

CORE LITHIUM LIMITED

Company Research

20th January 2021

Share Price \$0.215

52-Week Range	\$0.013 - \$0.265
Market Capitalisation	\$215.5m
Shares Outstanding	1,002.4m
Performance Rights	22.4m
Options (exp. at various dates with various exercise prices)	34.3m
Cash (30 Sep 2020)	\$6.9m

Significant Major Shareholders:

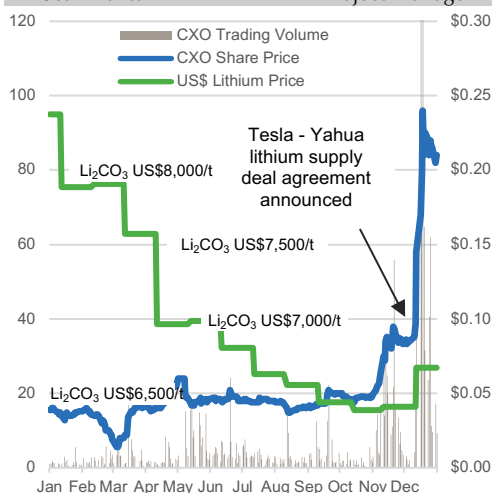
Yahua	7.0%
Xinfeng	2.6%

Board

Greg English	Chairman
Stephen Biggins	Managing Director
Heath Hellewell	Non-Executive Director
Malcolm McComas	Non-Executive Director

Management

Blair Duncan	Chief Operating Officer
Simon Iacopetta	Chief Financial Officer
Robert Sills	Marketing Manager
David Rawlings	Exploration Manager
Sean Buxton	Project Manager



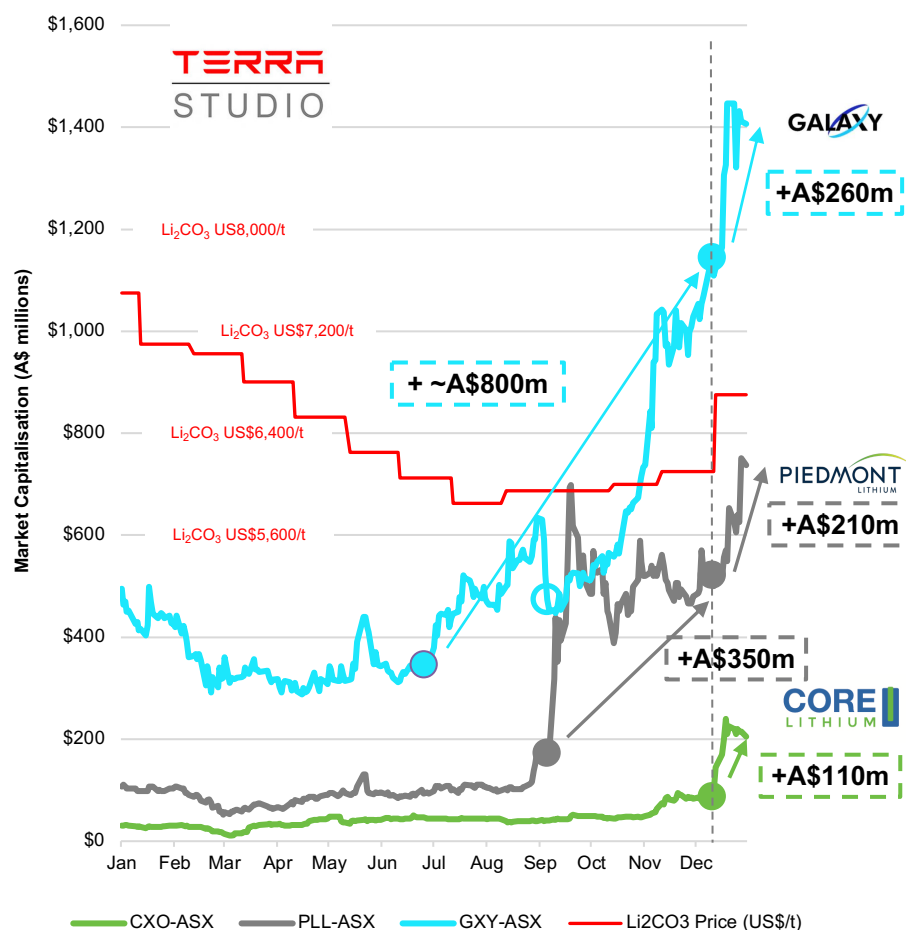
Core Lithium Ltd (ASX: CXO) is one of the most advanced lithium developers on the ASX. CXO's flagship project is the 100% owned Finnis Lithium Project, located 25km south of Darwin Port, for which a Definitive Feasibility Study was released in April 2019 and scheduled to be updated early 2021, aiming for a Final Investment Decision in 2021. All regulatory approvals have been received and the project is ready to enter the construction phase, subject to funding a modest A\$85m capital expenditure to produce 175,000 tpa of coarse grain spodumene concentrate targeting 6% Li₂O.

