

LEO LITHIUM LIMITED

(formerly Goulamina Holdings Pty Ltd)

ANNUAL REPORT

For the Financial Year Ended 31 December 2021

Corporate Data

Directors

Alistair Cowden
Dr Michael Anderson
Brendan Borg
Simon Hay

Registered Office

Level 3, 31 Ventnor Avenue, West Perth, Perth WA 6005

Auditors

PricewaterhouseCoopers, Brookfield Place, Level 15, 125 St Georges Terrace, Perth WA 6000

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Directors' Report

1. General

The directors present their report, together with the financial statements of the consolidated entity (the Group) consisting of Leo Lithium Limited (formerly Goulamina Holdings Pty Ltd) (the Company), Mali Lithium BV and Lithium du Mali SA, its 100% owned subsidiaries, that the Company controlled at the end of the year ended 31 December 2021. The ultimate holding company of the Company is Firefinch Limited (formerly Mali Lithium Limited).

2. Directors

The following persons were directors of the Company during the whole of the financial period and up to the date of this report:

Alistair Cowden (appointed on 16 December 2019)

Dr Michael Anderson (appointed 6 April 2021)

Brendan Borg (appointed 13 October 2021)

Simon Hay (appointed 10 January 2022)

3. Review of operations and financial results

The profit of the Group for the financial year amounted to \$25,335 (2020: loss of \$921). The cash and cash equivalents at 31 December 2021 were \$23,481 (2020: 24,431).

4. Significant changes in state of affairs

On 13 October 2021, Goulamina Holdings Pty Ltd changed its name to Leo Lithium Pty Ltd. On 26 November 2021, Leo Lithium Pty Ltd changed its name to Leo Lithium Limited and was converted to a public company.

5. Principal activities

Leo Lithium Limited is a holding company that holds an interest in the Goulamina Lithium Project (the Project) in Mali through its subsidiary Lithium du Mali SA. The Company supports exploration and mining activities of the Project.

6. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company.

7. Proceedings on behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

8. Rounding of amounts

The amounts contained in this report and in the financial report have been rounded to the nearest dollar.

Directors' Report (cont'd)

9. Subsequent Events

On 4 January 2022, the boards of both Firefinch Limited and Ganfeng approved a Final Investment Decision (FID) for the Project. The parties have agreed to waive the FID condition to the payment of the final US\$91 million upon the formation of the incorporated joint venture. The transfer of the Project Exploitation Licence to Lithium di Mali SA will allow the formation of the joint venture, the payment of the final US\$91 million and the release from escrow of the US\$39 million first payment made on 1 December 2021).

On 10 January 2022, Simon Hay was appointed as Managing Director of Leo Lithium Limited.

Signed in accordance with a resolution of the Directors



Dr Alistair Cowden, Director

4 March 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2021

	Note	31 Dec 2021 \$	31 Dec 2020 \$
Other income	5	25,840	-
Administrative expenses		(479)	(1,157)
Foreign exchange gain/(loss)		(26)	236
Profit/(Loss) before tax		25,335	(921)
Income tax expense		-	-
Profit/(Loss) after tax		25,335	(921)
Total comprehensive profit/(loss)		25,335	(921)
Total comprehensive profit/(loss) attributable to:		25,335	(921)
Owners of Leo Lithium Limited			

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2021

	Note	31 Dec 2021 \$	31 Dec 2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	3	23,481	24,431
Total Current Assets		23,481	24,431
TOTAL ASSETS		23,481	24,431
LIABILITIES			
Current Liabilities			
Trade and other payables	4	-	51
Loans and other borrowings	5	-	26,234
Total Current Liabilities		-	26,285
TOTAL LIABILITIES		-	26,285
NET ASSETS /(LIABILITIES)		23,481	(1,854)
EQUITY			
Issued capital	6	2	2
Accumulated losses		(1,856)	(935)
Current year earnings/(losses)		25,335	(921)
TOTAL EQUITY		23,481	(1,854)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2021

