



Quarterly Report

For the quarter ended 30 June 2024



Leo Lithium Limited (**Leo Lithium** or **Company**) provides its report for the quarter ended 30 June 2024.

As the Company remains in suspension (as announced), this quarterly report is a condensed report, setting out the mining, exploration, production, and development activities of the Company for the quarter and the associated expenditure and other required information under ASX Listing Rule 5.3.

Key events

Project and Operational Developments

- Continuous commitment to health and safety, with no lost time injuries since the Goulamina Project (**Project**) began
- The Project reached 86% completion milestone at quarter end
- Mining progressed to plan with 1.07 million BCM material mined for the quarter

Proposed Transaction to dispose of Shareholding in MLBV

- Settlement reached with the Mali Government on all matters in dispute
- The Company to sell its shareholding in Mali Lithium B.V. (**MLBV**) for US\$342.7 million in total, subject to shareholder approval
- Additional funds to be returned to shareholders as part of the first distribution in January 2025 and second distribution planned for July 2025
- Shareholders will vote on the proposed transaction at the Company's Annual General Meeting on 31 July 2024¹. The Board of Leo Lithium continues to recommend shareholders **VOTE IN FAVOUR** of the proposed transaction.

On the proposed transaction, Non-Executive Chairman Rick Crabb commented:

"Though the preferable outcome would have been for Leo Lithium to remain involved in Goulamina, considering the increasingly challenging sovereign and security risks in Mali and the expected economic impact from adopting the 2023 Malian Mining Code, the Board believes it is in the best interests of shareholders to sell the Company's remaining interest in MLBV and the Project.

Should the deal complete, the Company has committed to a plan for distributing the after tax proceeds to shareholders and in any event, will continue to transition management of the Project to Ganfeng.

¹ For further information see the Notice of Annual General Meeting dispatched to shareholders on 1 July 2024, a copy of which can be found at www.leolithium.com or www.asx.com.au.

On the June quarter, Managing Director Simon Hay commented:

"The June quarter was significant for the Company – finally settling with the Mali Government, announcing the proposed sale of our interest in MLBV and the Project, and transferring management responsibility of the Project to Ganfeng ahead of Leo's eventual exit.

While we would have preferred to remain involved in the Project, in the absence of a viable agreement with the Mali Government we believe the transfer of ownership is in the best interest of all stakeholders.

Once again, we thank shareholders for their patience and support while we progress the proposed transaction, continue to engage with the ASX, and develop a roadmap for the future of Leo Lithium."

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

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HEALTH AND SAFETY

Throughout the quarter, the team maintained an exceptional health and safety record without any lost-time injuries. This reflects the meticulous focus of the Company's employees and contractors on-site towards safety, alongside the implementation of rigorous systems and processes, training, and effective site supervision.

CONSTRUCTION PROGRESS

Progress continued at Goulamina and remains on plan with completion exceeding 86% and remains largely on track for first ore processing in Q3 2024. Electrical installation continues to be a critical path activity, and this has faced additional challenges with the wet season impacting contractor productivity. Any further delays have the potential to impact the overall project timeline.

Commissioning activities commenced throughout the dry plant using temporary power. All major equipment including primary, secondary and tertiary crushers, dry screen, conveyors, pumps and electrical motors have now been operated. With the imminent completion of final platework in the wet plant, piping and electrical activities have become the principal focus and will remain so through to completion.

Dry Plant

Commissioning commenced during the quarter, with the following achievements:

- Dry plant transformers and switch rooms energized on temporary power;
- Direction testing of drives and field instruments completed; and
- Crushers, conveyors, screens and pumps have all been run, with the first ore planned to be fed imminently into the dry plant.



Figure 1: Dry Plant – Secondary and tertiary crusher area and ROM in background

Wet Plant

Progress of remaining areas in the wet plant included:

- Ball mill and classification area mechanically complete and electrically advanced;
- Flotation and Magnetic Separation area steelwork, piping and electrical installation continued;
- Air and water services completed to allow commissioning activities to commence; and
- Electrical substations install and fit-out continued.

With vendor representatives arriving on site, wet plant commissioning is scheduled to commence in the current quarter.



