ASX ANNOUNCEMENT

19 August 2024

Strategic Update

- ***Bynoe Strategic Process ongoing.***
- ***Unsolicited non-binding indicative offer ("NBIO") received to acquire the Company.***
- ***NBIO is one of several strategic discussions ongoing at company and project level.***
- ***Drilling is ongoing at the Lake Johnston Lithium Project in WA.***

Charger Metals NL (ASX: CHR, "Charger" or the "Company") is pleased to provide an update on its strategic process regarding its Bynoe Lithium Project ("Bynoe") in the Northern Territory, as well as merger and acquisition discussions at the corporate level.

Strategic Process

As detailed in the latest Quarterly Report, Charger has engaged with a number of companies expressing an interest in Charger and its Bynoe Lithium Project. The Company commenced a process last year to investigate whether it could obtain better funding terms for its Lake Johnston and Bynoe Lithium Projects from strategic investors than those currently available in equity markets depressed by the sharp decline in lithium prices subsequent to a peak price in November 2022. The Company agreed to share its technical data under non-disclosure agreements with a short list of interested parties to fund significant exploration programmes at both the Lake Johnston and Bynoe Lithium Projects.

During January 2024, the Company completed a farm-in agreement with Rio Tinto Exploration Pty Ltd ("RTX"), a wholly-owned subsidiary of Rio Tinto Limited (ASX: RIO) at Lake Johnston ("RTX Agreement"). RTX can earn 51% by sole funding $10 million in exploration expenditure and paying Charger minimum further cash payments of $1.5 million, and can earn 75% by sole funding $40 million in exploration expenditure or completing a Definitive Feasibility Study.

To date the Company has not received binding terms on a funding proposal for the Bynoe Lithium Project and negotiations are ongoing.

Non-Binding Indicative Offer

As part of this strategic process, Charger has also been in discussions with several parties concerning potential options for maximising value for shareholders and retaining leverage to lithium prices going forward.

One such discussion has given rise to Charger receiving an unsolicited non-binding, conditional, indicative offer from Core Lithium Limited (ASX: CXO, "Core") to acquire ownership of the Company.

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The Core NBIO is to acquire the entire share capital of Charger for scrip consideration on the terms and conditions set out in Appendix A. The Core NBIO proposal of 0.9x fully paid ordinary shares in Core ("Core Share") for each fully paid ordinary share in Charger ("Charger Share") currently values Charger at $0.084 per Charger Share or $6.5 million[1]. The Core NBIO translates to a 23% premium to the closing price of Charger Shares on 16 August 2024, or 35% using the 5 day volume weighted average price ("VWAP") for Charger and Core Shares on the same date.[2] The more detailed terms of the Core NBIO proposal are set out in Appendix A.

The view of the CHR Board is that the terms currently provided in the Core NBIO do not fully reflect the Company's value and prospects.

The Charger Board remains open to continuing engagement with Core should it wish to do so, with the view to pursuing the best outcome for Charger shareholders.

Charger also intends to continue dialogue with other parties with which it is already engaged. These discussions involve a range of potential alternative outcomes for advancing and maximising the value of the Company and its projects. The Charger Board intends to evaluate each of the options on their merits. However, there is no guarantee that any of the current or future discussions that the Company may engage in with third party industry participants will necessarily give rise to any transaction or proposition unless the Charger Board concludes it to be in the best interests of the Company and its shareholders.

At this stage no discussions have been finalised around either a transaction at Bynoe or a corporate level transaction.

Authorised for release by the Board.

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About Charger Metals NL

Lithium explorer Charger Metals NL (ASX: CHR, "Charger") has an interest in the Lake Johnston and Bynoe Lithium Projects.

The Lake Johnston Lithium Project is located 450km east of Perth, in the Yilgarn Province of Western Australia. Lithium prospects occur within a 50km long corridor along the southern and western margin of the Lake Johnston granite batholith. Key target areas include the Medcalf Spodumene

[1] Calculated using Core's 5-day VWAP of A$0.094 on 16 Aug 2024.
[2] Calculated using Core's 5-day VWAP share price of A$0.094, Charger's 5-day VWAP share price of A$0.062 on 16 Aug 2024.

