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ASX CXO

CORE LITHIUM

29 September 2023

First full-year profit as a lithium producer

FY23 Financial Results Highlights

- **Implementation of programs and strategies to strengthen our approach to safe work and risk identification and management.**
- **Direct shipping ore (14,774dmt) sold through a digital exchange platform.**
- **Completion and commissioning of dense media separation processing plant.**
- **First spodumene concentrate produced (18,274dmt) and shipped (5,423dmt) from Finniss Operations. Post year-end, 23,100dmt of spodumene concentrate and 15,000dmt of lithium fines were shipped to customers.**
- **Finniss Mineral Resource estimate increased by 62% to 30.6Mt @ 1.31% Li_2O, including the BP33 Mineral Resource estimate of 10.1Mt @ 1.48% Li_2O.**
- **Maiden revenue of $50.6 million EBITDA of $14.0 million and Net Profit After Tax of $10.8 million. Operating cash flow of $90.8 million.**
- **Provision of first production guidance of 90,000t to 100,000t of spodumene concentrate sales for FY24.**

Australian lithium miner Core Lithium Ltd (**ASX: CXO**) today released its Annual Report for the year ended 30 June 2023.

Core Lithium CEO Gareth Manderson said:

"In the second half of FY23, Core achieved first revenue, completed construction at Finniss and commenced production and sales of spodumene concentrate.

"Delivering a maiden profit in the first year is a significant achievement and a testament to the strategy to move quickly to production in a strong pricing environment.

"Core generated operating cash flows of $90.8 million, remains debt free and had cash balance of $153 million at year end. This reflected DSO sales and spodumene concentrate sales from the operation. This does however not include the sales receipts recognised after the reporting date, nor the $111.4 million raised in the recently completed institutional placement and share purchase plan.

"Core's balance sheet and the strategic capital allocation for operations improvement, development, and exploration programs will provide the foundations for the Company to realise its growth ambitions in the financial year ahead.

"FY24 guidance, provided following Core's first months in operation establishes the baseline of operational performance from which to build and work on safely improving plant recoveries and mine productivity as our top priority. "The FY23 financial and operation performance provides a quality foundation for delivering our growth plans in 2024. Early works and the updated feasibility study at BP33, Finniss' potential cornerstone asset, are progressing well and the project is on track for FID in the March quarter.

"As we mature as a business our focus is on safe, reliable and sustainable operations that consider the wellbeing of our people. This year we made significant progress with reviewing our key ESG risks and opportunities ensuring we will focus on the sustainability issues which are most critical to our business and provide an extensive update in the sustainability section of our Annual Report.

"While the breadth and scope of the work at Finniss has expanded significantly, our strategy to drive long-term shareholder value is unchanged – ramp up Grants production and deliver spodumene concentrate into long-term offtake agreements, grow the broader Finniss district mine life through the development of deposits in the region near the established processing infrastructure and pursue longer-term growth initiatives through our exploration program."

Summary of FY23 Performance
Sustainability

Operating safely and environmentally responsibly, is critical to achieving our operational and financial objectives. The Sustainability Report, contained within the Annual Report published today, outlines the progress made during the year and the strategy put in place to ensure that our approach to sustainability matches the growth and increasing complexity of the business.

This year, Core implemented the Critical Risk Management (CRM) program which has been adopted widely across the mining industry. The program prioritises the identification of fatality risk and implementing and verifying critical controls and their effectiveness. CRM has been implemented for both employees and contractors.

Significant progress was made in establishing systems and procedures for environmental management. Weed, land, and water management practices have been in close partnership with local indigenous group, the Kenbi Rangers, and together we have undertaken various operational activities including prescribed burning, using traditional Indigenous burn-off techniques.

Our first operational wet season and review in resulted in improvements to our water management infrastructure and processes. We also trialled new methods of using drone technology in water monitoring and treatment practices to reduce loading in sediment basin water. We have increased our capital spend to improve the efficiency of our sediment basins and increase the available storage capacity of the mine water dams. We are also installing an additional network of pumps and pipes to proactively manage and distribute water on site to optimal storage locations. By managing water on site in this way, we will be able to identify and separate water based on water quality, and store water appropriately for dry season usage, in line with best practice and ANCOLD Guidelines.