Figure 2: Wet Plant Piperack



Figure 3: Wet Plant - Classification Area

Non-Process Infrastructure

Non-process infrastructure continued to be advanced, including:

- Power station construction, installation of all generators, building and fit out of switchrooms and buildings;
- Fuel facility now approaching completion and commissioning;
- Completion of overhead power line installation; and
- Commissioning of the wastewater treatment plant, final accommodation building and supporting buildings with final services expected to be operational early this quarter.



Figure 4: Power Plant

Permitting

As announced on 14 June 2024, the Mali Government approved and issued the following permits:

- **Self-generation power permit** – this allows on-site power generation for 20 years. It enables the Project to transition from smaller-scale temporary power units to a single, large-scale power station in time for the commissioning and operational phases to commence.
- **Import and use of radioactive source permit** – this allows the importing and use of processing density gauges in the processing plant that have a low emitting radioactive source.

The export permit remains a key item to be approved.

PROJECT OPERATIONS UPDATE

Total material movement for the June quarter was 1.07 million BCM of ore and waste. Ore mined continued to be stockpiled ahead of plant commissioning and process operational start up requirements. Waste mined was used to complete access roads and tailings storage facility construction. Mining activities for the quarter also included sufficient pre strip to advance face positions for future mining needs. This included the advancing of the stage 2 cutback targeting the Main and West ore domains.



Figure 5: Run of mine - Ore Stockpile with plant in the background



Figure 6: Wet plant - Construction activities

Stage 1 Mining Contractor Commissioning and Ramp-up

Local mining contractor Corica Mali continued to ramp up, with mining continuing in the starter pit (Stage 1) as well as in the Stage 2 pit. Significant progress was made including:

- Arrival of the second Caterpillar mining fleet, with the additional trucks now operational;
- Total material mined increased to 1.07 million BCM, up from 0.9 million BCM in the previous quarter; and
- At quarter end 700kt of ore at a grade of 1.58% Li_2O had been stockpiled in advance of commissioning and operations start-up.

