



Quarterly Report

For the quarter ended 30 September 2024



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

Key events

- Shareholders approved the sale by Leo Lithium of its remaining shareholding in Mali Lithium B.V. (**MLBV**) to Ganfeng for US\$342.7 million (**MLBV Sale**)
- The remaining condition precedent to completion of the MLBV Sale, being receipt of Chinese Government approval, is anticipated to be satisfied during October 2024 with completion in mid-November 2024
- A significant portion of the proceeds from the MLBV Sale will be returned to shareholders, with proposed distributions in January 2025 and July 2025
- Management responsibility for Lithium du Mali S.A, and therefore the Goulamina Lithium Project (**Goulamina Project**), was formally transferred to Ganfeng with effect from 1 July 2024
- By 30 September 2024 all Leo Lithium personnel had departed Mali, with ongoing support being provided to Ganfeng from Perth
- No resumption in trading of Leo Lithium shares on ASX

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

"We thank our shareholders for voting in favour of the MLBV Sale. The Board believes the sale provides shareholders with the ability to realise certain value in challenging circumstances. Management is now focused on completing an effective transfer of the Goulamina Project to Ganfeng and finalising the sale and returning funds to shareholders."

On the September quarter, Managing Director Simon Hay commented:

"Following shareholder approval at the Leo Lithium AGM, the transaction is on track to complete in mid-November 2024."

Leo Lithium has successfully transferred management responsibility of the Goulamina Project to Ganfeng and all Leo Lithium staff had left Mali by the end of the quarter. Cost reduction plans progressed in the quarter, including headcount reductions in the Perth office.

A small core team will be retained into 2025 with a focus on monetising the Trailing Product Sales Fee, exploring potential investment opportunities and facilitating the distribution of funds to shareholders.

Once again, we sincerely thank our shareholders for their continued patience and support as we advance the transaction and define a clear roadmap for Leo Lithium's future."

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

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CORPORATE UPDATE

MLBV Sale update

Shareholder approval received

As previously advised¹, in May 2024 the Company entered into a Share Sale Agreement under which it agreed to sell its remaining 40% shareholding in MLBV, and therefore its remaining interest in the Goulamina Project, to Ganfeng (**MLBV Sale**).

One of the conditions precedent to the MLBV Sale was the receipt of Leo Lithium shareholder approval. Shareholders approved the MLBV Sale, and therefore the disposal of the Company's main undertaking, at the Company's AGM held on 31 July 2024.

Status of Conditions Precedent

Chinese government approval remains the only outstanding condition precedent to the completion of the MLBV Sale. Ganfeng has advised that this approval is on track and is currently anticipated to be obtained in October 2024. Completion of the MLBV Sale is scheduled to occur within ten business days of satisfaction of all conditions precedent.

Distribution of Tranche 1 net proceeds

During the quarter the Company provided further guidance² on how the proceeds from the MLBV Sale will be applied.

Net proceeds³ from the US\$161 million Tranche 1 payment, the US\$10.5 million deposit and the A\$11.5 million Firefinch contribution (if received in time) are to be distributed to shareholders in January 2025 (**Tranche 1 Distribution**).

The Tranche 1 Distribution will be a cash distribution which will likely include a capital return component and an unfranked dividend component. The capital return component of the distribution will require shareholder approval, and a shareholder meeting is expected to be convened in December 2024 to seek this approval.

The Company has applied to the ATO for a class ruling on the form of the Tranche 1 Distribution to shareholders.

Cash management plans for Tranche 2 consideration

The cash management plans for the US\$171.2 million Tranche 2 payment are 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

¹ See ASX Announcement dated 8 May 2024 - "MOU signed with the Mali Government and sale of entire Project to Ganfeng" available at www.asx.com.au and www.leolithium.com.

² See ASX Announcement dated 25 July 2024 - "Update on proposed distribution of consideration - MLBV Sale" available at www.asx.com.au and www.leolithium.com.

³ Net proceeds means proceeds after deduction of applicable taxes

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.

Ganfeng Prepayment Facility Agreement

Ganfeng committed to the sole funding of all capital requirements for the Goulamina Project as part of the sale of MLBV. During the June 2024 quarter Ganfeng executed a US\$150 million prepayment agreement with LMSA⁴. This facility has been the source of funding for the MLBV JV and the Goulamina Project during the current quarter, with US\$90 million drawn down by 30 September 2024.

Trailing Product Sales Fee

Leo Lithium and Ganfeng continue to progress the detailed documentation for the Trailing Product Sales Fee (**TPSF**)⁵ which is anticipated to be finalised by, and conditional upon, completion of the MLBV Sale.

Firefinch settlement

As previously announced⁶, Firefinch Limited (**Firefinch**) has agreed to transfer its shares in Société des Mines de Morila SA (**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 previously paid by Leo Lithium to the Mali Government.

