

ASX: CXO Announcement

4 March 2021

Core acquires right to multiple pegmatite mines adjacent to Finniss

Highlights

- Core Lithium has entered into an option agreement to acquire six granted Mineral Leases (MLs) adjacent to the Company's Finniss Lithium Project in the NT
- Granted MLs include over 30 pegmatites previously mined for tin and tantalum
- Previous work has identified high lithium grades and potential for near surface spodumene mineralisation
- Near-term growth opportunity to add and bring forward substantial resource growth in 2021
- Objective to accelerate increases to Finniss Lithium Project life of mine
- Acquisition to support future lithium production capacity increases and downstream processing
- Drill assessment to start next quarter once approved - as 2021 field season commences

Advanced Australian lithium developer, Core Lithium Ltd (ASX: CXO) ("Core" or "Company"), is pleased to announce the signing of an option agreement to acquire six granted Mineral Leases containing over 30 lithium pegmatite targets adjacent to the Company's 100%-owned Finniss Lithium Project ("Project") near Darwin in the Northern Territory (Figure 1).

These granted MLs all have a history of tin and tantalum mining and production from pegmatites with similar chemistry as the high-grade spodumene pegmatites on Core's adjacent Finniss Lithium Project tenements.

Core plans to commence assessment drilling of these exciting new lithium pegmatite targets as the 2021 field season commences and once approvals are received next quarter. The aim is to complete the acquisition of these assets in 2021 and, based on a positive assessment, to significantly increase Mineral Resources and potentially increase Project life of mine.

The Leviathan and Annie groups of pegmatites, which are the subject of the transaction, were discovered in the 1880's and then mined for tin and tantalum intermittently for over one hundred years.

Assessment by Greenex (Greenbushes), Haddington (Altura) and Julia Corp during the period 1980-2000, for tin and tantalum, has since rediscovered over 30 pegmatites.

The granted MLs subject of the Option Deed include over 30 pegmatites mined previously for tin and tantalum, including*:

- Centurion Pegmatite
 - 43m downhole spodumene pegmatite drill intersection & over 270m long
 - Assays over 1% Li₂O within 25m of the surface
- Leviathan Pegmatite
 - 3 pegmatites 30-40m total width and 350m long
- Northern Reward Pegmatite
 - Strike length of 800m and up to 18m true width
- Bilatos Pegmatite
 - Large footprint of 300m x 100m - but has not yet been drill tested

Building on this previous pegmatite mining and drilling information, Core will be the first company to explore and drill these prospective, lithium-rich pegmatite systems for economic spodumene lithium mineralisation.

Commenting on this significant transaction, Core's Managing Director, Stephen Biggins, said it was a significant milestone in the Company's history.

"This new acquisition of multiple pegmatite mines adjacent to the Finniss Lithium Project has the potential to significantly accelerate Core's resource expansion plans.

"The expected increases in resources from this deal and our well-funded resource drill programs at Finniss this year should provide a strong platform for extending and expanding production of lithium from the project as lithium prices increase.

"Spodumene and lithium chemical prices have increased over 50% from lows in 2020, and as Australia's most advanced lithium developer, Core is right at the front of the line of new lithium production in Australia."

*The Exploration Results have not been reported in accordance with the JORC Code 2012; a Competent Person has not done sufficient work to disclose the Exploration Results in

accordance with the JORC Code 2012; it is possible that following further evaluation and/or exploration work that the confidence in the prior reported Exploration Results may be reduced when reported under the JORC Code 2012; nothing has come to the attention of Core that causes it to question the accuracy or reliability of the former owner's Exploration Results; but Core has not independently validated the former owner's Exploration Results and therefore is not to be regarded as reporting, adopting or endorsing those results.

