

UPDATE ON PROPOSED DISTRIBUTION OF CONSIDERATION FROM MLBV SALE

Leo Lithium Limited (ASX:LLL) (**Leo Lithium** or the **Company**) provides the following update on the Share Sale Agreement (**SPA** or **Proposed Transaction**) to sell the remaining 40% interest in Mali Lithium BV (**MLBV**), and therefore Leo Lithium's entire remaining interest in the Goulamina Lithium Project (**Goulamina** or **Project**) to GFL International Co., Ltd (**Ganfeng**) for US\$342.7 million (~A\$519 million), as announced on 8 May 2024.

Approval by the Company's shareholders at the Annual General Meeting to be held on Wednesday, 31 July 2024 (10:00am AWST) is a condition precedent to the Proposed Transaction.

Following discussions with many shareholders over the last few weeks, the Board has committed to increasing the amounts returned to shareholders in the manner described below.

1. Details of Shareholder Returns

As previously detailed, the cash consideration under the SPA is to be received as follows:

- Non-refundable deposit – US\$10.5 million (funds already received)
- Tranche 1 – US\$161.0 million payable on completion of the Proposed Transaction which is expected by 31 October 2024
- Tranche 2 – US\$171.2 million payable by 30 June 2025

A significant portion of the proceeds from the sale will be returned to shareholders. Leo Lithium is now proposing two cash distributions to shareholders with the first one, as previously announced, planned for January 2025 and a second payment in July 2025 (in the circumstances described below).

1.1 First cash distribution to shareholders – January 2025.

The Board has committed to distribute all net proceeds¹ from the US\$161 million Tranche 1 payment to shareholders in January 2025. This distribution will be increased with the addition of:

- the US\$10.5 million, non-refundable deposit already received from Ganfeng; and
- the A\$11.5 million to be paid by Firefinch² if received in time for the January distribution.

These changes are expected to lift the distribution to the range of A\$0.15-0.18³ per share, up from the earlier estimated A\$0.13-0.16 per share.

¹ Net proceeds means proceeds after deduction of applicable taxes.

² Firefinch has agreed to make an A\$11.5 million payment to Leo Lithium as Firefinch's contribution to the settlement payment to the Mali Government. This payment is subject to Firefinch shareholders approving the transfer of shares in Morila SA to the Mali Government.

³ Key assumptions include exchange rate range of 0.66-0.70 USD : 1 AUD and taxation of between A\$49 million to A\$78 million. Based on a diluted share capital of 1,205,042,781 Shares, which assumes all Performance Rights are exercised and no Options are exercised

1.2 Second cash distribution to shareholders – July 2025

The Company provides details on a planned second cash distribution to shareholders in July 2025 and further clarity on the cash management plans for the US\$171.2 million Tranche 2 payment as follows:

- if the Company has not identified value accretive investment opportunities by July 2025, the net proceeds of the Tranche 2 payment will be distributed to shareholders in July 2025;
- if the Company does identify value accretive investment opportunities involving deployment of any of the Tranche 2 Payment:
 - the investment opportunities will be put to a shareholder vote; and
 - if shareholders do not approve the investment opportunities, all net proceeds from the Tranche 2 payment will be distributed to shareholders in a distribution planned for July 2025; and
- if the A\$11.5 million to be paid by Firefinch is received after the January 2025 payment and before the July 2025 payment, it will be included in the July 2025 distribution.

The Company has commenced the application process with the ATO to obtain a class ruling on the form of distributions to shareholders for the return of Tranche 1.

2. Update on engagement with ASX

As previously notified, ASX has advised that it is not minded to reinstate Leo Lithium shares to trading following release of the Notice of Meeting due to concerns regarding Leo Lithium's ability to demonstrate compliance with ASX Listing Rules 12.1 and 12.5, with ASX's concerns arising primarily due to Leo Lithium's minority holding in the Goulamina joint venture. Leo Lithium continues to engage with ASX and endeavours to resolve these outstanding concerns.

3. Cost reductions

Plans for cost reductions are advancing, with headcount reduction underway and further employee exits planned for H2 2024 when the Proposed Transaction completes. A small core team will be retained into 2025, under a new remuneration framework and office costs will also be reduced.

The Board will review the size and remuneration of the Board and revise it to a scale commensurate with boards of similar sized companies. This review is to occur in the current quarter with implementation occurring no later than completion of the Proposed Transaction.

Operating costs in 2025 will be moderate with activities focussed on monetisation of the Trailing Product Sales Fee⁴, studies for potential investment opportunities activity and facilitating funds distribution to shareholders.

4. AGM

Shareholders are reminded to vote at the Company's AGM on Wednesday, 31 July 2024 at 10:00am AWST. Shareholders are encouraged to lodge a directed proxy form prior to the Meeting. More information on how to vote can be found [here](#). The Board of Leo Lithium continues to recommend shareholders VOTE IN FAVOUR of the Proposed Transaction.

⁴ Trailing Product Sales Fee is a payment from Ganfeng to Leo Lithium of 1.5% gross revenue received from the sale of lithium products from Goulamina Stage 1 capped at 500,000 tpa of spodumene for 20 years.

Indicative Timetable

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
Proposed Tranche 2 distribution paid to Shareholders	July 2025

* Please note that this timetable is indicative only and the Directors reserve the right to amend the timetable accordingly.

This announcement has been approved for release to the ASX by the Board.

For Enquiries

Simon Hay
Managing Director Leo Lithium Limited
info@leolithium.com
+61 8 6314 4500

Shane Murphy
FTI Consulting
shane.murphy@fticonsulting.com
+61 420 945 291

LinkedIn: <https://www.linkedin.com/company/leo-lithium-ltd/>

Website: <https://leolithium.com>

Subscribe to email alerts: <https://leolithium.com/subscribe/>