On 27 September 2024 Firefinch published a Notice of 2024 Annual General Meeting (**NoM**) convening an Annual General Meeting on 30 October 2024⁷. One of the resolutions contained in the NoM seeks Firefinch shareholder approval for these disposals and for the payment of the A\$11.5 million to Leo Lithium.

The NoM contains an indicative timetable which provides that the payment of the A\$11.5 million to Leo Lithium is to occur on 1 November 2024.

⁴ See ASX Announcement dated 31 May 2024 - "Sole funding arrangement for Goulamina executed with Ganfeng" available at www.asx.com.au and www.leolithium.com.

⁵ Under the TPSF Leo Lithium will exchange its Stage 2 and 3 Goulamina Project offtake rights for 1.5% of the gross revenue from the sale of lithium products from Goulamina, subject to a 500,000tpa spodumene concentrate cap. This TPSF will be valid for 20 years commencing on the first commercial shipment of Goulamina concentrate.

⁶ See ASX Announcement dated 8 May 2024 - "MOU signed with the Mali Government and sale of entire Project to Ganfeng" available at www.asx.com.au and www.leolithium.com.

⁷ See Firefinch Limited "Notice of 2024 Annual General Meeting" available at www.firefinchltd.com.

Timetable and next steps

An indicative timetable for the remaining steps in the MLBV Sale is as follows:

Event	Indicative Date*
Satisfaction or waiver of conditions precedent	End October 2024
Receipt of Tranche 1 consideration net proceeds - 10 business days after satisfaction of final conditions precedent	Mid November 2024
Meeting to approve any element of the Tranche 1 distribution requiring shareholder approval	December 2024
Tranche 1 distribution paid to shareholders	January 2025
Receipt of Tranche 2 cash consideration proceeds	By 30 June 2025

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

Shareholder Engagement

The Company held its 2024 Annual General Meeting on 31 July 2024. At the meeting, all resolutions were passed⁸, including approval of the MLBV Sale.

Changes in issued capital

During the quarter 214,968 performance rights lapsed due to conditions not being satisfied and 750,890 shares were issued upon exercise of vested performance rights⁹.

No resumption of trade on ASX

As previously notified, ASX has advised that it is not minded to reinstate Leo Lithium shares to trading due to concerns regarding the Company'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 sale of the Goulamina joint venture. ASX also requires Leo Lithium to address the matters resulting in its suspension under Listing Rule 17.3. Leo Lithium will continue to engage with ASX and endeavour to resolve these outstanding concerns.

⁸ More than 25% of the votes cast on the Remuneration Report resolution were against the adoption of the remuneration report which constitutes a 'first strike' for the purposes of the Corporations Act 2001 (Cth).

⁹ See ASX announcements dated 11 July 2024 - "Notification of cessation of securities - LLL" and 19 August 2024 "Application for quotation of securities - LLL" available at www.asx.com.au and www.leolithium.com.

GOULAMINA PROJECT UPDATE

Leo Lithium transfers management responsibility to Ganfeng

Leo Lithium novated the LMSA Management Agreement to Ganfeng with effect from 1 July 2024¹⁰. As a consequence, from 1 July 2024 Ganfeng assumed management responsibility for LMSA and the Goulamina Project.

During September, Leo Lithium and the main project contractor demobilised from site in anticipation of practical completion. All Leo Lithium staff had left Mali by the end of the quarter.

Ganfeng will manage final commissioning and ramp up activities. Leo Lithium will continue to provide transitional support services to Ganfeng as a contractor under the Goulamina Services Agreement (**GSA**) from Perth until mid-November 2024 and potentially longer if requested by Ganfeng.

At the end of the quarter Leo Lithium remains a 40% shareholder in MLBV and the composition of the MLBV and LMSA Boards remain unchanged. Leo Lithium will continue to provide administrative and management services to MLBV under the MLBV Administrative Services Deed until the MLBV Sale has completed.

Health and Safety

At the time of handover of management to Ganfeng, the Goulamina Project had maintained an exceptional health and safety record without any lost time injuries across the 6.7 million manhours worked. This reflects the meticulous safety focus of Leo Lithium's employees and contractors, alongside the implementation of rigorous systems and processes, training, and effective site supervision.

Exploration activity

Leo Lithium did not directly undertake any substantive mining exploration activities during the quarter. In relation to the Goulamina Project the Company released an upgrade of its Mineral Resource Estimate (**MRE**) on 1 July 2024, following an exploration drilling campaign completed in the second half of 2023¹¹.

Mining tenements indirectly held at the end of the quarter as part of the MLBV joint venture are set out below:

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)

¹⁰ See ASX announcement dated 1 July 2024 - "Leo Lithium transfers project management to Ganfeng" available at www.asx.com.au and www.leolithium.com.

¹¹ See ASX Announcement dated 1 July 2024 - "Goulamina Mineral Resource Upgrade to 267.2 Mt" which is available to review at www.asx.com.au and www.leolithium.com

Construction and commissioning update

Leo Lithium provided support to Ganfeng as a contractor during the quarter under the GSA with support in the areas of delivery leadership, engineering and design, contracting and procurement.