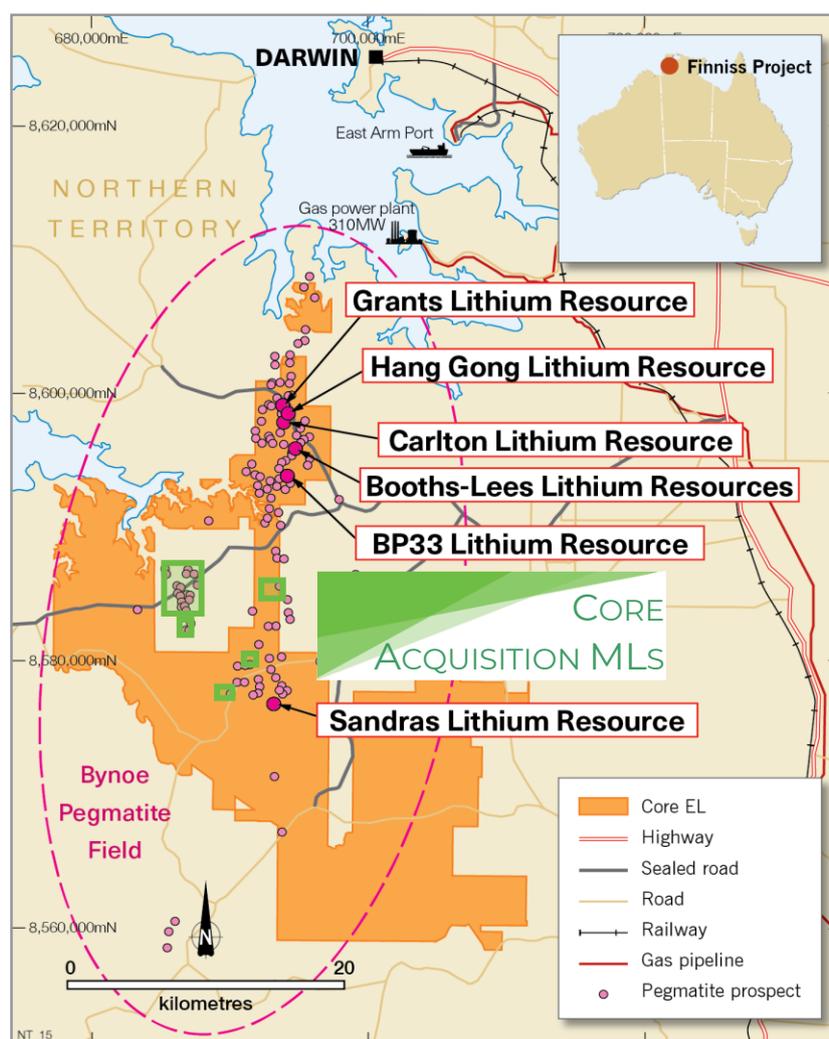


Figure 1. Location of acquisition Mineral Leases (MLs) adjacent to the Finniss Lithium Project near Darwin.

Leviathan and Annie Group Pegmatites

A body of work at the Leviathan and Annie group of pegmatites by Greenbushes (1980's), Haddington and Julia Corp (2000's) included trenching, mapping, auger drilling and RC drilling, and made the following observations of pegmatite prospects.

Leviathan

In 1989, after costeaning and auger drilling the Leviathan pegmatites, Greenex described the prospect as consisting of at least three conformable dykes, approximately 250m in length, separated by sections, 30–40m wide, of micaceous schist and phyllite. Pegmatites have a combined maximum width in excess of 40m, with the single widest pegmatite averaging 10–15m in true width (Figure 4).

Northern Reward

A single pegmatite strikes for over 800m at Northern Reward with a true width up to 18m, but generally between 5 and 10m (Figure 4).

Centurion

Centurion pegmatite true width is between 15 and 34m, and the pegmatite was reported to extend for up to 270m along strike before it passes under laterite to the south. There was a good possibility that the pegmatite continued south to link with the Trojan and Pandanus pegmatites to form a single pegmatite 700m+ in length.

RC drill samples at Centurion analysed during an NT Government project in 2005 confirmed the tin-tantalum enrichment in the wall zone (800 ppm Sn and 150 ppm Ta) and recorded elevated Li as high as 1% in the centre of the body (Figures 2 and 4).