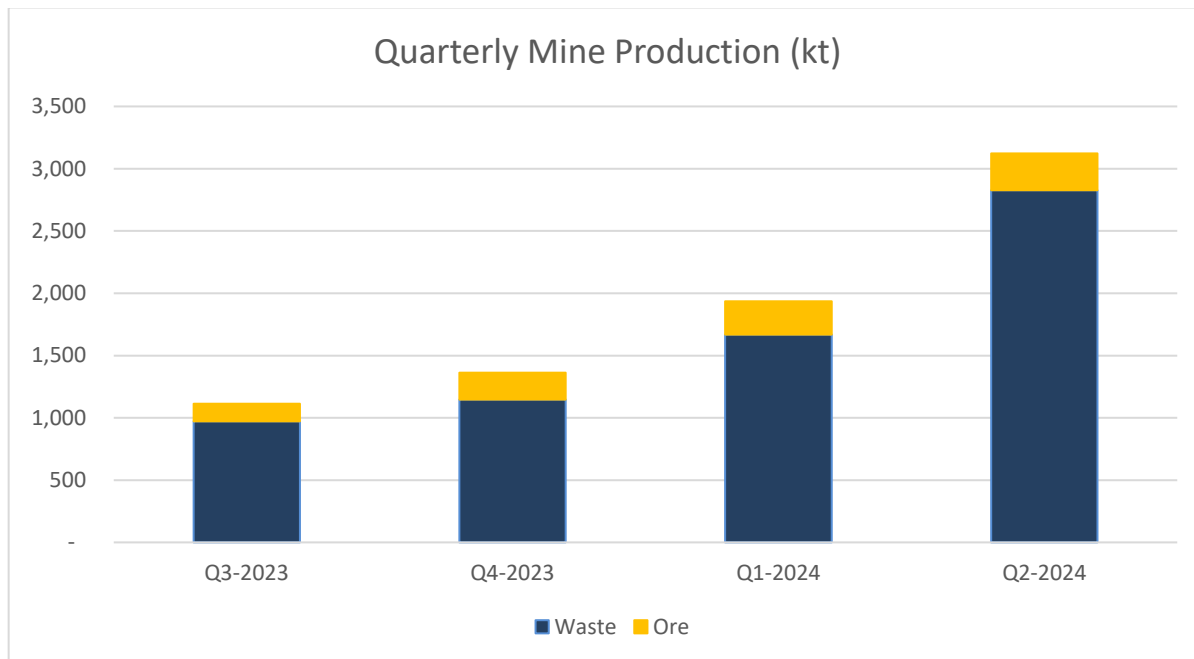


Figure 7: Quarterly Mine Production



Figure 8: ROM pad and low grade stockpiles in foreground, Stage 1 and Stage 2 pits and waste dump in background



Figure 9: Stage 1 on the left and Stage 2 being mined on the right

Operational Readiness

Recruitment of site personnel continued in the engineering and processing departments, while development of training materials and operational procedures is well advanced. It is anticipated that the bulk of the plant operations workforce will commence onsite during Q3-2024.

MINERAL RESOURCE ESTIMATE

The Company released an upgrade to its Mineral Resource Estimate (**MRE**) post-period on 1 July 2024, following an exploration drilling campaign completed in the second half of 2023.

The updated MRE has expanded the total resource tonnage by approximately 27%, from 211 Mt at 1.37% Li₂O to 267.2 Mt at 1.38% Li₂O (see Tables 1 and 2).

Table 1: Goulamina Mineral Resource Estimate summary (no reporting cut-off applied) - May 2024

Classification	Tonnes (Mt)	Li ₂ O (Mt)	Li ₂ O (%)	Fe ₂ O ₃ (%)	Density (t/m ³)
Measured	13.1	0.21	1.58	0.92	2.73
Indicated	94.9	1.35	1.42	0.90	2.73
Inferred	159.2	2.12	1.33	0.83	2.73
Total	267.2	3.69	1.38	0.86	2.73

Notes:

- Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code - JORC 2012 Edition).
- Data is reported to significant figures and differences may occur due to rounding.
- Mineral Resources have been reported above a US\$1,500/tonne optimised pit shell and no cut-off grade was applied.

Table 2: Goulamina Mineral Resource Estimate June 2024 compared to previous MRE in June 2023.

Total Mineral Resources	Tonnes (Mt)	Li ₂ O (%)	Fe ₂ O ₃ (%)	Li ₂ O (Mt)
Mineral Resources as at June 2023	211.0	1.37	0.87	2.89
Mineral Resources as at June 2024	267.2	1.38	0.86	3.69
Total change from June 2023 to June 2024	56.2	1.42	0.82	0.80

TENEMENTS

Table 3: LMSA Tenement schedule

Project	Tenement	Location & Area (ha)	Grant Date	Expiry Date	Holder/Applicant
Goulamina	PE19/25, Permis d'Exploitation de Torakoro (Cercle de Bougouni)	Mali 10,067.8ha	23/08/2019	22/08/2049	Lithium du Mali S.A (the mining tenement was transferred to LMSA pursuant to a Prime Ministerial Decree made on 24 March 2022)

CORPORATE UPDATE

MoU signed with the Mali Government

The Company signed a Memorandum of Understanding (**MoU**) with the Mali Government, including a US\$60 million settlement with the Government to resolve all outstanding issues. Proceeds from the US\$65 million sale by the Company of 5% of the Project to GFL International Co., Ltd (**Ganfeng**) (see below) funded the settlement.

Binding agreement for sale of 5% of the Project to Ganfeng completed

Leo Lithium entered a binding agreement to sell a 5% interest in MLBV (and thereby the Project) to Ganfeng for US\$65 million on 19 January 2024.² The agreement was conditional upon a settlement being reached with the Mali Government. Following signing of the MoU the transaction completed and Leo Lithium's interest in MLBV is now 40% and Ganfeng's interest is currently 60%.

Sale of the Company's remaining shareholding in MLBV to Ganfeng

As announced on 8 May 2024³, the Company entered into a Share Sale Agreement (**Share Sale Agreement**) under which it agreed to sell its remaining 40% shareholding in MLBV, and therefore its remaining interest in the Project, to Ganfeng subject to certain conditions including shareholder approval.

