



ASX: CXO Announcement

26 April 2023

Quarterly Activities Report for the Three Months Ended 31 March 2023

Commenting on the quarter, Core Chief Executive Officer Gareth Manderson said: *“The Finniss Operations team has responded very well to the challenges of the 2022/23 wet season. The pit was dewatered ahead of expectations and the team returned to mining of ore from the pit before the end of the quarter. Core is rapidly moving to lithium concentrate producer status. Concentrator construction was completed, and ore feed commissioning commenced 7 February. First concentrate was produced in February and first shipment was transported to the Darwin port in late March - all early in H1 2023. Commercial agreements for first concentrate production with long term customer Sichuan Yahua assist our cash flow management. The Core team is now focused on ramp up and establishing integrated mining and processing operations.”*

Highlights

Operations

- Construction of the Dense Media Separation (DMS) plant at Finniss was completed
- First concentrate production was achieved in February 2023
- Maiden 3,500 tonne spodumene concentrate parcel produced and transported to Darwin port in March and early April. Full mining activities resumed at Grants open pit following wet weather interruptions

Sales and marketing

- First cargo of 15,000dmt of spodumene Direct Shipping Ore (DSO) shipped from Darwin Port in January, with payment received during the quarter
- New agreements secured with Yahua for the sale and (80-90%) prepayment of an additional 18,500 tonnes of spodumene concentrate

Exploration and Development

- Results from Core’s 2022 drilling program, announced 18 April 2023 delivering a 62% increase to the total Finniss Mineral Resource inventory
- Commencement of a record \$25 million, drilling program targeting life of mine extensions and testing expansion potential

Corporate and Financial

- Quarter ended with \$97.8 million in cash, excluding April 2023 cash receipts from 18,500t Yahua sales contract prepayments
 - First revenue of \$20.1M recognised for DSO shipment in January 2023
 - Chief Financial Officer, Doug Warden, appointed and commenced in April
 - Corporate head office relocation to Perth, WA, announced
-

Australian lithium miner Core Lithium Ltd (ASX: CXO) (Core or Company) is pleased to present its Quarterly Activities Report for the quarter ended 31 March 2023.

Sustainability

With the above average early start to the wet season, water management was a focus across the Grants mine at Finnis Operations. More than 250 water samples were collected and careful management of water infrastructure and water volumes enabled site to operate within licence conditions. There were no significant environmental incidents throughout this period.

There have been two safety incidents this calendar year involving mining equipment. One during the quarter and one in early April. No injuries were sustained to involved personnel. A safety reset involving a pause of all site activities was completed. Emergency response capabilities have been enhanced on site and an agreement signed with Care Flight to provide emergency medical evacuation services.

In line with the approach taken for the first transport of DSO in late 2022, engagement with stakeholders along the product transport route continued in preparation for, and during transport of first spodumene concentrates to the Darwin Port.

The first community grants program was released on 6 April 2023, and work on a business wide sustainability assessment and framework continues.

Operations

Mining operations in CY 2022 produced a 15,000t parcel of direct shipping ore (DSO) which was transported to the port of Darwin in December 2022 with the ship departing Darwin Port early January¹.

As previously announced, production from the Grants pit ceased in late December due to flooding of the pit following significantly higher than average rainfalls in the Northern Territory. Mining of ore from the base of the Grants pit resumed safely late March.

First concentrate was produced in February from stockpiled ore processed through the crusher and Dense Media Separation (DMS) plant² and in March a parcel of 3,500t of concentrate was delivered to the port of Darwin to be shipped in May.

Following resumption of mining operations in March, a second parcel of 15,000t parcel sold to Sichuan Yahua (Yahua) is now being processed. It is expected that this parcel will be ready for export by the end of July.

A radar scanner was installed in early March to provide continuous pit wall scanning that will add additional capability to the current ground control monitoring plan.

Guidance

As previously announced, the interruption to operations from pit inundation saw a portion of the previously estimated production deferred to H1 FY 24. Finnis operations ramp up and establishment of integrated mining and processing operations is now well underway and will continue throughout FY 23 and FY 24.

With operations now underway in both the pit and processing facilities, a standard planning and forecasting process is being undertaken based on demonstrated mining rates, plant throughput and recoveries. Production guidance will be provided in Q1 FY 24 once operations are more established and mining rates are more clearly understood.

¹ See ASX announcement dated 5 January 2023

² See ASX announcement dated 27 February 2023

Sales and marketing

On 5 January, the ship Rossana, loaded with 15,000dmt of 1.4% Li₂O spodumene Direct Shipping Ore (DSO), departed from Darwin Port. This was the maiden shipment of lithium product from Finniss and the Company's first receipt of revenue³.

