



Overview of Proposed Transaction

Managing Director
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3 July 2024

Approved for release by the Board of Leo Lithium Ltd

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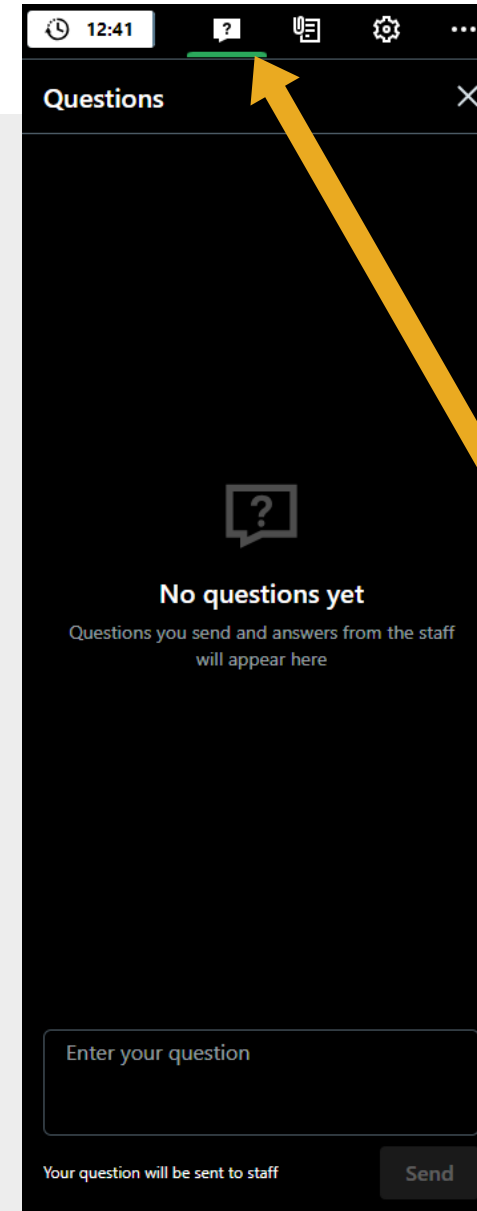
Leo Lithium Webinar

Agenda and Q&A

1. Outline of Transaction

2. Discussion and Q&A

Further details on the matters discussed in this presentation are contained in the Leo Lithium Notice of General Meeting released on ASX on 1 July 2024 and which is available to view at www.asx.com.au or www.leolithium.com



Please submit any questions in the "Questions" box, located in the top right-hand side of your screen.

Proposed transaction

Sale of Leo's remaining 40% interest in Goulamina to Ganfeng

Leo to sell 40% MLBV¹ shares for US\$342.7 million or A\$519 million (A\$0.43/sh²)

- Non-refundable deposit - US\$10.5 million – funds already received
- Tranche 1 - US\$161.0 million payable on completion expected ~ 31 Oct 2024
- Tranche 2 - US\$171.2 million payable by 30 Jun 2025

Leo to exchange offtake rights for 1.5% of gross revenue – Trailing Product Sales Fee (TPSF)

- 1.5% of gross revenue from sale of lithium products from Stage 1
- Subject to 500,000tpa spodumene concentrate cap
- Valid over a 20-year period, commencing on first commercial shipment, payable by Ganfeng

Use of funds

- Tranche 1 – net proceeds to be returned to shareholders – estimated A\$0.13-0.16/ sh³ in January 2025
- Tranche 2 – discussed later in the presentation
- TPSF – monetise at the appropriate time

1. MLBV means Mali Lithium B.V., the holding company of Lithium du Mali SA which owns the Goulamina Project.
2. Assumes AUD:USD exchange rate of 0.66. A\$0.43/sh represents the gross proceeds from the US\$342.7m sale.

3. Assumes AUD:USD exchange rate of 0.66 – 0.70, taxation of between A\$49 million to A\$78 million and a diluted share capital of 1,205,042,781 shares, which assumes all performance rights are exercised and no options are exercised.

Challenges increasing in Mali

Despite significant efforts a viable agreement could not be reached with the Mali Gov

“Leo Lithium made significant efforts to reach a viable agreement with the Government of Mali. However, considering the increasing risks associated with operating in Mali, including the impact of the new 2023 Mining Code and substantial future funding requirements, the Board sees the advantages of the Proposed Transaction far outweigh the drawbacks, under the current circumstances.”

Therefore, the Board strongly encourages Leo Lithium shareholders to vote in favour of the Proposed Transaction.”