Financial year ended 31 Dec 2020	Issued Capital \$	Accumulated Losses \$	Total \$
Opening balance on 1 January 2020	2	(935)	(933)
Current year losses	-	(921)	(921)
Closing balance on 31 December 2020	2	(1,856)	(1,854)

Financial year ended 31 Dec 2021	Issued Capital \$	Accumulated Earnings/Losses \$	Total \$
Opening balance on 1 January 2021	2	(1,856)	(1,854)
Current year earnings	-	25,335	25,335
Closing balance on 31 December 2021	2	23,479	23,481

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021

	Note	31 Dec 2021 \$	31 Dec 2020 \$
Cash flows from operating activities			
Payments to suppliers and employees	8	(253)	(88)
Net cash (outflow) from operating activities		(253)	(88)
Cash flows from investing activities			
Net cash (outflow) from investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings		-	26,944
Proceeds from issue of capital		-	-
Net cash inflow from financing activities		-	26,944
Net increase/(decrease) in cash and cash equivalents		(253)	26,856
Cash and cash equivalents at 1 January		24,431	-
Change in foreign currency held		(697)	(2,425)
Cash and cash equivalents at 31 December		23,481	24,431
Non-cash financing and investing activities	5	(25,840)	-

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

1. General

This financial report has been prepared because the Group is preparing for an initial public offering (IPO) on the Australian Securities Exchange (ASX). The report is required for the purpose of the public prospectus that will be lodged with the ASX prior to the IPO.

This annual report for the year ended 31 December 2021 is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Leo Lithium Limited (formerly Goulamina Holdings Pty Ltd) is a company limited by shares, incorporated and domiciled in Australia. The Company is a for-profit entity for the purpose of preparing financial statements under Australian Accounting Standards.

2. Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the company operates ("functional currency"). The financial statements are presented in Australian Dollars (AUD), which is the functional currency and presentation currency of the Company.

Foreign Currency Transactions

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting date are recognised in the profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Foreign exchange differences arising from the translation are recognised in the consolidated statement of profit or loss and other comprehensive income.

Principles of Consolidation

The financial statements consolidate those of the Company and all of its subsidiaries. The Company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the activities of the subsidiary.

Notes to the Consolidated Financial Statements (cont'd)

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation, including unrealised gains and losses on transactions between companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Plant and Equipment

(a) Measurement

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment losses.

(b) Components of costs

The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(c) Depreciation

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the consolidated statement of profit or loss and other comprehensive income when changes arise. Fully depreciated plant and equipment still in use are retained in the financial statements.

(d) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the profit or loss when incurred.

(e) Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the consolidated statement of profit or loss and other comprehensive income.

Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset might be impaired. If an indication exists or when annual impairment testing is required, the Company makes an estimate of the asset's recoverable amount.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell or the value-in-use) is determined on an individual asset basis unless the asset does not

Notes to the Consolidated Financial Statements (cont'd)

generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating units ("CGU") to which the asset belongs. If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in the consolidated statement of profit or loss and other comprehensive income.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the consolidated statement of profit or loss and other comprehensive income.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank accounts balances, bank overdrafts, deposits with financial institutions and short term highly liquid investments, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Trade and Other Payables

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest. Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the profit or loss as finance expense.

Borrowings

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the end of the financial reporting date.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Notes to the Consolidated Financial Statements (cont'd)

Share Capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

Income Taxes

Income tax expense represents the sum of the current income tax and deferred tax liabilities.

Current income tax for the current period is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date; and
- based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss.