Prospect, the Mt Gordon Lithium Prospect and much of the Mount Day LCT pegmatite field, prospective for lithium and tantalum minerals.

The Lake Johnston Lithium Project is located approximately 70km east of the large Earl Grey (Mt Holland) Lithium Project where Covalent Lithium Pty Ltd (manager of a joint venture between subsidiaries of Sociedad Química y Minera de Chile S.A. and Wesfarmers Limited) began mining and commissioning of the concentrator in March 2024. Mt Holland is understood to be one of the largest hard-rock lithium projects in Australia with Ore Reserves for the Earl Grey Deposit estimated at 189 Mt at 1.5% Li_2O.[3]

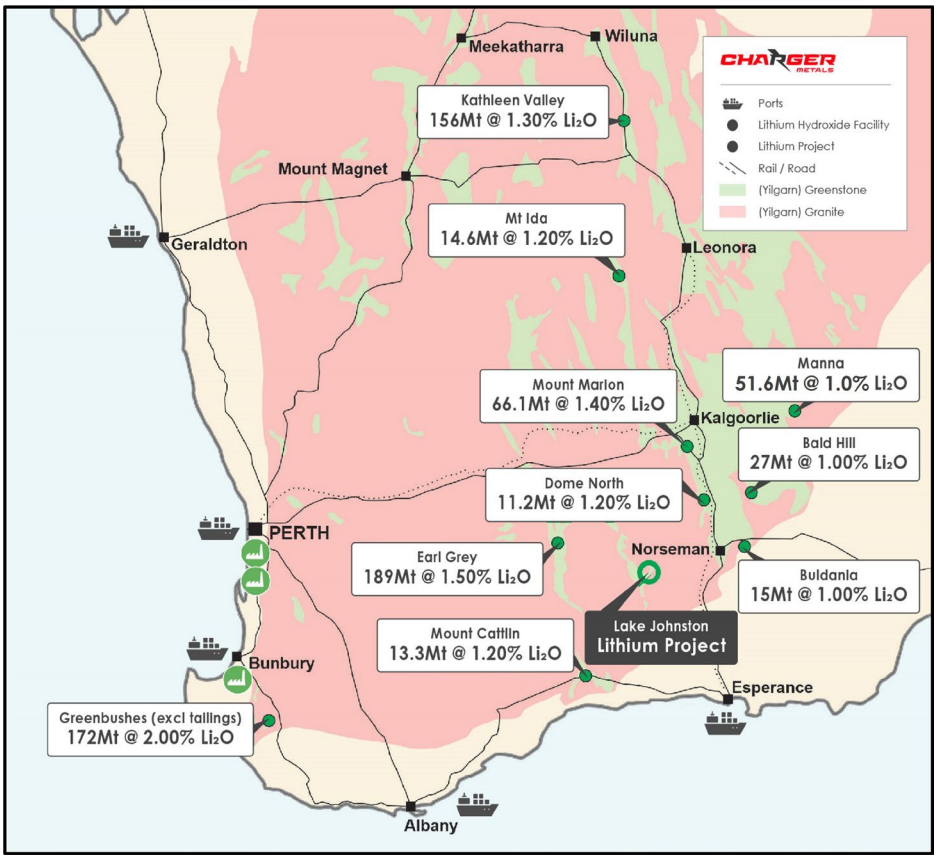

Figure 1. Location map of Lake Johnston Lithium Project in relation to other Yilgarn Block lithium projects. (Tonnages and grades shown for third party projects are estimates of current total Mineral Resources and/or Reserves based on publicly available information.)

RTX can earn 51% by sole funding $10 million in exploration expenditure and paying Charger minimum further cash payments of $1.5 million, and can earn 75% by sole funding $40 million in exploration expenditure or completing a Definitive Feasibility Study. [4]

[3] David Champion, Geoscience Australia, Australian Resource Reviews, Lithium 2018.
[4] Refer to ASX Announcement 20 November 2023 – "Rio Tinto and Charger Metals sign Farm-in Agreement for the Lake Johnston Lithium Project"

