed to make an Equity Investment of A\$34 million into Core, as a contribution towards the development costs of Stage 1 of the Finniss Lithium Project and bringing Core into production.

The Equity Investment is to be made at a price of 33.8 cents per share, representing a 10% premium to the 10-day volume weighted average price of Core shares up to and including Friday 6 August 2021.

The Equity Investment is subject to conditions precedent (**Equity Conditions**), including:

- Chinese regulatory approvals;
- Approval by Core shareholders; and
- Core entering binding arrangements for a minimum total financing (inclusive of the Equity Investment by Ganfeng) of no less than A\$80 million.

The Equity Conditions must be satisfied or waived by 31 October 2021, or else the subscription agreement terminates. Following satisfaction or waiver of the Equity Conditions, on receipt of the proceeds, Core will issue 100,591,715 fully paid ordinary shares to Ganfeng.

Core's financial adviser on this transaction is Jett Capital Advisors LLC. Its legal advisers are Allens and Azure Capital is corporate adviser to the Company.

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 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 Federal Government Major Project Status and is also one of the most capital efficient lithium projects in Australia and has arguably the best logistics chain to markets of any Australian lithium project.

The Project lies within 25km of port, power station, gas, rail and one hour by sealed road to workforce accommodated in Darwin and importantly to Darwin Port – Australia's nearest port to Asia.

Lithium is the core element in batteries used to power electric vehicles, and the Finnis Project boasts world-class, high-grade and high-quality lithium suitable for this use and other renewable energy sources.

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.