**Leo Lithium Non-Executive Chairman,
Rick Crabb**

Leo engaged in extensive discussions with the Mali Government regarding the impact of the new mining code and the ongoing delay in operational permits.

Despite this, a viable agreement to continue could not be reached. The Board determined that a sale of Leo's remaining interest in MLBV, and therefore its interest in Goulamina, is in Leo's best interest due to:

- **Increased risks associated with operating in Mali**
 - Ongoing sovereign risks and the potential for further changes to fiscal, regulatory and compliance regimes
- **Application of the 2023 Mining Code**
 - Considerably diminishes the value of Leo's interest in the Goulamina project
- **Ongoing funding requirements**
 - Funding Leo's share of future expansions, additional infrastructure in country such as downstream enhancements
- Considering the above, Leo Lithium proposes the sale of its remaining interest in MLBV and its interest in Goulamina to Ganfeng, its MLBV joint venture partner
- Completion is subject to shareholder approval, among other conditions.

Goulamina's value to Leo has fundamentally changed

2023 Mining Code has diminished Leo's value proposition for Goulamina



Transition to 2023 Mali Mining Code

- New Mining Code promulgated on 29 August 2023 - significantly different from existing mining code
- Significant negative financial impact on the Goulamina Project
- Mali Government has insisted that Goulamina transition to the new code

Primary changes in the 2023 Mining Code:

- Government stake can increase from 20% to 30% (with private Mali nationals retaining a right to a further 5%)
- 10% free carry remains. Payment terms for the additional 20% being based off the costs of exploration and feasibility studies prior to the decision to develop Goulamina versus the original method which was based on fair market value
- Exploitation licence term reduced from 30 to 12 years, with the opportunity to renew¹
- Imposition of significant new revenue-based fees in addition to existing royalties
- Elimination of corporate tax, VAT and customs incentives

Geopolitical Risk In Mali Increasing

- The political climate in Mali over the last 12 months has significantly changed, increasing the risks of operating in the region

1. The 2023 Mining Code provides for a 12-year initial term. The MoU signed with the Government contemplates a 15-year initial term, however the original term Leo had was 30 years.

Rationale for the Proposed Transaction

Board recommends shareholders vote in favour

✓ Realisation of certain value in challenging circumstances	<ul style="list-style-type: none">• The sale price of approximately US\$343 million is equivalent to approximately A\$0.43 (gross) per Leo share vs. last traded price of A\$0.51• ASX lithium stocks have declined between 30-80% since Leo went into suspension in September 2023
✓ Receipt of ongoing TPSF	<ul style="list-style-type: none">• Leo will receive the benefit of the TPSF, which will be paid to Leo from commencement of first commercial shipment of Goulamina concentrate for twenty years
✓ Enables cash return to shareholders	<ul style="list-style-type: none">• Net proceeds from the Tranche 1 cash consideration are to be distributed to shareholders as soon as practicable• The Board will reserve a decision on Tranche 2 and whether to monetise the Trailing Fee until closer to the date upon which they become available
✓ High quality, fully funded counterparty	<ul style="list-style-type: none">• Ganfeng is a leading multinational player in the lithium battery supply chain• As an existing shareholder in MLBV and JV participant in Goulamina, Ganfeng has a detailed understanding of the technical, financial and regulatory requirements of Goulamina
✓ No further funding from Leo	<ul style="list-style-type: none">• Ganfeng to sole fund all expenses from the date of the first announcement - 8 May 2024