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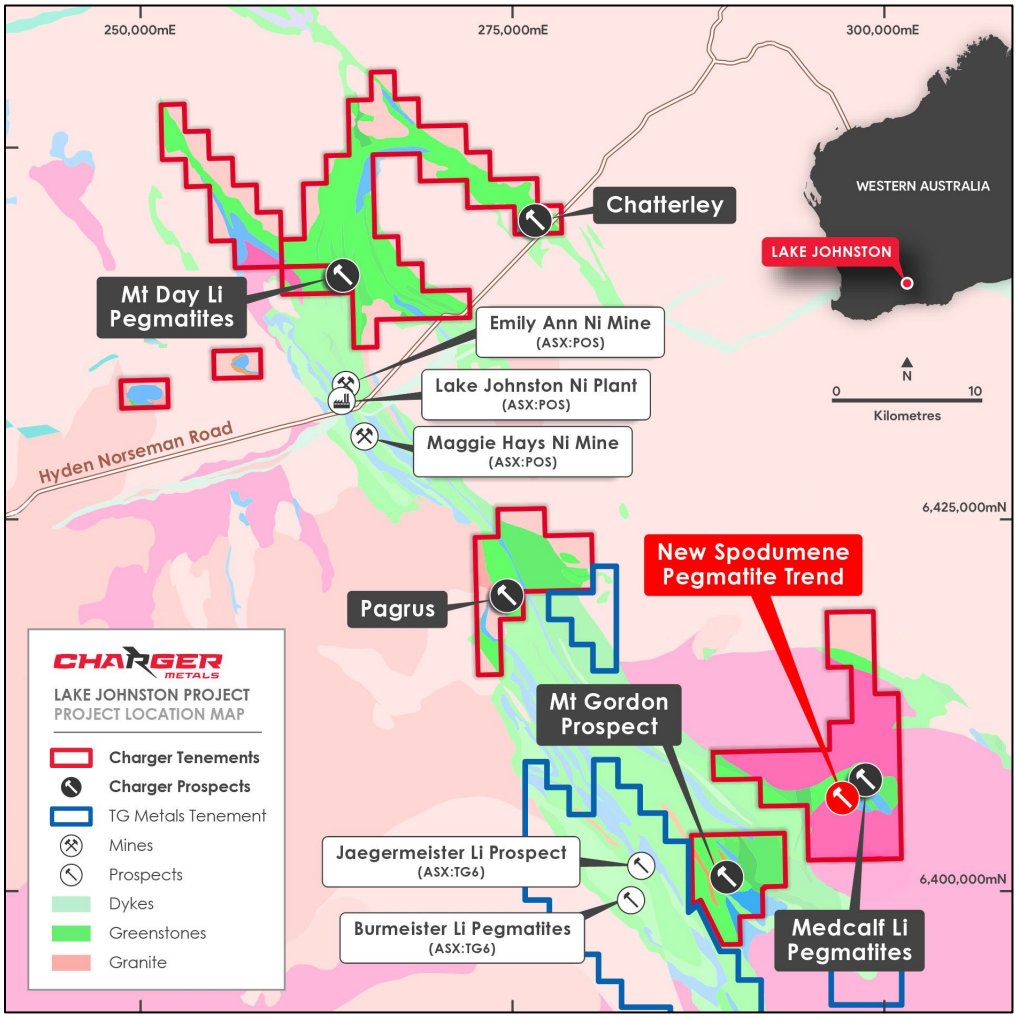

Figure 2. Location of key prospect areas within the Lake Johnston Lithium Project.

The Bynoe Lithium Project is a 70:30 JV with Lithium Australia Ltd (ASX: LIT) and is located in a Tier 1 jurisdiction approximately 35 km southwest of Darwin, Northern Territory, with excellent access and nearby established infrastructure. The project area covers approximately 63 km^2 within a known lithium (spodumene) -enriched belt surrounded by Core's Finniss Project, which currently has a JORC Resource of 48.2Mt at 1.26% Li_2O.[5] and high grade lithium drill intersections close to Charger's tenement boundary. Aeromagnetics and gravity indicate a prospective corridor with a regional NNE-SSW trend.

During 2023 Charger drilled 3 diamond drill-holes and 66 RC drill-holes across seven prospective target areas at Bynoe, with the results confirming lithium and tantalum mineralisation at three of the prospects: Enterprise, Utopia and 7Up. More than 20 identified lithium prospects within the Bynoe Project are yet to be drill tested.