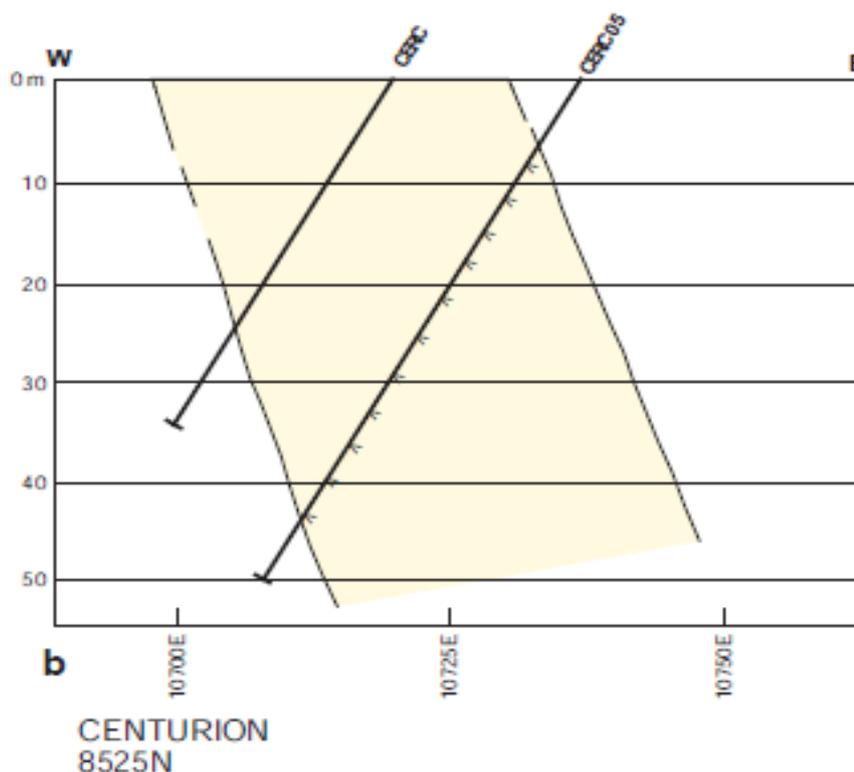


Figure 2. RC Drill cross-sections of Centurion Pegmatite, MLN 1148 (from Frater KM, 2005. Tin-tantalum pegmatite mineralisation of the Northern Territory. Northern Territory Geological Survey, Report 16.)

Annie

In 1985, Greenex described the Annie pegmatite as consisting of two zones joined by a narrow 5m wide section (Hatcher 1985). The northern zone (open to the north) was exposed over a length of 70m and a width of 24m. The southern zone (open to the south) was described as having dimensions of 180 x 25m. In 1986, auger drilling intersected the pegmatite over a strike length of 325m and a width of up to 35m.

Bilatos

The pegmatite body at Bilatos has large surface dimensions of approximately 300m x 100m, but no drilling information to date (Figure 3).