As the company has grown and developed during the year we have also seen improvement in diversity and female representation. 32% of the Core team overall and 28% of our senior leadership are women, and a female non-executive director was also appointed during the year.

We were also proud to establish and launch our community grants program to support community groups in the Darwin region. In the reporting period, we funded 12 recipients to undertake sporting, educational and other community-led initiatives. We were also pleased to be able to provide corporate sponsorship to the Darwin Festival.

During the year, Core also introduced a modern slavery clause in our supplier contract terms and conditions to safeguard the human rights of those involved in our operations and supply chain.

FY23 Operations

Core commenced ore mining on 3 October 2022 after uncovering first ore at the Grant's pit. Ore was stockpiled on the Run of Mine (ROM) pad ahead of completion of the crushing plant, which was commissioned in November 2022.

Following commissioning of the crushing plant, Core prepared a maiden cargo of Direct Shipping Ore cargo (DSO) which was successfully tendered using a digital exchange platform and sold to a customer in, China in December 2022. The DSO sale was Core's first revenue event and gave the Company the opportunity to commission all logistics to the Port of Darwin ahead of maiden concentrate production.

The Company produced a total of 18,274 tonnes of spodumene concentrate during the reporting period. Recoveries of 48% were lower than predicted by test work in the 2021 Definitive Feasibility Study with a greater proportion of fines reporting to tailings than anticipated. The Company has undertaken process optimisation trials to improve recoveries and has initiated the sale of a lithium fines product to customers.

Exploration and Development

During the year, Core announced a 62% increase in the total Finniss Mineral Resource Estimate increased to 30.6Mt @ 1.31% Li_2O[1]. Measured and Indicated Mineral Resource increased by 46% to 19.4Mt @ 1.37% Li_2O. These results highlight the prospectivity of our landholding in the Bynoe Pegmatite field and the strong potential for life of mine extensions at the Finniss Lithium Operation. The success of the 2022 exploration program is a strong endorsement of our near-doubled 2023 exploration budget as we target growth at the Finniss Lithium Operation.

Importantly the BP33 mineral resource estimate more than doubled from 4.37Mt @ 1.53% Li_2O[2] to 10.1Mt @ 1.48% Li_2O[3]. These results confirmed the likelihood of BP33 as Core's next mining operation and led to the approval of up to $50M on the BP33 early works and a revision of the feasibility study to accommodate the significant growth in resource. FID for BP33 is scheduled Q3FY24.

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[1] "Significant increase to Finniss Mineral Resources" dated 18 April 2023. Total Mineral Resources of 30.6Mt @ 1.31% Li_2O. Measured Mineral Resource 6.98Mt @ 1.45% Li_2O / Indicated Mineral Resource 12.4Mt @1.33% Li_2O / Inferred Mineral Resource 11.3Mt @ 1.21% Li_2O.

[2] "Significant Increase to Finniss Resources and Reserves" dated 12 July 2022. Total Mineral Resources of 4.37Mt @ 1.53% Li_2O. Measured Mineral Resource 1.80Mt @ 1.55% Li_2O / Indicated Mineral Resource 2.40Mt @ 1.56% Li_2O / Inferred Mineral Resource 0.17Mt @ 1.00% Li_2O.

[3] "BP33 Mineral Resource more than Doubled" dated 6 March 2023. Total Mineral Resources of 10.1Mt @ 1.48% Li_2O. Measured Mineral Resource 2.85Mt @ 1.46% Li_2O / Indicated Mineral Resource 4.09Mt @ 1.53% Li_2O / Inferred Mineral Resource 3.17Mt @ 1.45% Li_2O. 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.

The CY23 exploration program incorporates additional infill drilling to support the BP33 feasibility study along with further exploration drilling targeting growth opportunities anticipated at Carlton and other deposits identified in the expanded 2023 drilling campaign.

Production, sales and financials

A summary of Core's production, sales and financials for FY23 are show below. For the full accounts see the document lodged with ASX today accompanying this release.