Under the Share Sale Agreement Leo Lithium will receive cash consideration of US\$342.7 million, payable in three instalments. Leo Lithium has received the first instalment, which is a non-refundable deposit of US\$10.5 million. The next instalment will be US\$161.0 million (**Tranche 1**

² See ASX Announcement dated 19 January 2024 - "US\$65m for 5% sale of Goulamina and continued suspension"

³ See ASX Announcement dated 8 May 2024 - "MOU signed with the Mali Government and sale of entire Project to Ganfeng"

Consideration) payable on completion of the transaction. The final instalment of US\$171.2 million plus interest earned at SOFR+2% will be due by 30 June 2025 (**Tranche 2 Consideration**).

After careful evaluation of a number of matters impacting the Project, including the value impact of the newly promulgated 2023 Mali Mining Code (**2023 Code**), the increased risks of doing business in Mali and ongoing funding risks, the Board believed that entering into the Share Sale Agreement provided shareholders with certain value and the lowest risk profile of the options available to the Company.

As described in more detail in the Notice of Annual General Meeting and Explanatory Memorandum⁴, the expectation of the Mali Government that the Project transition to the 2023 Code will have a significant negative impact on the value of the Company's stake in the Project. For example, under the 2023 Code the Mali Government is entitled to increase its stake in MLBV from 20% to 30% (with private Mali nationals retaining a right to a further 5%). This would reduce Leo Lithium's interest to 26%, but more importantly the price the Mali Government will pay for their stake will now be considerably lower as it is based on pre-development costs incurred as opposed to fair market value under the previous code.

Further impacts on value under the 2023 Code include a reduction of the licence duration from 30 years to 12 years, the introduction of significant new revenue-based fees in addition to existing royalties and the elimination of tax incentives.

Following completion under the Share Sale Agreement, the Board has committed to return 100% of the net after-tax proceeds of the Tranche 1 payment to shareholders in January 2025. As separately announced⁵, the Board commits to also return to shareholders the non-refundable deposit of US\$10.5 million which has been paid by Ganfeng as well as the A\$11.5 million payment due from Firefinch (described below) if it is received in time for distribution to shareholders. It is expected the net proceeds will now be between A\$0.15-0.18 per share⁶, delivered in January 2025.

The Board has also announced a planned second cash distribution to shareholders in July 2025 including cash management plans for the Tranche 2 Consideration.

Compensation for termination of Co-operation Agreement

As Leo Lithium is selling its interest in MLBV and the Project, it will also assign to a Ganfeng affiliate the Company's contractual rights to offtake from the Project's future expansions at Stage 2 and Stage 3 (**Offtake Rights**) and terminate the balance of the Cooperation Agreement with Ganfeng⁷.

Ganfeng (via an affiliate) has agreed to pay the Company a trailing product sales fee (**Trailing Fee**) as consideration for the assignment of the Offtake Rights. This Trailing Fee is valued at 1.5% of gross revenue received from the sale of up to 500,000 tonnes of spodumene from the Project per year for a term of 20 years.

⁴ The Notice of Annual General Meeting and Explanatory Memorandum was dispatched to shareholders on 1 July 2024, a copy of which can be found at www.leolithium.com or www.asx.com.au.

⁵ See Leo Lithium announcement dated 25 July 2024 titled "Update on proposed distribution of consideration from MLBV Sale" available at www.asx.com.au

⁶ Key assumptions include exchange rate range of 0.66-0.70 USD : 1 AUD, 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.

⁷ For further information on the Co-operation Agreement see Leo Lithium's announcement dated 29 May 2023 titled "Leo Lithium secures A\$106m strategic placement and transformational Cooperation Agreement with Ganfeng Lithium" available at www.asx.com.au

Leo Lithium concluded its management of the Project

Leo Lithium ceased being the manager of the Project at the end of the quarter with the transfer of management responsibilities to Ganfeng on 1 July 2024. These arrangements are permanent and will not be reversed, even if the Share Sale Agreement does not complete.