Figure 3. Bilatos Historic Pegmatite Mine, MLN 183

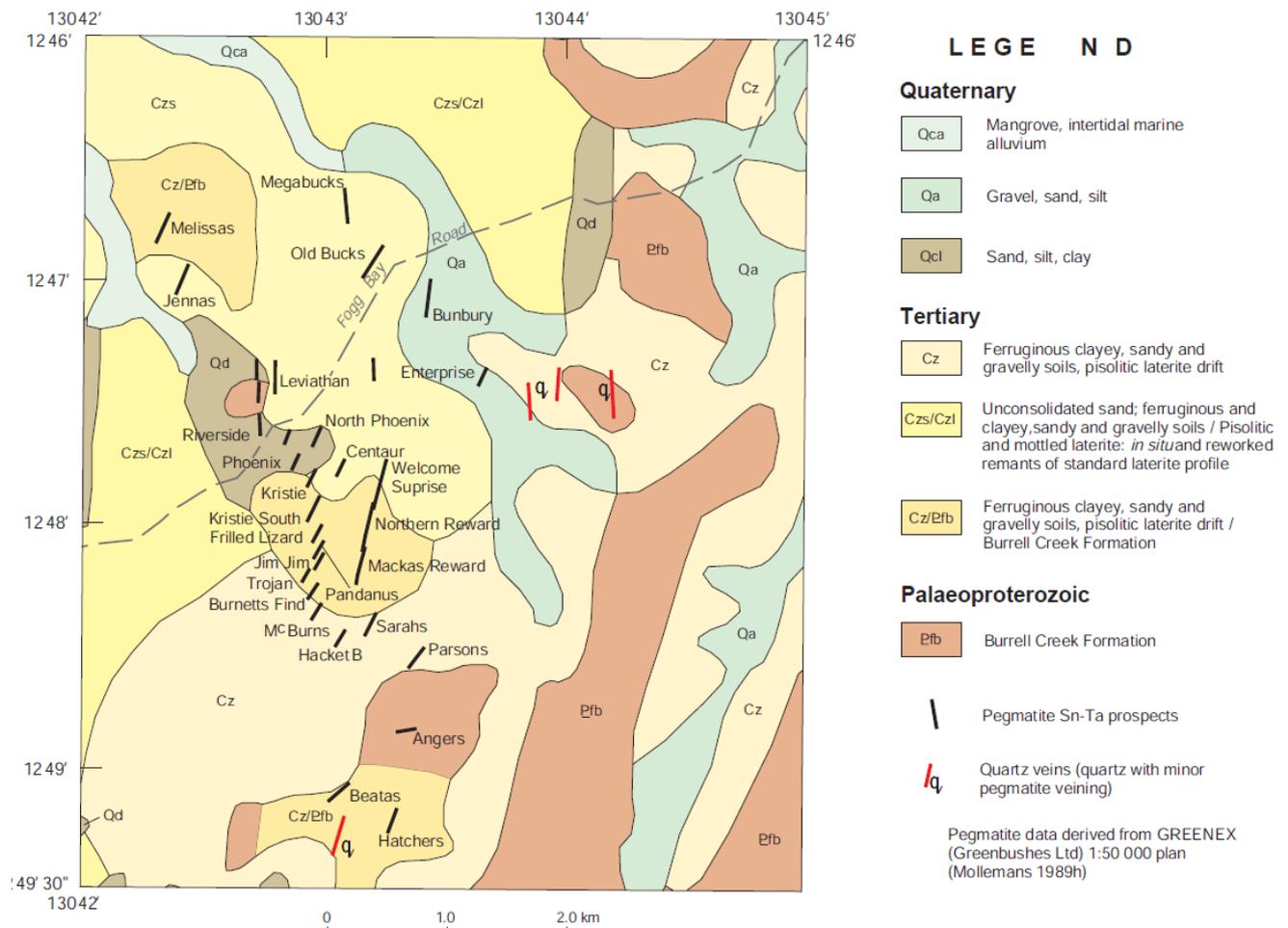


Figure 4. Geology map of the Leviathan group of pegmatites (from Frater KM, 2005. Tin-tantalum pegmatite mineralisation of the Northern Territory. Northern Territory Geological Survey, Report 16).

Material Terms of the Agreement

Core, through its wholly owned subsidiary Bynoe Lithium Pty Ltd (**Bynoe**), entered into a Call Option Deed with Outback Metals Proprietary Limited (**Outback**) and Victory Polymetallic Pty Limited (**Victory**) to potentially acquire up to six mineral leases in the Northern Territory with lithium potential (**Call Option Deed**). Those mineral leases are ML 29912, ML 29914, ML 29985, ML 31654, MLN 813 and MLN 1148 (**Mineral Titles**).

Under the terms of the Call Option, Bynoe will pay Outback and Victory (collectively the **Grantors**) \$500,000 cash for the option to acquire the Mineral Titles.

Bynoe has until 31 December 2021 to exercise its call option and may extend that date by three months until 31 March 2022 and a further three months until 30 June 2022, subject to paying \$250,000 cash to the Grantors for each extension (**Call Option Period**).

During the Call Option period:

- Bynoe is granted an exclusive irrevocable licence and right to access and conduct exploration and land access assessment activities on the Mineral Titles at its own cost and risk. the Grantors are restricted from relinquishing, forfeiting, surrendering, or cancelling ground or rights under, or otherwise dealing with, the Mineral Titles; and
- title to the Mineral Titles remains with the Grantors.