On 23 March, Core announced it had entered into additional agreements with Yahua for the sale of approximately 18,500 tonnes of Finniss' spodumene concentrate⁴.

The first parcel of approximately 3,500 tonnes was produced from commissioning ore and delivered to the Port of Darwin. This parcel is contracted to be sold to Yahua on a FOB basis and payment for 90% of this parcel was received in April 2023.

An agreement for a second parcel of 15,000 tonnes of concentrate was made under a pre-payment arrangement. Payment for 80% of this maiden lithium concentrate parcel was received upon delivery of the first concentrate parcel to the Darwin Port in April 2023. Production of this second parcel has commenced and is expected to be delivered to the Darwin Port by the end of July. Pricing for both cargos is linked to the Fastmarkets (spodumene 6% CIF China) price with no floor or ceiling⁵.

Exploration and Mineral Resources

Subsequent to the quarter, Core reported the total Finniss Mineral Resource Estimate (MRE)⁶ had increased 62% to 30.6Mt @ 1.31% Li₂O (Table 1). This updated Mineral Resource was the culmination of results from the highly successful 2022 drilling campaign – the largest undertaken in Core's history⁷.

The Measured and Indicated Resource categories have increased by 46% to 19.4Mt @ 1.37% Li₂O. Approximately 63% of the MRE is in the higher confidence Measured and Indicated categories (Table 1), with excellent conversion of Inferred to Indicated.

Table 1- Finniss Lithium Operation Mineral Resource Estimate summary

Mineral Resource Estimate for the Finniss Lithium Operation			
April 2023 - 0.5% Li ₂ O cut-off			
Resource Category	Tonnes (Mt)	Li ₂ O %	Li ₂ O Contained Metal (kt)
Measured	6.98	1.45	101
Indicated	12.4	1.33	165
Inferred	11.3	1.21	137
Total	30.6	1.31	403

Note: Totals within this table are subject to rounding.

³ See ASX announcement dated 3 January 2023

⁴ Additional Spodumene Sales Agreements Secured with Yahua, ASX announcement 23 March 2023

⁵ See ASX announcement dated 23 March 2023

⁶ Core Lithium confirms that the Company is not aware of any new information or data that materially affects the Mineral Resource Estimates cross referenced in this report and confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

⁷ See ASX announcement dated 18 April 2023

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Table 2 – Finnis Lithium Operation Mineral Resource Estimate growth

Mineral Resource Estimate for the Finnis Lithium Operation ⁸			
July 2022 - 0.5% Li ₂ O cut-off			
Resource Category	Tonnes (Mt)	Li ₂ O %	% Change from 2022 to 2023
Measured	5.60	1.46	25%
Indicated	7.69	1.35	61%
Inferred	5.57	1.12	103%
Total	18.9	1.32	62%

BP33

At BP33, the second proposed mine at Finnis, Core reported that the Mineral Resource increased 131% from 4.37Mt @ 1.53% Li₂O to 10.1Mt @ 1.48% Li₂O⁹.

Importantly, there is now 6.94Mt of the Mineral Resource at an average grade of 1.50% Li₂O within the Measured and Indicated categories, representing 69% of the total BP33 Mineral Resource Estimate.

Table 3- BP33 Mineral Resource Estimate summary

BP33 Mineral Resource Estimate			
Feb 2023 – 0.5% Li ₂ O cut-off			
Resource Category	Tonnes (Mt)	Li ₂ O %	Li ₂ O Metal (kt)
Measured	2.85	1.46	42
Indicated	4.09	1.53	63
Inferred	3.17	1.45	46
Total	10.1	1.48	151

Drilling at BP33 in 2022 targeted extensions along strike and down dip to the existing orebody to determine the continuity of grade and thickness down-plunge of mineralisation. Pleasingly, the BP33 mineralisation appears open down plunge and along strike.

The 2022 drilling campaign was the largest in the company's history and the results show significant potential for mine life extension at Finnis. Work is now underway to complete an updated Ore Reserve Estimate.

Core has commenced drilling for 2023 at Finnis targeting further significant increases to the total Mineral Resource. The Company has allocated \$25 million to the 2023 program, nearly double the budget allocated for 2022.

⁸ See ASX announcement dated 12 July 2022

⁹ See ASX announcements dated 6 March 2023 and 18 April 2023

Corporate and Financial

In early January, Core received a US\$14.0 million (A\$20.1 million) payment following the successful execution of a sales agreement for a 15,000dmt cargo of 1.4% Li₂O DSO, the Company's first revenue. The DSO cargo was successfully tendered in the December quarter using a digital exchange platform for a price of \$US951/dmt and purchased by a lithium-ion battery supply chain participant in Fancheng, China¹⁰.