Research Analyst: J-François Bertincourt

Flash Note: The Tesla-Yahua Effects

Among the recent lithium off-take deals, we focused on three involving directly or indirectly Tesla, Inc. (NASDAQ: TSLA) and Sichuan Yahua Industrial Group Co Ltd (SZSE: 002497). Yahua is one of China's largest lithium hydroxide and carbonate producers.

The chart below summarises the increases in market capitalisation of the ASX-listed companies involved. While market valuations are influenced by multiple factors, this simple analysis tends to show that Core Lithium Ltd (ASX: CXO) should attract a higher valuation to follow similar paths and value increases recorded by Galaxy Resources (ASX: GXY) and Piedmont Lithium Ltd (ASX/NASDAQ: PLL).



Source: ASX, Terra Studio. The dots mark the dates of the key announcements detailed on the next page.

Yahua International Investment and Development Co. Ltd (Yahua) is the largest shareholder of Core Lithium Ltd and Yahua has signed a binding off-take agreement with Core for 75,000 tonnes per annum of lithium spodumene concentrate (agreement initiated in 2017 with increased commitment announced in April 2019).

The details and highlights of the deals are as follows in chronological order:

April 2019 - Yahua Increases Lithium Concentrate Offtake Commitment. Highlights:

- Core and Yahua have agreed to expand lithium concentrate offtake commitment by 50%;
- Offtake has been increased to 75,000t per annum of lithium concentrate;
- The Offtake Agreement includes a floor price, guaranteeing a robust operating margin and revenue for the first 2 years.

13 Jul 2020 – Galaxy Resources Ltd (ASX: GXY) announced a multiyear offtake extension with long term major customer Yahua. Highlights:

- Three-year extension agreement from January 2023 signed with current long term major customer Yahua International Investment and Development Co Ltd for minimum 120,000 dmt per annum of high quality spodumene concentrate from Mt Cattlin operation;
- ☐Yahua to purchase another 30,000 dmt during the remainder of 2020;
- ☐Yahua officially launched its new plant capable of 20,000 tonnes per year of lithium hydroxide, located in the city of Ya’an in southwest China’s Sichuan province on Monday, 18 May 2020.

28 Sep 2020 – Piedmont Lithium Ltd (ASX/NASDAQ: PLL) signs a sales agreement with Tesla. Highlights:

- Five year fixed price binding agreement with optional five-year extension;
- Agreement covers one-third of planned SC6 production of 160,000 tonnes per annum for the initial five-year term.

29 Dec 2020 - Tesla and Sichuan Yahua Industrial Group signed a five-year lithium supply deal.

- Yahua, put the total value of the contract, signed by its wholly-owned subsidiary Yaan Lithium, at \$630-\$880 million over 2021-25;
- Analysts at Daiwa Capital Markets said that value translated into a total lithium hydroxide procurement amount of 63,000-88,000 tonnes, or 12,600-17,600 tonnes per annum.