Rationale against the Proposed Transaction

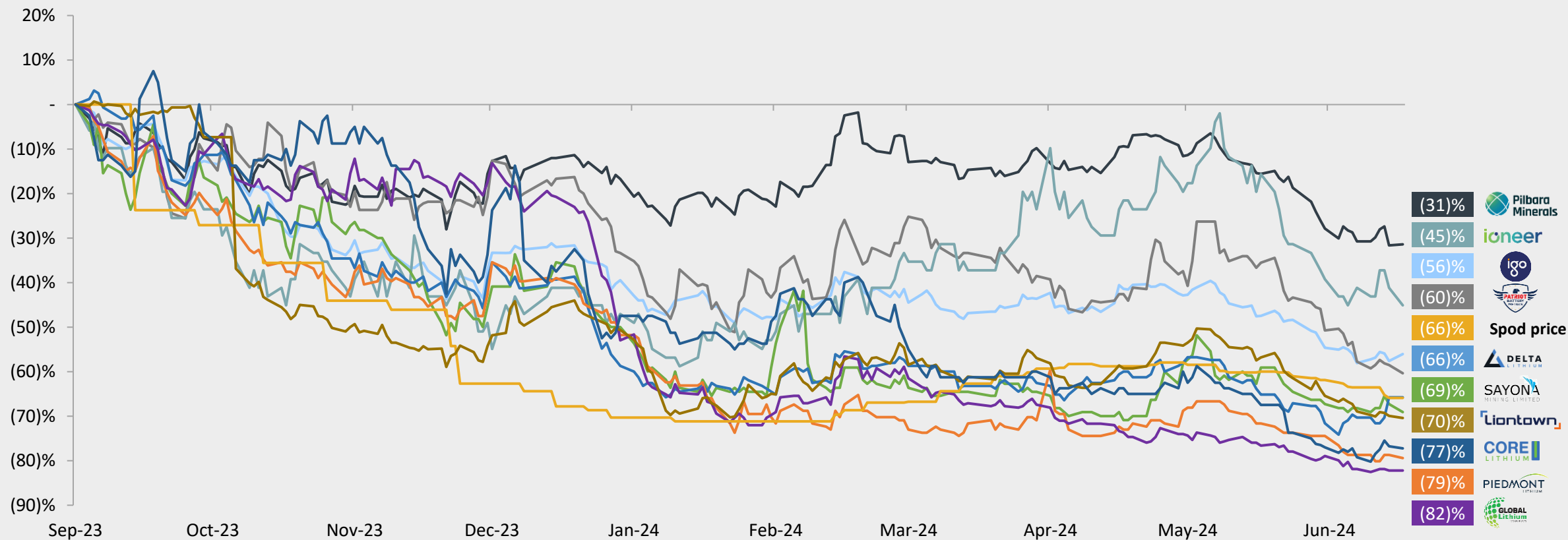
Reasons to vote against the transaction

✓	Deferral of revenue	<ul style="list-style-type: none">• Company will no longer start generating revenue in the near future (other than the Trailing Fee)
✓	Principal Asset Sale	<ul style="list-style-type: none">• Selling the principal asset may not be consistent with the investment objectives of all shareholders• If completed, shareholders will no longer have exposure to potential economic returns arising from the Goulamina Project (other than the TPSF), including exposure to any increase in the lithium price
✓	Other Assets	<ul style="list-style-type: none">• There is a risk that the Company may not be able to identify, complete the acquisition of, or progress other suitable investment opportunities in a value-accretive manner for shareholders
	Risks in voting against the transaction	<ul style="list-style-type: none">• If the Proposed Transaction is not approved, the Company will remain a minority owner of the Goulamina Project and will be exposed to the various risks associated with financing, constructing and operating a lithium mine in Mali
	These risks include	<ul style="list-style-type: none">• Ongoing security and sovereign risk in Mali• Proposed implementation of the 2023 Mining Code• Modified joint venture arrangements• Possibility of interest in the joint venture reducing from 40% to 26% due to the 2023 Mining Code• Leo no longer being the manager of the Project following the novation of the Management Agreement to Ganfeng• Risks associated with Leo's ability to meet its ongoing funding requirements

ASX Lithium Sector – Peer Share Price Returns

ASX-listed lithium peers have traded down ~30-80% since Leo last traded in September 2023

Select ASX-Listed Lithium Companies – Share Price Returns Since Leo Last Traded (15-Sep-23)



Tranche 1 distribution to shareholders

Estimated Tranche 1 distribution to shareholders of A\$0.13 to A\$0.16 per share

- If shareholders approve the Proposed Transaction and all conditions are satisfied, Leo will receive from Ganfeng a first instalment of **US\$161.0 million** (pre-tax) around end Oct 24
 - Equates to **A\$157 to A\$192 million** once taxes are deducted - a distribution of **A\$0.13 and A\$0.16 per share**
- All Malian CGT will be paid from Tranche 1 proceeds
- Leo is currently obtaining tax advice on the preferred manner for distribution and a class ruling from the ATO. Options include:
 - a return of capital (of up to 68% of the proposed distribution); and/or
 - payment of an unfranked dividend
- Before any return of capital is undertaken, shareholders will be asked to approve that return at a separate shareholder meeting
- Any dividend will be declared out of 2024 profit (which will include profit on the sale of the shares in MLBV). This dividend can only be paid in FY2025 (Jan 2025 at the earliest)
- The Board will finalise the size, form and timing for distribution of the Tranche 1 Cash Consideration based on the ATO class ruling and investors will be kept informed
- Once the sale completes, the timelines are fixed

Indicative Timing

October 2024

- Sale completes
- Receive Tranche 1 Cash consideration
- Receive ATO “letter of comfort” confirming tax treatment

November 2024

- Dispatch notice of meeting seeking shareholder approval to return capital

December 2024

- Convene shareholder meeting and approve return of capital
- Receipt of ATO approval
- Close FY24, complete financial results

January 2025

- Declare and pay unfranked dividend out of FY24 profits.

