

ASX: CXO Announcement

10 July 2019

FIRB Approval for Lithium Royalty Corp and Share Placement

Highlights

- **Lithium Royalty Corporation (LRC) received unconditional FIRB approval for its investment of A\$8.125 million for a 2.5% royalty over production from the Finniss Lithium Project**
- **\$0.35 million Placement Funds received from SPP Underwriter**
- **\$11.8 million of funds raised from Share Purchase Plan (SPP), LRC Royalty Transaction and Strategic Placement positions the Company to advance towards becoming the next Australian lithium producer**

Advanced Australian lithium developer Core Lithium Ltd (**Core** or **Company**) (ASX: CXO) is pleased to confirm the successful outcome of the following key funding initiatives:

- Notification received from LRC that it has obtained written notice under the Foreign Acquisitions and Takeovers Act 1975 (Cth) on behalf of the Treasurer of the Commonwealth of Australia that the Commonwealth Government does not object to the transaction and has not imposed any conditions upon LRC regarding its investment of \$8.125 million for a 2.5% royalty over production from the Finniss Lithium Project.

FIRB approval was the remaining condition precedent to the transaction which is now complete.

- Receipt of \$0.35 million from the underwriters of the oversubscribed Share Purchase Plan (**SPP**). A total of \$3.3 million was raised via the SPP which was oversubscribed by \$1.3 million.

Funds raised totalling \$11.8 million from the oversubscribed SPP, Share Placement and LRC Royalty transactions are now being used to progress the Finniss Lithium Project towards development, near term resource growth and conversion and exploration

focused on improving the production profile further, extend the mine life within the broader Finniss Lithium Project area and for working capital purposes.

Core's Managing Director, Stephen Biggins, commented:

“Strong support shown by existing and new investors in Core Lithium illustrates the current value and potential upside of the Finniss Lithium Project. This capital strengthens our balance sheet and enables the Company to invest significantly to further increase profitability and rapid payback of the near development ready, Finniss Lithium Project, which we expect to generate attractive returns for our shareholders.”

Royalty Transaction

Under the terms of the agreements with LRC, a total consideration of A\$8.125 million will be paid for the right to receive 2.5% of gross revenue from the sale of products from the Finniss Lithium Project (**Royalty**).

A\$6.875 million of this amount was paid on execution of the agreements and held in escrow (Stage 1). This amount is now released to the Company as a result of FIRB approval.

The balance of A\$1.25 million is conditional on the Company announcing a 15 million tonne JORC Mineral Resource for the Finniss Lithium Project and the Company achieving continuous operation of the processing plant for more than 14 consecutive days (Stage 2). The Royalty rate on receipt of initial proceeds under Stage 1 is 2.115% and increases to 2.50% upon achievement of the Stage 2 milestone and payment of the balance of the purchase price by LRC.

Share Placement

As a result of the recent SPP being oversubscribed, 8,750,000 fully paid ordinary shares have been issued under a share placement at a price of \$0.04 per share raising \$0.35 million (**Placement**) to the Underwriter of the SPP. The Placement shares were issued under Listing Rule 7.1A.

Disclosure required under ASX Listing Rules 7.1A.4(b) and 3.10.5A

In relation to the Placement, and in accordance with ASX Listing Rules 7.1A.4(b) and 3.10.5A the Company makes the following disclosures:

- (a) The Company has issued a total of 8,750,000 fully paid ordinary shares at 4.0 cents per share. All of the securities have been issued under Listing Rule 7.1A and result in the following dilution to existing holders of ordinary securities:
- Number of fully paid ordinary shares on issue prior to the placement of securities under LR 7.1A was 778,191,657.
 - Number of fully paid ordinary shares on issue following this issue of securities under LR 7.1A will be 786,941,657.
 - Percentage of voting dilution following the issue under LR 7.1A is 1.12%.

- (b) The Company has issued shares as a placement to sophisticated, professional and institutional investors. The issue has been made as a placement and not as a pro-rata issue or other type of issue in which existing shareholders would have been able to participate. This approach has been taken as it considered that the issue, being carried out as part of the Placement, is the most cost-efficient and expedient method available at the time for raising, at an appropriate price, the funds required by the Company to achieve its objectives, given the funding certainty, strong investor enquiry and the pricing achieved under the Placement. Core also recently completed a Share Purchase Plan, inviting all shareholders to participate in the Company's equity raising.
- (c) This placement is made to underwriters of the Company's recently completed Share Purchase Plan (SPP). No further underwriting arrangements were entered into in relation to the placement under Listing Rule 7.1A.
- (d) The underwriters of the Company's SPP were paid a fee of \$50,000 and issued 4,000,000 unlisted options with an exercise price of \$0.06 and expiry of 30 June 2022.

An Appendix 3B seeking quotation of the shares is attached to this announcement.

About Core

Core has recently published a DFS for the development of a spodumene concentrate operation at the Finnis Lithium Project and is aiming to increase mine-life further and commence mining and construction in the second half of 2019 with spodumene concentrate production in 2020, subject to financing and regulatory approvals.