Table 1. Summary FY 2023 physicals, sales and financials

Operations		
Spodumene concentrate production	Tonnes	18,274
Spodumene concentrate sales	Tonnes	5,423
Spodumene concentrate realised price	US$/t	4,163
DSO production	Tonnes	14,774
DSO sales	Tonnes	14,774
DSO realised Price	US$/t	951
C1 Costs	A$/t	1,230
Profit and Loss		
Revenue	$m	50.6
EBITDA[4]	$m	14.0
NPAT	$m	10.8
Cash flow		
Operating cash flow	$m	90.8
Finniss Capex	$m	150.6
Exploration expenditure	$m	15.0
Cash balance at 30 June	$m	152.8

Income Statement

The Company's maiden full-year revenue of $50.6 million was underpinned by the sale of first lithium products in H2 FY23. This included Core's first revenue event, a $20.1 million payment for a 15,000-tonne DSO cargo in January 2023, and was followed by shipment of Core's 5,423 tonne maiden cargo of spodumene concentrate in May, generating revenue of $30.5 million.

The Company recorded a net profit after tax (NPAT) of $10.8 million, and earnings before interest, tax, depreciation and amortisation (EBITDA) of $14.0 million.

Other operating expenses includes fixed costs of $4.7 million associated with mining and processing costs incurred during the 2022/23 wet season when the Grants pit flooded, together with royalties payable to the Northern Territory government of $0.8 million and to Lithium Royalty Corporation of $1.1 million.

4 The Company has shown the summary profit and loss statement above in order to explain underlying performance and profitability and it is noted that EBITDA and EBIT are non-IFRS measures and are not audited.

Finance costs of $2.3 million relate to the financing costs associated with the prepayment of cash the Company received from Yahua for the first two lithium concentrate shipments, together with finance charges associated with right of use assets. The impairment expense of $1.6 million relates to costs associated with evaluating the downstream processing opportunity.

Due to the transition into production and operations, the Company has also recorded a deferred tax benefit, primarily relating to tax losses that are expected to be recouped against taxable profits in the future.

Table 2. Summary Profit & Loss[5]	**FY2023 $'000**
Sales	50,598
Cash costs of sales[6]	(15,932)
Corporate expenses[7]	(14,220)
Other operating expenses	(6,599)
Foreign currency gain	122
EBITDA	**13,969**
Impairment expenses	(1,616)
Depreciation & Amortisation[8]	(3,892)
EBIT	**8,461**
Finance costs	(2,269)
Interest income	3,036
Profit before tax	**9,228**
Income tax benefit	1,582
NPAT	**10,810**

[5] The Company has shown the summary profit and loss statement above in order to explain underlying performance and profitability and it is noted that EBITDA and EBIT are non-IFRS measures and are not audited.

