

19 August 2024

ASX: CXO Announcement

Response to Charger Metals Announcement – Non binding Indicative Offer by Core

Core Lithium Ltd (**ASX: CXO**) (**Core** or the **Company**) notes the recent announcement made by Charger Metals NL (**ASX: CHR**) (**Charger**) referring to a non-binding indicative offer the Company has made to Charger for a merger of Core and Charger via a proposed scheme of arrangement.

Core confirms that on 25 July 2024, it made a confidential non-binding indicative proposal to the Board of Directors of Charger Metals NL regarding a potential combination to be effected by way of a scheme of arrangement (**Proposal**). Core then met with Charger to discuss the terms of the Proposal and offered an increase in the share consideration. Core's Proposal comprises an all-share offer for Charger under which Charger shareholders would receive 0.9 Core shares for each ordinary share in Charger. The key terms of the Proposal are attached to this announcement.

The terms of the Proposal, based on closing market prices for Charger shares as at 24 July 2024, being the last trading day before the first presentation of the Proposal, represent attractive premiums to Charger shareholders to its undisturbed trading prices, of:¹

- 47.5% to the previous close
- 44.1% to the 5 day volume weighted average price (**VWAP**)
- 43.0% to the 10 day VWAP
- 34.9% to the 20 day VWAP

The Proposal, should it proceed to a completed transaction, would also provide Charger shareholders with the ability to continue exposure to the lithium market through the assets of both companies and sell Core shares on market, to realise an attractive premium.

The Proposal is non-binding incomplete and subject to customary conditions including completion of due diligence to the satisfaction of Core. Core is disappointed Charger chose to release details of its Proposal, notwithstanding that it was clearly stated to be confidential. It was subject to several conditions, including due diligence, and is therefore incomplete. Charger has also not provided Core with full due diligence access to support its position that the Proposal undervalues its assets.

Core believes there are strong synergies between its Finnis operations and Charger's Bynoe Lithium Project, given their locations. Core is also willing to support Charger's exploration joint venture with Rio Tinto at its Lake Johnston Project. Core is well positioned to progress Charger's projects and believes combining the two companies would be attractive for Charger's shareholders.

¹ Using CXO 5 day VWAP as at the close of trade on Friday 16 August of 9.34 cents per share

In addition to allowing Charger shareholders to realise an immediate and substantial premium over the current value of their Charger shares, the merger would deliver many potential benefits for Charger's shareholders today whilst maintaining exposure to the lithium market:

- Ability to realise a strong premium for their Charger Shares and retain exposure to the lithium market through ownership of Core shares, which like Charger, are trading at historically low values.
- The combination would deliver meaningful synergies with exploration activities at Finniss.
- Core has 48.2Mt @ 1.26% Li₂O² Mineral Resources (MRE), putting it in the top 10 lithium resources in Australia, and an existing mine with the infrastructure needed to recommence production. Combining this with Charger's exploration potential at Bynoe and Lake Johnston will give Charger's shareholders significant and enhanced exposure to a lithium market recovery as well as exploration outcomes.
- Core remains debt-free with a cash balance of \$87.6 million as of 30 June 2024. This provides a robust foundation for resetting the business. The Finniss operations are strategically poised to resume operations as a low-cost lithium producer once market conditions improve, supported by a Mineral Resource that can sustain an operational restart.
- Core Shares are very liquid, with average daily volume traded over 90 trading days up to and including 16 August 2024 of 22.16 million shares per day (contrasted with Charger's average over the same period of 0.35 million shares per day).

A merger with Charger is consistent with Core's strategy, including its focus on the restart of mining at Finniss and its capital allocation framework, and would be attractive to Core's shareholders. The benefits to Core shareholders would potentially include:

- Increasing Core's exposure to lithium through Charger's Bynoe and Lake Johnston projects.
- Providing Core with growth options at Finniss operations and increased geographic diversification with Lake Johnston.
- Delivering meaningful exploration synergies at Bynoe.

Core remains interested in the possibility of a mutually beneficial transaction with Charger and calls upon the board of Charger to engage constructively with Core and provide access to due diligence information, which Core is yet to receive.

This announcement does not amount to an intention by Core to make a binding offer and there can be no certainty that an offer will be made. There is no certainty that any form of agreement or transaction will be reached or concluded with Charger.

Core will continue to update the market in accordance with its continuous disclosure obligations.

Further details of the Proposal are included in the Appendix.

² Refer to ASX announcement, "Finniss Mineral Resource Increased by 58%" dated 11 April 2024. The total MRE is comprised of 6.33Mt @ 1.41% Li₂O Measured MRE, 21.6Mt @ 1.30% Li₂O Indicated MRE and 20.3Mt @ 1.18% Li₂O Inferred MRE. Core confirms that it is not aware of any new information or data that materially affects the results included in this announcement and that all material assumptions and technical parameters underpinning the Mineral Resource Estimate continue to apply and have not materially changed.

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

For further information, please contact:

Investor Enquiries

Paul Brown
CEO
Core Lithium Ltd
+61 8 8317 1700
info@corelithium.com.au

Media enquiries

Michael Vaughan
Executive Director
Fivemark Partners
+61 422 602 720
michael.vaughan@fivemark.com.au

About Core

Core Lithium Ltd (ASX: CXO) (Core or Company) is an Australian hard-rock lithium company that owns 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

Not an offer in the United States

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Appendix – Key Terms of Core’s non-binding indicative all-scrip proposal to acquire Charger Metals NL

Proposal	Indicative, non-binding and confidential proposal to acquire Charger by way of Scheme of Arrangement.
Consideration	0.9 CXO shares for each CHR share.
Due diligence	The Proposal was subject to due diligence, which has not yet been undertaken.
Board recommendation	Unanimous recommendation by Charger’s board that shareholders vote in favour of the scheme, and commitment by all of Charger’s directors in favour of the scheme, in the absence of a superior proposal and subject to an independent expert concluding that the Indicative Proposal is in the best interests of Charger’s shareholders.
Deal Protection	Market standard no shop, no talk, no due diligence, notification and matching rights and a customary break fee payable by Charger to Core in prescribed circumstances.
Key Personnel	Core is interested to discuss ongoing employment of Charger’s key personnel. Subject to ensuring the terms are acceptable, Core is willing to discuss the vesting of all performance rights that are outstanding at completion.
Approvals	Charger Shareholder Approval and Court Approval, as typical for a scheme of arrangement. Core shareholder approval or financing approvals not required.
Other Material Key Conditions	Other material key conditions included: <ul style="list-style-type: none"> ▪ all existing performance rights, share appreciation rights, options, shares and other securities held employees, officers or any other persons that are outstanding at completion, are acquired by Core or cancelled (if any) on terms acceptable to Core; ▪ Charger not undertaking any material transactions, not paying any dividends or other distributions and there being no material adverse change, prescribed occurrences, regulated events, material litigation or any material breaches of representations and warranties; ▪ there being no material adverse change, including no material events due to a change of control including material fees or costs, or key contract termination, other than with Core’s prior agreement; and ▪ if a share purchase agreement is entered into with Lithium Australia, completion will be interconditional with the Proposed Transaction, and Charger will be expected to provide, or support the process to obtain, any required consents for that transaction.