[5] Refer to Core Lithium Ltd's ASX Announcement 11 April 2024 – "Finniss Mineral Resource increased by 58%"

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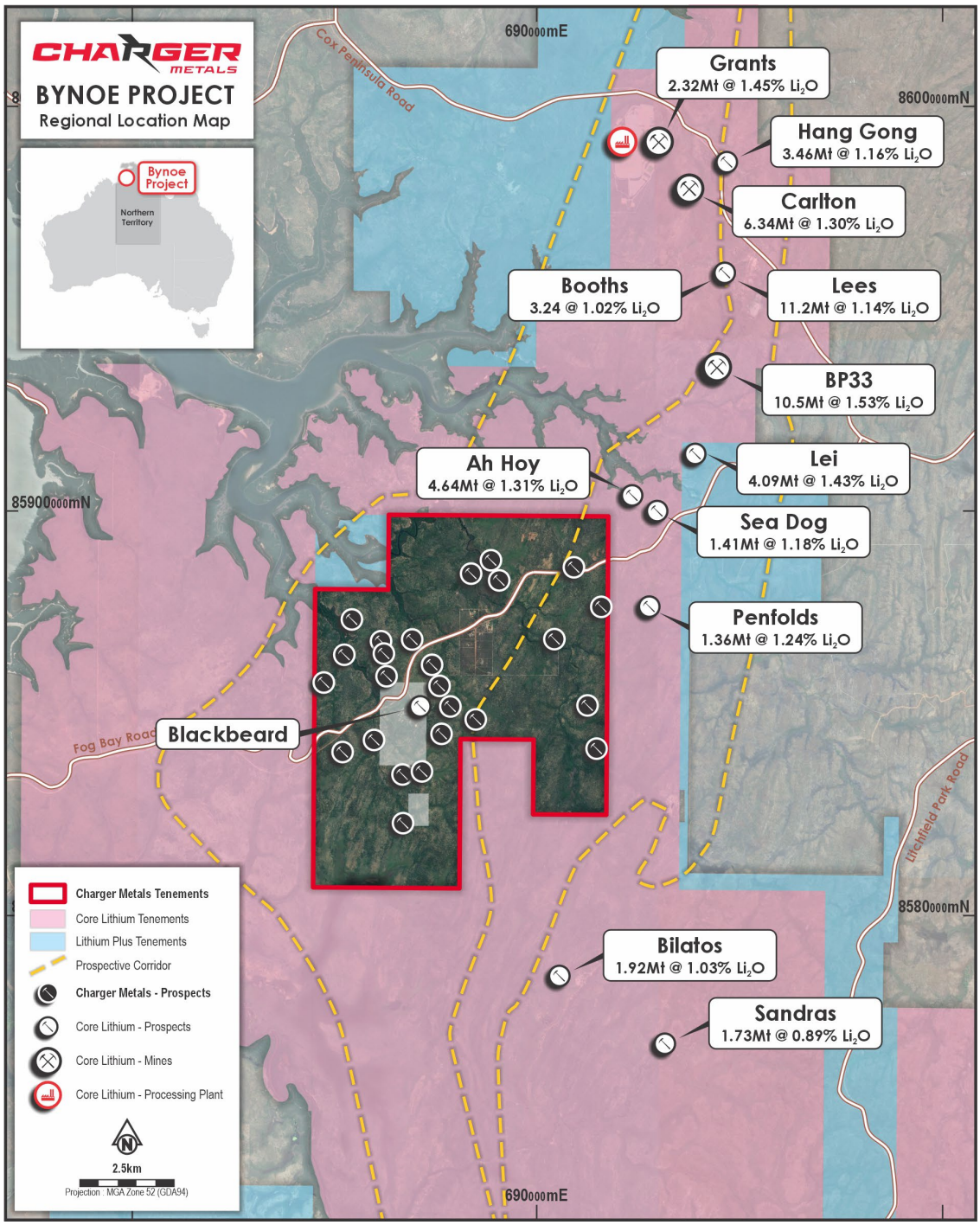

Figure 3. Location map of the Bynoe Lithium Project (Red outline) which is along trend from Core Lithium's Finnis Lithium Mine surrounded by Core' tenements (pink).[6]

[6] Refer to Core Lithium Ltd's ASX Announcement 11 April 2024 – "Finniss Mineral Resource increased by 58%"

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Forward Looking Statements

This announcement may contain certain "forward looking statements" which may not have been based solely on historical facts, but rather may be based on the Company's current expectations about future events and results. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis.