In late March, Core announced agreements with long-term customer, Yahua, for the sale of 18,500 tonnes of spodumene concentrate in addition to the existing binding offtake agreements for the sale of 300,000 tonnes over four years¹¹. Pricing for the additional agreements is linked to the Fastmarkets (spodumene 6% CIF China) price with no floor or ceiling¹².

The first parcel of approximately 3,500 tonnes was sold to Yahua on a FOB basis and is expected to be shipped in May. In April 2023, subsequent to the quarter, Core received 90% of the payment for this parcel being an amount of US\$14.1 million (AU\$21.0 million) with the remainder due upon shipment, currently expected in May.

Yahua also agreed to the purchase of a second parcel of 15,000 tonnes of concentrate under a pre-payment arrangement. In April 2023, subsequent to the quarter, a payment of US\$61.4m million (AU\$91.6 million) was received for 80% of this, with the balance due upon delivery.

Core continued to build its organisational capability through the appointment of Doug Warden as CFO¹³, replacing interim CFO Andrew Forman, and Melissa Winks was appointed as Executive General Manager, Sustainability. The evolution of Core's leadership team also aligns with the Company's decision to relocate its head office to Perth, the corporate centre of Australia's lithium industry¹⁴.

During the quarter, Core spent \$37.7 million on plant, equipment and mine development activities, and \$2.0 million on exploration. This expenditure primarily represented activities at Finniss and is disclosed in Appendix 5B. As at 31 March 2023, Core had cash and equivalents of \$97.8 million.

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.

As at 31 March 2023, Core had the following capital structure:

- 1,855,016,794 ordinary shares;
- 3,000,000 unquoted options; and
- 5,000,102 unquoted performance rights.

¹⁰ See ASX announcement dated 3 October 2022

¹¹ See ASX announcements dated 1 April 2019, 23 March 2023

¹² See ASX announcement dated 23 March 2023

¹³ See ASX announcement dated 6 February 2023

¹⁴ See ASX announcement dated 9 January 2023

Tenement table

Tenement number	Tenement name	Interest at the end of Quarter	Changes during 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 30669	Ross River	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

Tenement number	Tenement name	Interest at the end of Quarter	Changes during 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

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

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About Core Lithium

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



The Rossana at berth for loading of Finnis DSO, December 2022



First concentrate produced at Finnis, February 2023

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Finniss spodumene concentrator plant



Finniss' spodumene concentrate stockpile

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Appendix 5B

Mining exploration entity or oil and gas exploration entity

quarterly cash flow report

Name of entity

Core Lithium Ltd

ABN	Quarter ended ("current quarter")
80 146 287 809	31 March 2023

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	20,149	20,149
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	(9,871)	(13,200)
(d) staff costs	(1,526)	(4,211)
(e) administration and corporate costs	(911)	(8,305)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	590	1,595
1.5 Interest and other costs of finance paid	-	-
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	8,431	(3,972)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(15,950)	(45,465)
(d) exploration & evaluation	(1,980)	(11,931)
(e) investments	-	-
(f) other non-current assets - mine development	(21,790)	(76,455)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Net proceeds / (payments) for Security bond)	-	-
2.5a	Other (Government grant co-funding received)	-	86
2.6	Net cash from / (used in) investing activities	(39,720)	(133,765)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	100,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	3,727	5,464
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(27)	(3,808)
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)	(1,076)	(2,443)
3.10	Net cash from / (used in) financing activities	2,624	99,213

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	125,339	135,198
4.2	Net cash from / (used in) operating activities (item 1.9 above)	8,431	(3,972)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(39,720)	(133,765)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,624	99,213
4.5	Effect of movement in exchange rates on cash held	1,128	1,128
4.6	Cash and cash equivalents at end of period	97,802	97,802

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	97,802	125,339
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)	97,802	125,339

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	98
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.

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	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)	8,431
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,980)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	6,451
8.4	Cash and cash equivalents at quarter end (item 4.6)	97,802
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	97,802
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	N/A
	<i>Note: if the entity has reported positive relevant outgoings (ie 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>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
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?	
	Answer: N/A	
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?	
	Answer: N/A	
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?	
	Answer: N/A	
	<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>	

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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: 26 April 2023

Authorised by the Board of the Company
(Name of body or officer authorising release – see note 4)

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 – eg 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.