Australia New Zealand Resources Corporation Pty Ltd (**Landowner**) owns the land underlying two of the Mineral Titles (ML 29985 and MLN 1148) and is also a party to the Call Option Deed and agrees to enter into a Covenant (described below) on exercise of the Call Option. Bynoe must pay \$25,000 per annum to the Landowners as compensation and is to provide an additional \$50,000 on signing the Call Option Deed in the form of cash or a bank guarantee as a security deposit for rehabilitation liabilities. If Bynoe (or its nominee) exercises and completes the call option transaction, the \$50,000 will be returned or netted off the purchase price. The Landowner cannot deal with the underlying freehold during the Call Option period unless the third party taking an interest agrees to be bound by the terms of the Call Option including the requirement to enter into the Covenant.

Bynoe can withdraw from the arrangement at any time. The Call Option will terminate at the end of the Call Option Period if it has not been exercised.

If Bynoe exercises the option, subject to securing the appropriate authorisations, it must pay:

- (a) \$5,000,000 to the Grantors, with \$1,500,000 to be paid in cash and the balance of \$3,500,000 to be paid in cash or CXO shares, at Core's discretion (subject to any shareholder approval otherwise the balance of consideration will be cash). Any shares will be subject to a 4 month and 14-day escrow period.
- (b) Contingent consideration will also be payable of \$500,000 to the Grantors, (\$150,000 in cash and \$350,000 in cash or CXO shares, at Core's discretion (subject to any required shareholder approval)) for each 1mt JORC resource Bynoe discovers, capped at an aggregate amount of \$5,000,000. Any shares will be subject to a 3 month and 14-day escrow period.

Completion is conditional on Bynoe securing Ministerial approval within 6 months after the call option exercise date. If Ministerial approval is not obtained, then Bynoe can elect to terminate and the consideration will not become payable.

If the call option is exercised, the Landowners must enter into a Covenant in Gross (**Covenant**) with Bynoe which runs with and binds that part of the land which underlies the two Mineral Titles, ML 29985 and MLN 1148. The Covenant is to be registered. Under the terms of the Covenant, the Landowners agree to give Bynoe a right of first refusal to

purchase the underlying land if the Landowner intends to sell the land, and otherwise undertakes to ensure any third-party purchaser is bound by the Covenant.

Under the covenant Bynoe agrees to pay compensation to the Landowner in full and final satisfaction for any damage, disturbance, and loss of access to the land including as compensation under the Mineral Titles Act:

- (a) \$500 per hectare per annum to the Landowner, for any part of the Landowner's underlying land that is subject to the Mineral Titles. Bynoe must pay this annual compensation until the Mine Development Date (being the date Bynoe secures authorisations to develop and operate a mine on either or both affected Mineral Titles and reaching a final investment decision; or it purchases the underlying land from the Landowner). No compensation will be payable if Bynoe does not undertake Mining Activities on the affected Mineral Titles in any 12-month period.
- (b) \$1,900,000 (Indexed using Darwin CPI) to the Landowner, on the Mine Development Date.

Core guarantees the financial obligations of Bynoe under the Call Option Deed and the Covenant.

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

For further information please contact:

Stephen Biggins
Managing Director
Core Lithium Ltd
+61 8 8317 1700
info@corelithium.com.au

For Media and Broker queries:

Fraser Beattie
Senior Consultant
Cannings Purple
+61 421 505 557
fbeattie@canningspurple.com.au

The Exploration Results in this report are referenced from the Northern Territory Geological Survey: Report 16. Tin-tantalum pegmatite mineralisation of the Northern Territory. (Frater KM, 2005). The reporting of these Exploration Results may not conform to the requirements in the JORC Code 2012. The information in this report is consistent in nature with Core Lithium's other exploration results and understanding to the exploration and mining history of this area and knowledge of the local geology of this area. Core is well-funded to undertake additional desktop and field evaluation work over coming months to build a detailed understanding of the lithium potential of this area and to report the Exploration Results in accordance with the JORC Code 2012; Stephen Biggins (Competent Person) confirms that the information in the market announcement is an accurate representation of the available data and studies for the material mining project.

About the Finnis Lithium Project

The Finnis Lithium Project is Australia's most advanced new lithium projects on the ASX and places Core Lithium at the front of the line of new global lithium production.

Finnis 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 & other renewable energy sources.