As Ganfeng is still building its management team, Leo Lithium has been engaged to provide transitional management services at the Project under the Goulamina Services Agreement. This agreement will end by no later than 13 November 2024, at which time the Company will cease all involvement with the Project. The Company will be paid in line with standard market contracting rates on a cost-plus basis.

Firefinch settlement

As part of the MoU, Firefinch Limited (**Firefinch**) agreed to transfer its shares in Morila SA, and all of the mining titles its subsidiaries hold in Mali, to a Mali Government owned mining company.

Following Firefinch shareholders approving this sale, Firefinch will make an A\$11.5 million payment to Leo Lithium as Firefinch's contribution to the settlement amount under the MoU. Firefinch has also released Leo Lithium from any claims relating to the demerger (including the transfer of the Project permit), and upon receipt of the A\$11.5 million payment from Firefinch, Leo Lithium will provide a similar release in favour of Firefinch.

Termination of legacy agreements

Leo Lithium has also entered into a termination deed (which is conditional upon Completion occurring) pursuant to which the existing MLBV shareholders' deed and the administrative services deed will be terminated. Ganfeng will also release Leo Lithium from its obligations under an existing guarantee on and from completion of the Share Sale Agreement.

No resumption of trade on ASX

During the quarter, the Chair and CEO of Leo Lithium met with representatives from the ASX to discuss the reinstatement of the Company's shares to trading on the ASX.

As announced by the Company on 1 July 2024, the ASX has advised it is not minded to reinstate Leo Lithium's shares to trading. The ASX has concerns regarding the Company's ability to demonstrate compliance with ASX Listing Rules 12.1 and 12.5, due to its minority holding in the Goulamina joint venture. The ASX also requires Leo Lithium to address the matters resulting in its suspension under Listing Rule 17.3, which the Company has since completed. The Company will continue to engage with the ASX and endeavour to resolve these outstanding concerns.

Timetable and next steps

The Annual General Meeting (**AGM**) of the Company will be held on Wednesday, 31 July 2024.

One of the resolutions being considered at the AGM is the approval of the Share Sale Agreement and the disposal of the Company's interest in MLBV shares pursuant to ASX Listing Rule 11.2.

The Board of Leo Lithium continues to recommend shareholders **VOTE IN FAVOUR** of the proposed transaction.

The indicative timetable is as follows:

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	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 second cash distribution to shareholders	July 2025

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

FINANCE & FUNDING

Sole Funding Arrangement

During the quarter Ganfeng entered into a Prepayment Agreement with Lithium du Mali SA (**LMSA**, the owner of the Project) pursuant to which it will provide LMSA with funding of up to US\$150 million to finalise the construction of, and commence operations at, the Project.

The funding will take the form of prepayments for the offtake to be provided by LMSA to Ganfeng under Ganfeng's existing offtake agreement, with a portion of the value of each cargo being applied to progressively repay the prepayment amount. As a consequence, Leo Lithium will not be required to provide further funding for the Project in the near term⁸.

As at 30 June 2024, Ganfeng has provided funding of US\$25.0 million under this arrangement.

Leo Lithium Cash Balances and Cash Movements

As at 30 June 2024, the Company's closing cash was A\$77.6 million and the Goulamina JV held cash of US\$19.4 million. The Company's cash balance as at 31 March 2024 was A\$69.3 million.

The major cash flow movements for the Company during the quarter included:

- Cash Inflows:
 - Goulamina JV management and administration fees of A\$0.2 million;
 - Goulamina JV reimbursements of A\$10.0 million;

⁸ The maximum amount payable under the Prepayment Agreement is based on the forecast cost to complete construction and initial operational expenses. Should the actual costs exceed forecast then the shortfall may be payable by the shareholders in MLBV (which will include Leo Lithium if the Share Sale Agreement does not complete) to the extent the excess cannot be funded by MLBV in other ways.

- Funds from 5% sale of interest in MLBV of A\$99.3 million; and
- Receipt of a non-refundable deposit of A\$15.7 million under the Share Sale Agreement.
- Cash Outflows:
 - Goulamina JV exploration and development costs of A\$10.4 million, incurred by Leo Lithium on behalf of the JV;
 - Other staff, administration, and corporate costs of A\$2.4 million;
 - Mali Government Settlement of A\$90.8 million; and
 - Capital Gains Tax on the sale of the 5% interest in MLBV of A\$11.5 million.