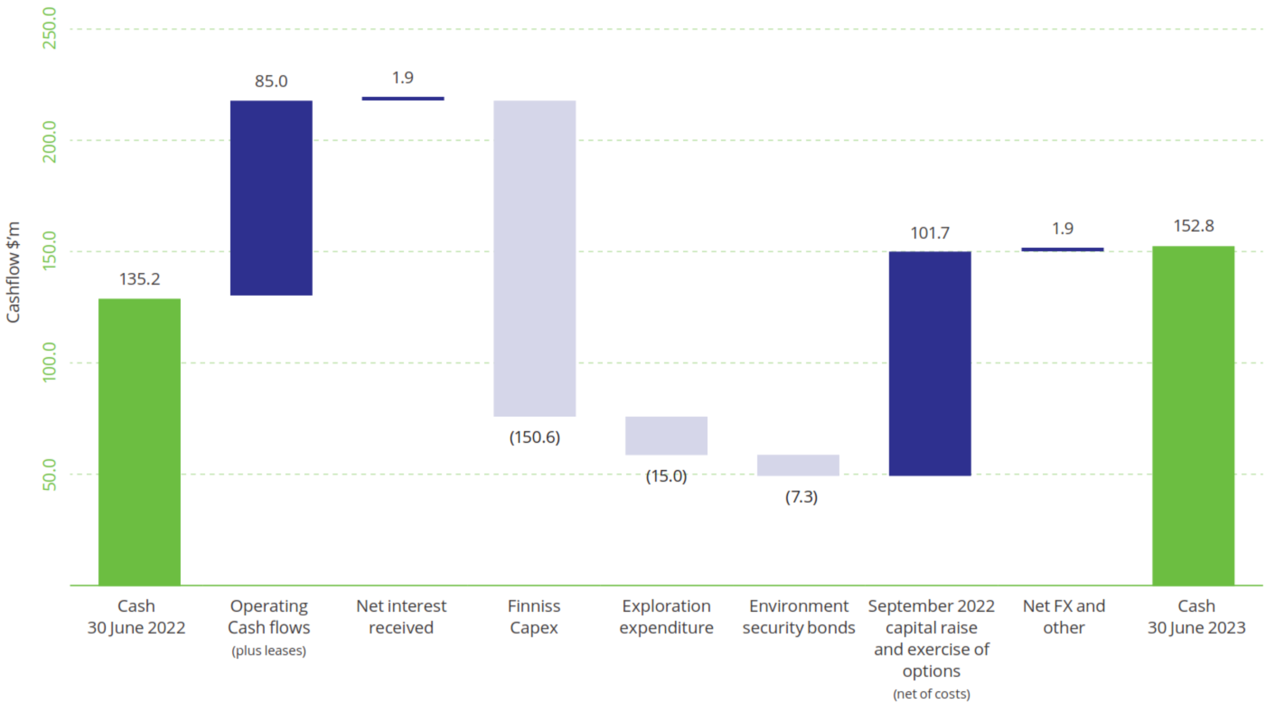
[6] Cash costs of sales of $15.9 million excludes depreciation and amortisation and is therefore lower than the cost of sales shown in the Statement of profit and loss and comprehensive income in the Financial Statements.

[7] Corporate expenses of $14.2 million excludes depreciation and amortisation and is therefore lower than the general and administration expenses shown in the Statement of profit and loss and comprehensive income in the Financial Statements.

[8] Depreciation & Amortisation reflects the amount charged to the profit & loss statement. There was an additional $7.3 million in Depreciation & Amortisation which was included in inventory at balance date and will be charged to Cost of Sales when the inventory is sold.

Cashflow

Significant cashflow movements are summarised in the graph below.



Significant cash inflows and outflows during the year included net inflows from operations of $85 million reflecting payments from customers of $135 million offset by payments to suppliers, leases and employees of $50 million.

Included in the $135 million above is $21 million for the maiden DSO shipment and $114 million from two concentrate shipments under the Yahua pre-payment arrangement (prepaid concentrate sales). As payment was received prior to delivery these payments have been recognised in the cashflow statement. However, at 30 June 2023, 13,077 tonnes of the prepaid concentrate sales was yet to be delivered and as such payment for only the portion of sales delivered is recognised in the Profit and Loss Statement and in the Balance Sheet these amounts are recognised as financial liabilities.

Total cash outflows of $151 million for plant, equipment, and mine development assets reflected the completion of the capital expenditure for the Finniss project and $15 million was spent on exploration activities, principally focused on the Finniss operation.

FY24 Forecast

On 24 July, Core published the following production guidance for the 12 months ending 30 June 2024. The FY24 forecast is subject to weather, geotechnical conditions and other operational risks.

Production (subject to weather conditions)	
Production (tonnes)	80,000-90,000
Sales (tonnes)	90,000-100,000
Sale of fines (tonnes)*	85,000-95,000
Costs and Capital expenditure	
C1 costs (A$/t)**	A$1,165-1,250
Site sustaining capital	$20-$25m
Deferred Stripping	$45-$50m
Growth expenditure	
BP33 Early Works***	$45-$50m
Exploration and study expenditure****	$35-$40m

*Treated as a by-product credit to C1 costs.
**Unit operating costs (FOB Darwin excluding royalties) include mining, processing, transport, port charges, and site based general and administration costs and are net of fines margin by-product credit. It is calculated on an accruals basis and includes inventory movements, and credits for capitalised deferred mine waste stripping.
***If the BP33 project is approved in Q1 FY24 there will also be additional project execution expenditure in FY24.
****Includes Finniss District and greenfields expenditure and study costs

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 Finniss 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.