

12 March 2024

ASX: CXO Announcement

Half year financial results released

Core Lithium Ltd (**ASX: CXO**) (Core or Company) has released its half-year financial results for the period ended 31 December 2023 (HY24 or the period).

FY24 Half Year Results Summary

- There were 2 recordable injuries during the half year, which required medical treatment. Our focus remained on implementing our critical risk management program
- Spodumene concentrate production of 49.5kt with sales of 54.1kt and Lithium fines sales of 46.3kt, generating revenue of \$134.8 million
- Cash at 31 December 2023 of \$124.8 million
- Net loss after tax of \$167.6 million reflecting a 75% fall in the spodumene price over the period, a non-cash impairment of \$119.6 million and provisions for onerous contracts of \$27.6 million
- Following a strategic review, the decision was made to suspend mining at Grants and continue to process stockpiles until mid CY2024. Ore stockpiles at 31 December 2023 were 289kt
- Revised FY24 production guidance, 90,000t - 95,000t of 4.77% Spodumene concentrate production and sales of 80,000t - 90,000t

Commenting on the results, Core Chief Executive Officer Gareth Manderson said:

"This is the final time I am reporting on Core's financial results as CEO. I am pleased to be able to report that together with my team we have responded rapidly to the changing market conditions and taken the action required to put the business in the best position possible to weather the current market conditions. While this has meant suspending our mining activity, the processing of ore stockpiles provides an opportunity to generate revenue and puts the business in the best cash position possible to pursue the options available and realise value for our shareholders."

"I am pleased with the operating improvement we saw over the first half of FY24 as we matured as a lithium miner. We saw significant improvement in mining rates and our preparation for the wet season has meant we have been able to manage a wet season with rainfall well in excess of average. Notably, in the plant, we saw recoveries improve from 50% in Q1 FY24 to 63% by the end of December."

"We made significant improvements in our safety risk management approach and saw no significant environmental incidents. We also took great pleasure in being able to share some of the benefits of our operation through the community grants program with well deserving local community organisations."

"As I hand-over the leadership of the business, which is moving to a new stage of its development, I note that Core now has a suite of operational assets in our pit, plant and equipment which are very close to the major city and port of Darwin and that Core's exploration potential is significant and provides an important portfolio of assets for this company. These all provide opportunities to create value for Core and its shareholders moving forward."

Summary of HY24 operational and financial results

Sustainability

Operating safely and environmentally responsibly is critical to achieving our operational and financial objectives. Core continues to refine sustainability frameworks, systems, and protocols in line with leading practice guidelines.

The focus on Critical Risk Management (CRM) continued during the period. The integration of CRM into assessments of material safety risk events was finalised and ready for implementation. The health monitoring program continued with a full year of monitoring data set to inform risk management activities and control effectiveness programs.

Water storage and discharge infrastructure construction continued and was commissioned in preparation for the upcoming wet season. An updated water management strategy was prepared to reflect the increased sizing of water storage facilities and the improved linkage of facilities and operational efficiency. Telemetered water monitoring stations have been installed at downstream sites to improve the data which informs our operational water strategy.

We were also proud to continue our community grants program to support community groups in the Darwin region.

Operations

Significant progress was made in both the mine and processing plant, leading to improved productivity and record production, DMS plant performance continued to improve. During HY24, there was a focus on building consistent ore supply to the Run of Mine pad (ROM), with ore stocks at 31 December totalling 289kt.

The Company produced 49,529t of spodumene concentrate during the reporting period. Recoveries have consistently improved, from 50% at the start of the period, with monthly recovery reaching as high as 63% by the end of the period. Despite the improvement in production, the market deteriorated during the period, with the spodumene concentrate price falling 75% in the six months to 31 December 2023. The Fastmarkets 6% spodumene concentrate (SC6) price at 31 December 2023 was US\$950/t.

As a result of the significant fall in the lithium price, on 5 January 2024, Core announced the suspension of mining at the Grants open pit operation. The BP33 early works were also suspended during December 2023, and a decision was made to defer the FID on BP33.