Tranche 2 Cash Consideration

The Board is reserving its decision on the distribution of Tranche 2 Cash Consideration

- If the Proposed Transaction is approved and all conditions satisfied, Leo will receive a second cash instalment from Ganfeng of **US\$171.2 million** (pre-tax) no later than 30 June 2025
- No CGT payable from Tranche 2 proceeds as all Malian tax to be paid from Tranche 1
- This equates to ~**A\$0.20 - A\$0.21 per share**¹
- This payment is unconditional once the Proposed Transaction completes - the Tranche 2 Cash Consideration is not linked to the Goulamina Project or what happens within Mali once the Proposed Transaction completes
- Leo receives interest at a rate of approx. 7.3% pa² from the date the Proposed Transaction completes up to the date the US\$171.2 million is received by the Company
- As the date for receiving the Tranche 2 Cash Consideration is still 12 months away, the Board has decided to reserve its decision on the Tranche 2 Cash Consideration until closer to the date upon which that amounts become payable
- **The Tranche 2 Cash Consideration will only be retained for use within the Company where those proceeds can be effectively applied in a value accretive manner for Shareholders**

Indicative Timing

October 2024

- Sale completes
- Interest on US\$171.2 million Tranche 2 Cash Consideration becomes payable

November 2024 – June 2025

- Downsize and reduce costs
- Explore alternative investments
- Board determines appropriate treatment of Tranche 2 Cash Consideration

By 30 June 2025

Tranche 2 Cash Consideration received by Company

1. Assumes AUD:USD exchange rate of 0.66 - 0.70 and a diluted share capital of 1,205,042,781 shares, which assumes all performance rights are exercised and no options are exercised.
2. Shown exclusive of interest which accrues daily on the Tranche 2 Cash Consideration at a rate of SOFR + 2% from the Completion Date until the Tranche 2 Payment Date

Transaction Conditions Precedent

All conditions must be satisfied prior to Completion

Leo has advanced all its conditions precedents

Condition	Status ¹
Execution of the Settlement Agreement by all parties	Satisfied
Execution of the Deed of Novation Management Agreement by all parties	Satisfied
Execution of the Goulamina Services Agreement by all parties	Satisfied
Execution of the Goulamina Funding Agreement by all parties	Satisfied
Ganfeng and Leo entering into a deed to terminate the Shareholders' Deed and Administrative Services Deed	Satisfied
Shareholders of the Leo approving the Proposed Transaction	Subject of Resolution 3
<p>Ganfeng receiving the approval or completing the filing, or obtaining modification to such approval or filing, as applicable, for the Proposed Transaction from or with each of:</p> <ol style="list-style-type: none"> 1. The National Development and Reform Commission or its local counterparts; 2. The Ministry of Commerce or its local counterparts; and 3. The State Administration of Foreign Exchange or its local counterparts 	In progress

Transaction Timeline

Event

Indicative Date

Meeting of Shareholders to approve the Proposed Transaction

31 July 2024*

Receipt of letter of comfort from ATO

October 2024

Completion of the Proposed Transaction (timing subject to satisfaction or waiver of the Conditions Precedent)

End October 2024

Receipt of Tranche 1 Cash Consideration Net Proceeds 10 business days after satisfaction of final conditions precedent

Early November 2024

Meeting to approve any element of the Tranche 1 Distribution requiring Shareholder approval

December 2024

Tranche 1 Distribution paid to Shareholders

Early January 2025

Receipt of Tranche 2 Cash Consideration proceeds

By 30 June 2025

Update on re-trading discussions

ASX not minded to re-instate Leo to trading on the ASX

Recently met with ASX representatives regarding re-trading on the ASX

- Following resolution of the dispute with the Mali government, Leo has updated its ASX filings including lodgement of the 2023 Annual Report, related corporate governance filings and lodgement of 2024 Notice of Annual General Meeting
- The Chair and CEO of Leo met with representatives from the ASX to discuss the reinstatement of the Company's Shares to trading on ASX
- On this basis, Leo submitted a written request to ASX seeking reinstatement of Leo shares to trading on the ASX