The Finnis Lithium Project has arguably the best supporting infrastructure and logistics chain to Asia of any Australian lithium project. The Finnis Project is within 25km of port, power station, gas, rail and 1 hour by sealed road to workforce accommodated in Darwin and importantly to Darwin Port - Australia's nearest port to Asia.

Core has established offtake and prepayment agreements and is also in the process of negotiating further agreements with some of Asia's largest lithium consumers and producers that support and finance the Finnis Project's modest capex requirements and the Company into production.

For further information please contact:

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Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Core Lithium Ltd

ABN

80 146 287 809

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|----------------------------|
| 1 | +Class of +securities issued or to be issued | Ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 8,750,000 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p>
<p>5 Issue price or consideration</p>	<p>\$0.04 per share</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The shares are issued to underwriters of the recently completed Share Purchase Plan (SPP) and at the same price as the SPP. The funds raised will used to progress the Grants Lithium Project towards production, exploration and resource drilling on high priority pegmatite targets and lithium projects and working capital.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>8 November 2018</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>None</p>

+ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	8,750,000				
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	None				
6f	Number of +securities issued under an exception in rule 7.2	None				
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	The shares were issued on 10 July 2019. The issue price is 4.0 cents per share and 75% of the 15 day VWAP prior to the date of the issue was 3.14 cents per share. The VWAP calculation has been sourced from the IRESS system.				
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable				
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Rule 7.1 – 112,297,375 Rule 7.1A – 69,069,165				
7	+Issue dates <small>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.</small>	10 July 2019				
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">786,941,657</td> <td style="text-align: center;">Ordinary Shares (CXO)</td> </tr> </tbody> </table>	Number	+Class	786,941,657	Ordinary Shares (CXO)
Number	+Class					
786,941,657	Ordinary Shares (CXO)					

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	9,665,000	Unquoted performance rights
	500,000	Unquoted Options Exercisable at 10.00 cents, expiring on 9 May 2020.
	1,500,000	Exercisable at 7.00 cents, expiring on 30 September 2020 and subject to KPI based performance hurdles.
	4,000,000	Exercisable at 8.00 cents, expiring on 31 January 2021.
	4,000,000	Exercisable at 6.00 cents, expiring on 30 June 2022.
	10,000,000	Exercisable at 8.00 cents, expiring on 5 September 2022. 7 million of 10 million options are subject to KPI based performance hurdles.
	20,000,000	Total unquoted options
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Dividends are paid as authorised by the board.	

+ See chapter 19 for defined terms.

Part 2 - Pro rata issue

- | | | |
|----|--|----------------|
| 11 | Is security holder approval required? | Not applicable |
| 12 | Is the issue renounceable or non-renounceable? | |
| 13 | Ratio in which the +securities will be offered | |
| 14 | +Class of +securities to which the offer relates | |
| 15 | +Record date to determine entitlements | |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 | Policy for deciding entitlements in relation to fractions | |
| 18 | Names of countries in which the entity has security holders who will not be sent new offer documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | |
| 19 | Closing date for receipt of acceptances or renunciations | |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- | | | |
|----|---|--|
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders | |
| 25 | If the issue is contingent on security holders' approval, the date of the meeting | |
| 26 | Date entitlement and acceptance form and offer documents will be sent to persons entitled | |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |
| 28 | Date rights trading will begin (if applicable) | |
| 29 | Date rights trading will end (if applicable) | |
| 30 | How do security holders sell their entitlements <i>in full</i> through a broker? | |
| 31 | How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | |

+ See chapter 19 for defined terms.

- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ⁺Securities described in Part 1
- (b) All other ⁺securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

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39 +Class of +securities for which quotation is sought

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40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

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41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

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	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)		

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: 
Company secretary

Date: 10 July 2019

Print name: Jaroslaw (Jarek) Kopias

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
<i>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</i>	
<i>Insert</i> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	633,591,657 ordinary shares
<i>Add</i> the following: <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	875,000 ordinary shares issued between 5 September 2018 and 1 February 2019, under listing rule 7.2, exception 4. 60,000,000 ordinary shares issued between 19 December 2018 and 16 January 2019 and approved by shareholders at a general meeting held on 14 March 2019. 83,725,000 ordinary shares issued on 27 June 2019, under listing rule 7.2, exception 15.
<i>Subtract</i> the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	778,191,657

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	116,728,748
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p><i>Insert</i> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>431,373 ordinary shares agreed to be issued in future</p> <p>4,000,000 unquoted options issued on 24 June 2019</p>
“C”	4,431,373
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	116,728,748
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	4,431,373
Total [“A” x 0.15] – “C”	112,297,375 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	778,191,657
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	77,819,165
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	8,750,000 ordinary shares issued under a placement on 10 July 2019.
“E”	8,750,000

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	77,819,165
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	8,750,000
Total [“A” x 0.10] – “E”	69,069,165 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.