Although mining has been suspended, the processing of existing ore stockpiles and the operation of the DMS plant to produce spodumene concentrate continues. Primero has a contract to operate and maintain the DMS plant and Primero has been given notice post the end of the period that DMS plant operations will end once the processing of the remaining ROM stocks was completed.

Board and management changes

Subsequent to the end of the half year, Core announced the resignation of non-executive director Andrea Hall and that the CEO Gareth Manderson would step down.

Andrea Hall confirmed her intention to retire as a Core director to enable a board that is fit for purpose for the future of Core. Andrea has been a non-executive director of the Company since April 2023 and is the Chair of the Risk and Sustainability Committee and a member of the Audit Committee and Nominations and Remuneration Committee.

Since joining Core in August 2022 Gareth was responsible for building a highly credentialed and extremely competent management team, and for the commissioning and safe and efficient operation of the Finnis Lithium Mine. Doug Warden has been appointed as interim CEO and James Virgo as interim CFO.

Production, sales and financials

Below is a summary of Core's production, sales and financials for HY24. For the full financial results, see the Interim Consolidated Financial Statements for the half year ended 31 December 2023, lodged with ASX today accompanying this release.

Table 1. Summary HY24 physicals, sales and financials

Operations		
Spodumene concentrate production	Tonnes	49,529
Spodumene concentrate sales	Tonnes	54,142
Spodumene concentrate realised price	US\$/t	2,098
Fines extraction	Tonnes	63,984
Fines sales	Tonnes	46,298
Fines realised Price	US\$/t	106
Cash operating unit costs	A\$/t	1,926
Profit and Loss¹		
Revenue	\$m	134.8
EBITDA ¹	\$m	(11.5)
Loss after tax	\$m	(167.6)
Cash flow		
Operating cash flow	\$m	(54.8)
Finniss Capex	\$m	(50.7)
Exploration expenditure	\$m	(22.5)
Cash balance at 31 December 2023	\$m	124.8

Income Statement

- Revenue for HY24 of \$134.8 million from the sale of 54.1kt of spodumene concentrate at an average realised SC6 price of US\$2,098/t² and 46.3kt of lithium fines at an average realised price of US\$106/t.
- Net loss after tax of \$167.6 million and EBITDA³ loss of \$11.5 million.
- The EBITDA loss reflects the 75% fall in the lithium price, the impact of \$28.1 million in non-cash NRV adjustments, and a provision for onerous contracts of \$27.6 million associated with the suspension of mining at Grants.
- An impairment loss of \$119.6 million was also recorded which was associated with decision to suspend mining at Grants.
- Total depreciation and amortisation comprised \$33.6 million of site depreciation and amortisation.
- Due to the suspension of mining, the Group has also derecognised the balance of deferred tax assets which related to tax losses that were expected to be recouped against taxable profits in the future.

¹ 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.

² This average realised price includes in the revenue relating to the prepaid sale from FY23 which was recognised in July 2023. Proceeds for the sale of 13.1kt were received in FY23.

³ EBITDA is earnings before interest, tax, depreciation and amortisation, exploration, development and other expenses.

Table 2. Summary HY24 profit and loss

	HY24 \$000's
Sales	134,796
Cash cost of sales	(72,458)
Non-cash inventory net realisable value (NRV)	(28,074)
Corporate expenses	(13,715)
Other operating cost	(4,287)
Onerous contract expenses	(27,582)
Foreign currency loss	(134)
EBITDA	(11,454)
Impairment of non-financial assets	(119,647)
Impairment of capitalised exploration expense	(792)
Depreciation and Amortisation	(33,635)
EBIT	(165,528)
Finance costs	(1,451)
Interest and other income	4,221
Operating Loss before income tax	(162,758)
Income tax expense	(4,862)
Loss after income tax	(167,620)

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, 88km south-west by sealed road from the Darwin Port in the 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.