ASX advice

- ASX has stated in writing it is not minded to reinstate Leo's shares to trading following release of the Notice of Meeting

ASX concerns

- Leo's ability to demonstrate compliance with ASX Listing Rules 12.1 and 12.5
 - Concerns arising primarily due to Leo Lithium's sole asset being a minority holding in the Goulamina joint venture
- Requires Leo Lithium to address the matters resulting in its suspension under Listing Rule 17.3
- Leo will continue to engage with ASX and endeavour to resolve these outstanding concerns although no assurances can be made around the possibility of re-trading

Outlook for the next 12 months

Management priorities

H2 2024

Complete the Transaction and distribute proceeds

- Hold the AGM on 31 July 2024
- Continue to engage with the ASX regarding re-listing, following initial feedback
- Engage with the ATO to determine the structure for return of T1 net proceeds to shareholders expeditiously

Transition asset management smoothly to Ganfeng

- Leo acting as contractor under Goulamina Services Agreement (GSA)
- Support Goulamina and Ganfeng until end of the GSA

Right size the cost base

- Reduction in headcount – 6 Perth-based roles already eliminated
- Approximately 75% of Perth-based roles to finish by end 2024
- GSA contracting fees to cover majority of cost base

H1 2025 – provisional plans

- A small core team to be retained to manage the company, receive and distribute sales proceeds from Ganfeng
- Examine opportunities to monetise the TPSF
- Pending discussions on Leo's future opportunities, the board will examine the composition of the board and implement remuneration arrangements for board and management commensurate with the size of the business
- Costs to be funded by cash at bank, not from T1 or T2 cash consideration
 - Current cash holding of AUD\$77.6 million as at 30 June 2024
 - AUD\$11.5 million to be received from Firefinch¹
 - 8 months interest on T2 = AUD\$12.5 million at current SOFR + 2%

Consider options for future growth

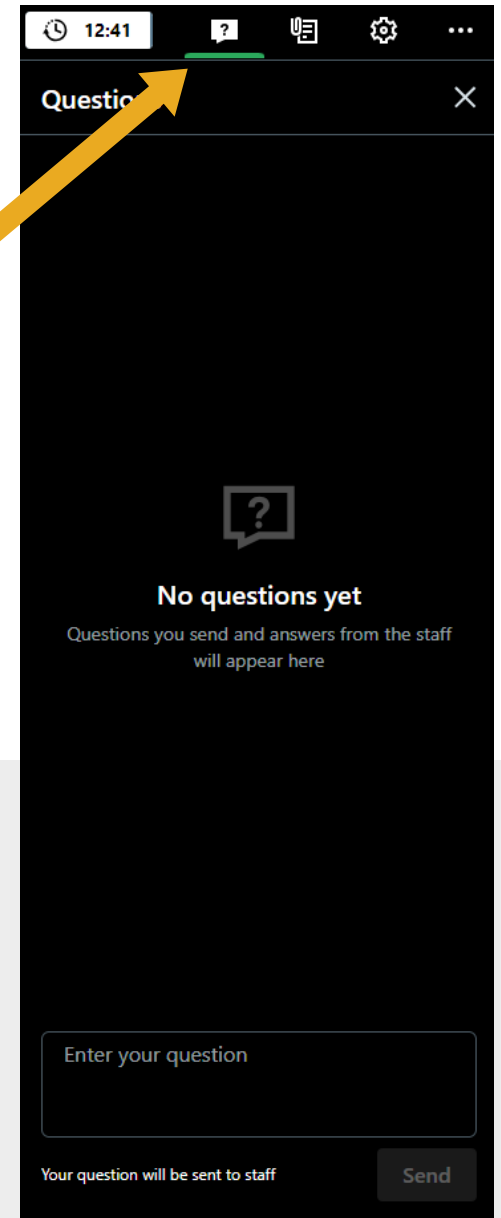
- Disciplined approach to M&A with the intention to maximise returns to shareholders unless there is a highly compelling alternative
- Any major growth opportunity to be put to shareholders for approval
- Any acquisition that the Company enters into is likely to require the Company to re-comply with Chapters 1 and 2 of the Listing Rules

1. See ASX Announcement on 8 May 2024



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Q&A





For more information

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