Related Parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group where each parent, subsidiary and fellow subsidiary is related to each other;
 - (ii) The entity is an associate or joint venture of the other entity;
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third party and the other entity is an associate of the third party;

Notes to the Consolidated Financial Statements (cont'd)

- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employees are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in section (a);
- (vii) A person identified in section (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity or its parent; or
- (viii) The entity or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Significant Accounting Estimates and Judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There were no critical judgements made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements. There were no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Notes to the Consolidated Financial Statements (cont'd)

3. Cash and Cash Equivalents

	31 Dec 2021	31 Dec 2020
	\$	\$
Cash at bank – Lithium du Mali SA	23,481	24,431
	23,481	24,431

4. Trade and Other Payables

	31 Dec 2021	31 Dec 2020
	\$	\$
Other Payables	-	51
	-	51

5. Loan and Other Borrowings

	31 Dec 2021	31 Dec 2020
	\$	\$
Loans from other related parties:		
Loan from Firefinch Limited (formerly Mali Lithium Limited) ⁽¹⁾	-	1,206
Loan from Timbuktu Ressources SARL ⁽¹⁾	-	25,028
	-	26,234
Movement		
Opening balance on 1 January	26,234	933
Loans received	-	26,944
Foreign currency translation movement	(394)	(1,643)
Loans forgiven	(25,840)	-
Loan closing balance on 31 December	-	26,234

⁽¹⁾ Unsecured and non-interest-bearing loans payable to Timbuktu Ressources SARL and Firefinch Limited were forgiven in full on 30 September 2021 and written off to profit and loss.

6. Share Capital

	31 Dec 2021	31 Dec 2020
	\$	\$
Share capital- ordinary shares	2	2
	2	2

The share capital is represented by one fully paid ordinary share with the value of \$2.00.

Notes to the Consolidated Financial Statements (cont'd)

7. Subsidiaries

Name of Subsidiary	Place of Incorporation	Date of Incorporation	Interest
Lithium du Mali SA	Mali	19 March 2020	100%
Mali Lithium BV	The Netherlands	18 September 2021	100%

8. Cash flow information

Cash generated from operations

	31 Dec 2021	31 Dec 2020
	\$	\$
(Loss)/profit before income tax	25,335	(921)
<i>Adjustments for:</i>		
Non-cash transactions with related parties	(25,840)	1,018
Net exchange differences	303	(236)
<i>Change in operating assets and liabilities</i>		
Increase/(decrease) in other operating liabilities	(51)	51
	(253)	(88)

9. Subsequent Events

On 4 January 2022, the boards of both Firefinch Limited and Ganfeng approved a Final Investment Decision (FID) for the Project. The parties have agreed to waive the FID condition to the payment of the final US\$91 million upon the formation of the incorporated joint venture. The transfer of the Project Exploitation Licence to Lithium di Mali SA will allow the formation of the joint venture, the payment of the final US\$91 million and the release from escrow of the US\$39 million first payment made on 1 December 2021).

On 10 January 2022, Simon Hay was appointed as Managing Director of Leo Lithium Limited.

10. Authorisation of Financial Statement for Issue

The financial statements were authorised for issue in accordance with the resolution of the Board of Directors of the Company 4 March 2022.


Directors' Declaration

In the directors' opinion:

- The financial statements and notes set out on pages 6 to 16 are in accordance with the Corporations Act 2001, including:
 - i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial year ended on that date and:
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors.



Dr Alistair Cowden

4 March 2022



Independent auditor's report

To the members of Leo Lithium Limited

Our opinion

In our opinion the accompanying financial report gives a true and fair view of the financial position of Leo Lithium Limited (the Company) and its controlled entities (together the Group) as at 31 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2021
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter - basis of accounting and restriction on use

We draw attention to Notes 1 and 2 in the financial report, which describe the purpose and basis of accounting. The financial report has been prepared for the purpose of meeting the requirement of Leo Lithium Limited and its members. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for Leo Lithium Limited and its members and should not be used by parties other than Leo Lithium Limited and its members. Our opinion is not modified in respect of this matter.



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the directors for the financial report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Management is responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

A handwritten signature in black ink, appearing to read 'Helen Bathurst', with a stylized flourish at the end.

Helen Bathurst
Authorised Representative
PricewaterhouseCoopers Securities Ltd

Perth
4 March 2022