



ASX ANNOUNCEMENT

ASX : CXO

7th May 2018

Placement to Yahua International to Advance Finniss Lithium Project

HIGHLIGHTS

- **Core and Ya Hua International Investment and Development Co. Ltd which is wholly owned by Sichuan Yahua Industrial Group Co., Ltd (“Yahua Group”) have executed a Subscription Agreement to increase Yahua’s investment in Core;**
- **Yahua has committed to subscribe for \$1.4 million at 5.3 cents per share;**
- **This Placement is in additional to the previous investment of \$2.0 million made by Yahua in 2017;**
- **Yahua Group is a A\$2.4 billion A-share listed company on the Shenzhen Stock Exchange, and is one of China’s largest lithium hydroxide and carbonate producers, with significant expansion plans;**
- **The signing of this Subscription Agreement with Yahua reflects the strong level of interest from potential offtakers and development partners for the high grade spodumene at the Finniss Lithium Project near Darwin, Northern Territory.**

Emerging Australian lithium developer, Core Exploration Ltd (ASX: CXO) (“Core” or the “Company”) is pleased to announce that it has entered into a binding Subscription Agreement with Ya Hua International Investment and Development Co. Ltd (“Yahua”), which is wholly owned by Sichuan Yahua Industrial Group Co. Ltd (“Yahua Group”), one of China’s largest lithium hydroxide and carbonate producers, for a placement of \$1.4 million to Yahua (“Placement”). This Placement is in addition to the initial \$2.0 million placement to Yahua announced on 29 August 2017 and further demonstrates Yahua’s support for Core’s lithium projects.

The Placement of 26.4 million shares at 5.3 cents per share is on the same terms as the recently announced placement and Share Purchase Plan (refer ASX announcement 16 April 2018). The Share Purchase Plan is scheduled to close at 5pm AEST Tuesday 8th May 2018.



The additional funds raised by this Placement will provide Core with the ability to expand its regional exploration and resource focussed drilling within its Finnis Lithium Project with the ultimate objective to delineate further high grade spodumene resources to support a long-life mining operation capable of producing a high quality spodumene concentrate. Core's 2018 drilling campaigns are expected to commence imminently.

The Placement is expected to be completed within the next week and will be made under the Company's 15% placement capacity (Listing Rule 7.1). Following the Placement, Yahua will hold a 9.7% interest in Core (undiluted for new shares that will be issued upon close of the Share Purchase Plan).

About Sichuan Yahua Industrial Group Co. Ltd

Sichuan Yahua Industrial Group Co. Ltd. is a China-based company principally engaged in the manufacture and distribution of civil explosives. The company is an A-share listed company on the Shenzhen-stock exchange in China, with a market capitalisation of over RMB 13 billion (A\$2.4 billion).

Yahua Group is already one of China's largest lithium producers and has significant expansion plans. Yahua Group's existing operations includes a 12,000tpa lithium hydroxide refinery and a 6,000tpa lithium carbonate refinery, and it has plans to expand its production to 50,000tpa of lithium salt production. As a major supplier of lithium salts in China, Yahua Group has long term stable relationships with a number of the large downstream customers of lithium batteries and has broad marketing and distribution channels. Yahua Group already has significant business interests in Australia, including operations in Darwin, where it manufactures explosives for industrial use.

The company's main products include industrial chemical and explosives applied in mining, hydropower, transportation construction, urban renewal, geological exploration and national defence industries. The company is also involved in the provision of engineering blasting solutions and related services, as well as the production and sale of lithium carbonate, lithium hydroxide and other lithium salt products. The company distributes its products in domestic market and to overseas markets.

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