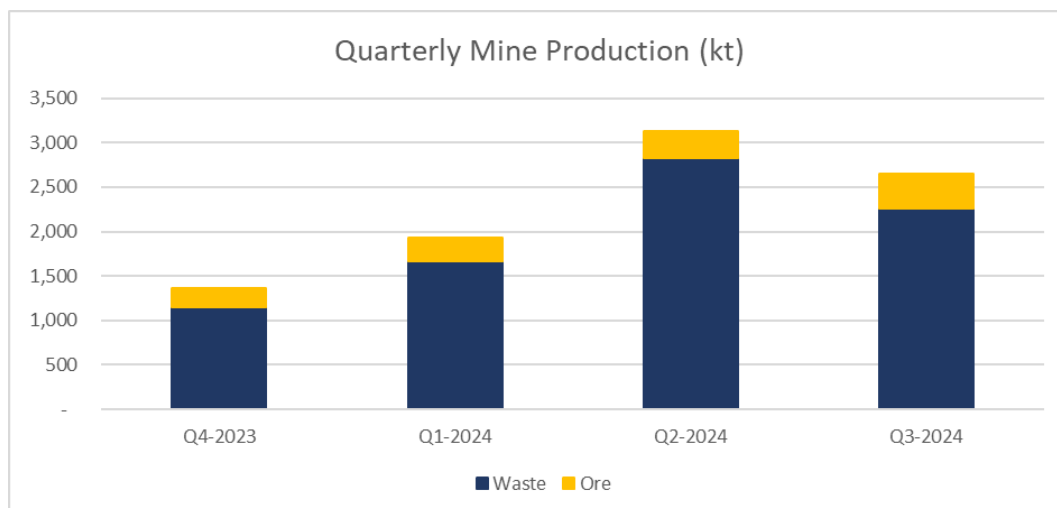
At quarter end, construction was effectively practically complete with progress at 99%. Commissioning was 65% complete with the crushing plant fully operational, the ball mill ready to receive ore and wet commissioning underway in parts of the processing plant.

Leo Lithium staff exited site at the end of September and have fully handed over final project completion tasks and operations to Ganfeng. At the time of handover to Ganfeng, the estimated cost to complete the project was US\$278 million, under the budget of US\$285 million. Construction progress has been achieved with no lost time injuries under Leo Lithium's management.

Operations update

Total material movement for the September quarter was 1.0 million BCM of ore and waste, with lower production quarter on quarter due to the impacts of the wet season.

Ore mined continued to be stockpiled with 1.3Mt at 1.52% Li₂O at quarter end available for plant commissioning and process operational start up requirements. Waste mined was used to complete access roads and other site infrastructure.



FINANCE & FUNDING

2024 Half Year Accounts

As Leo Lithium, Ganfeng and the Mali Government were in ongoing, incomplete and confidential discussions regarding the finalisation of certain matters relating to the MLBV Sale at the deadline for lodgement of the Company's financial report and directors' report for the half-year ended 30 June 2024 (**Half Year Accounts**), the lodgement of the Half Year Accounts has been delayed until the outstanding matters are finalised. This situation remains unchanged as at the date of this quarterly report.

Leo Lithium cash balances and cash movements

As at 30 September 2024 the Company's closing cash was A\$81.7 million compared to a cash balance at 30 June 2024 of A\$77.6 million. The increase in cash during the quarter is primarily related to receipts under the GSA and the refund of Goulamina JV development costs.

At quarter end, A\$75.0 million has been invested in term deposits and A\$5.8 million in high interest earning bank accounts, with only a small amount of cash now held in USD.

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

- Cash Inflows:
 - Receipts under the GSA of A\$3.4 million; and
 - Goulamina JV reimbursements of A\$8.8 million.
- Cash Outflows:
 - Goulamina JV development costs of A\$6.7 million, incurred by Leo Lithium on behalf of the JV; and
 - Other staff, administration, and corporate costs of A\$3.4 million.

The GSA came into effect on 1 July 2024, resulting in the Company charging Ganfeng directly for services performed for the MLBV JV during the quarter.

As a result of Ganfeng assuming management responsibility during the quarter, certain staff, administration, and corporate costs are now recorded as direct Leo Lithium corporate costs rather than as joint venture costs (June 2024 quarter was A\$2.3 million). These costs have been invoiced to Ganfeng during the quarter as service fees under the GSA.

Pursuant to ASX Listing Rule 5.3.5, payments of A\$359,313 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.

Mineral Resource

The information in relation to Mineral Resources is extracted from the ASX announcement titled "*Goulamina Mineral Resource Upgrade to 267.2 Mt*" dated 1 July 2024 (Announcement) which is available to view at www.asx.com.au and www.leolithium.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the Announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimate in the Announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market 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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Statements made in this announcement are made only as at the date of this announcement.