However, forward looking statements are subject to risks, uncertainties, assumptions, and other factors which could cause actual results to differ materially from future results expressed, projected or implied by such forward looking statements. Such risks include, but are not limited to exploration risk, Resource risk, metal price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the countries and states in which we sell our product to, and government regulation and judicial outcomes.

For more detailed discussion of such risks and other factors, see the Company's prospectus, as well as the Company's other filings. Readers should not place undue reliance on forward looking information. The Company does not undertake any obligation to release publicly any revisions to any "forward looking statement" to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

APPENDIX A – CORE NON-BINDING INDICATIVE ALL SCRIP PROPOSAL TO ACQUIRE CHARGER METALS NL

Core Lithium Limited **("Core")** made a non-binding indicative proposal ("**Indicative Proposal**") to acquire the entire share capital of Charger Metals NL **("Charger")** for scrip consideration on the terms and conditions summarised below (the "**Proposed Transaction**").

The Proposed Transaction was for an indicative offer of 0.9x fully paid ordinary shares in Core **("Core Share")** for each fully paid ordinary share in Charger **("Charger Share"),** which would currently value Charger at $0.084 per Charger Share or $6.5million[7].

The mechanism for the Proposed Transaction was by way of a recommended scheme of arrangement under Part 5.1 of the Corporations Act 2001 (Cth), and it was proposed that Core would work with Charger towards the execution of a definitive scheme implementation deed **("Scheme Implementation Deed")** as soon as possible, to include customary terms and conditions, including, but not limited to, the following:

- unanimous recommendation by Charger's board that shareholders vote in favour of the scheme, and commitment by all of Charger's directors in favour of the scheme, in the absence of a superior proposal and subject to an independent expert concluding that the Indicative Proposal is in the best interests of Charger's shareholders;
- shareholder and court approval;
- receipt of any independent expert report and material third party consents (if any);

[7] Calculated using Core's 5-day VWAP of A$0.094 on 16 Aug 2024.

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- all existing performance rights, share appreciation rights, options, shares and other securities held employees, officers or any other persons that are outstanding at completion, are acquired by Core or cancelled (if any) on terms acceptable to Core;
- Charger not undertaking any material transactions, not paying any dividends or other distributions and there being no material adverse change, prescribed occurrences, regulated events, material litigation or any material breaches of representations and warranties;
- there being no material adverse change, including no material events due to a change of control including material fees or costs, or key contract termination, other than with Core's prior agreement;
- deal protection mechanisms, including exclusivity arrangements (no shop, no talk, no due diligence, notification rights and matching rights) and a customary break fee payable by Charger to Core in prescribed circumstances; and
- if a share purchase agreement is entered into with Lithium Australia, completion will be interconditional with the Proposed Transaction, and Charger will be expected to provide, or support the process to obtain, any required consents for that transaction.

- Core requires only limited due diligence, including a review of:
  - Technical — access to Charger's key technical information and exploration plans
  - Legal — key agreements and commitments, employment contracts for key personnel, capital structure and issued securities (and their terms), tenement ownership and maintenance, land access and confirmation of the impacts (or absence of impacts) of a change of control
  - Financial — understanding Charger's financial position, budget, expenditure commitments and liabilities whether contingent or otherwise.
- Material Conditions and Approvals – Core Board approval would be required prior to entry into the Scheme Implementation Deed and associated documents. Core will not require shareholder approval to proceed and given the Core Group's strong financial position, will also not require any financing-related approvals.

Unless and until definitive documentation is entered into giving effect to the Proposed Transaction, Core would not be under any obligation whatsoever including, without limitation, to negotiate terms with Charger or any other person.

Core reserves the right to terminate discussions immediately at any time and not to pursue the Indicative Proposal (for any reason or for no reason), without any obligation on its part. Core states that if its NBIO or its potential interest in Charger is disclosed or becomes publicly available in any form this Indicative Proposal will immediately lapse.