Pursuant to ASX Listing Rule 5.3.5, payments of A\$351,000 were made to related parties during the Quarter, being the payment of the Managing Director's salary and superannuation, in addition to Non-Executive Directors' fees as set out in Section 6 of the Quarterly Cashflow Report.

For further details refer to the audited Remuneration Report in the Company's 2023 Annual Report released on 14 June 2024.⁹

Pursuant to ASX Listing Rule 5.3.4, the use of funds since the Company's listing on ASX in 2022 is described below and set out in Table 2.

The Leo Lithium initial public offering (**IPO**) completed in June 2022 and raised A\$100 million. Since that time the Goulamina JV has been sole funded by Ganfeng through:

- its initial US\$130 million equity investment which was paid on joint venture formation;
- a US\$40 million debt facility,
- the 2023 Equity Investment Agreement; and
- the 2024 Prepayment Agreement.

As a consequence, the Company has not had to fund the joint venture and as such has retained most of the IPO funds.

Since the IPO, the Company has not raised additional equity funding or entered into any form of debt funding and remains debt free at 30 June 2024. The 2023 Equity Investment Agreement resulted in the Company's interest in MLBV and the Goulamina JV reducing by 5% and during the quarter the Company sold an additional 5% shareholding in MLBV to Ganfeng. This has resulted in the Company's ownership in MLBV and the Goulamina JV reducing to 40% as at 30 June 2024.

⁹ See ASX Announcement dated 14 June 2024 - "Leo Lithium Annual Report 2023"

Table 4: Use of funds since listing

Item	Current quarter use of funds A\$ million	Use of funds since ASX Listing in June 2022 A\$ million	Estimated use of funds as per IPO Prospectus dated 6 May 2022 A\$ million ¹
Stage 1 Development capital costs for Goulamina Lithium Project ²	0.4	2.5	60
Transaction Costs associated with the offer, formation of the Goulamina Joint venture and the demerger	-	4.8	5
Repayment of amounts payable under the loan agreement	-	10.3	10
Working capital, exploration, and other expenses ³	(9.4)	8.2	25
Total Use of Funds	(9.0)	25.7	100

1. The Goulamina Project is a joint venture with Ganfeng, and accounted for under the equity accounting method and is not consolidated in the Company's financial statements. Hence JV cash impacts are not included in the Company's cash flows (or in the separately released Appendix 5B) apart from any equity or loan funds from the Company to the JV.
2. Includes expenditure that is expected to be recovered from the Goulamina JV during the September 2024 Quarter.
3. Includes Mali Government Settlement of A\$70.8 million, proceeds from the sale of 5% interest in MLBV of A\$98.8 million, capital gains tax paid on the 5% sale of A\$11.5 million and receipt of a non-refundable deposit of A\$15.7 million on the sale of the remaining 40% interest in MLBV.

Mineral Resource

The information in relation to Mineral Resources is extracted from the ASX announcement dated 1 July 2024 (Announcement) which was published on 1 July 2024 on the ASX Market Announcements platform. The Company confirms that all material assumptions and technical parameters underpinning the Mineral Resource estimate in the Announcement continues to apply and have not materially changed, and it is not aware of any new information or data that materially affects the information included in the Announcement.

Forward-Looking Statements

Where this announcement contains forward-looking statements which are statements that may be identified by words such as "may", "will", "would", "should", "could", "believes", "estimates", "expects", "intends", "plans", "anticipates", "predicts", "outlook", "forecasts", "guidance" and other similar words that involve risks and uncertainties, those statements are based on, among other things, a number of best estimate assumptions regarding future events and actions that, at the date of this announcement, are expected to take place.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and the directors and management of the Company. The Company cannot and does not give any assurance that the results, events, performance or achievements expressed or implied by the forward-looking statements contained in this announcement, will actually occur, and readers of this announcement are cautioned not to place undue reliance on these forward-looking statements.

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