



Quarterly Report

For the quarter ended 31 December 2024



Leo Lithium Limited (**Leo Lithium** or **Company**) provides its report for the quarter ended 31 December 2024.

Key events

- Completion of the sale of the Company's remaining interest in the Goulamina Project to Ganfeng occurred on 26 November 2024 after receiving the net US\$116.3 million first tranche consideration.
- Leo Lithium received A\$11.5 million from Firefinch in accordance with the provisions of the Deed of Covenant and Release dated 7 May 2024 between Leo Lithium, Firefinch Limited and GFL International Co. Ltd.
- The Company advised its intention to make a Tranche 1 distribution payment to Shareholders of 17.2 cents per share, comprising a capital return of approximately 1.4 cents per share and an unfranked dividend of approximately 15.8 cents per share.
- The Company convened a general meeting of shareholders to vote on the proposed return of capital described above and the requisite shareholder approval was obtained. The distribution payment date is 31 January 2025.
- As part of the Board restructure, Mr Rick Crabb and Mr Rod Baxter voluntarily retired from the Board of Directors, and Mr Simon Hay was appointed as Executive Chairman from that date.
- Following the completion of the Goulamina sale, the Company finalised and published on 5 December 2024 its Interim Financial Report for the Half-Year ended 30 June 2024.

On the December quarter, Executive Chairman Simon Hay commented:

"During the quarter, we closed the sale of the Goulamina Project to Ganfeng and received the net US\$116.3 million first tranche consideration to be distributed to our shareholders.

As part of the process to right-size the Board, we farewelled two directors during the period. As I mentioned at the time, I would like to thank Rick and Rod for their service to the Leo Lithium Board, particularly during a challenging period for the Company.

We are now looking forward to implementing the next phase of Leo Lithium and we are screening potential acquisition opportunities, as set out in more detail in the Company's 2025 Corporate Update released on 16 January 2025."

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

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CORPORATE UPDATE

MLBV Sale update

Receipt of A\$11.5 million from Firefinch Ltd

On 1 November 2024, the Company received a cash payment of A\$11.5 million from Firefinch Limited in accordance with the provisions of the Deed of Covenant and Release dated 7 May 2024 between Leo Lithium, Firefinch Limited and GFL International Co. Ltd.

MLBV Sale completes

Completion of the sale of the Company's remaining interest in the Goulamina Project to Ganfeng (**MLBV Sale**) occurred on 26 November 2024 and the Company received net cash consideration of US\$116.3 million (**Tranche 1**).

The total amount of Mali capital gains tax payable on the sale was US\$44.7 million, which was deducted from the gross consideration payable of US\$161 million and paid directly to the Mali Government by Ganfeng.

Certain procedural matters required to finalise and register the MLBV share transfer occurred post-completion, at which time the MLBV Shareholders' Deed and the MLBV Administrative Services Agreement were terminated and the Trailing Product Sales Fee Deed came into effect.

The US\$171.2 million second tranche of consideration payable by Ganfeng in connection with the MLBV Sale (**Tranche 2**) is payable by 30 June 2025.

Distribution of Tranche 1 net proceeds

Following the completion of the MLBV Sale, the Company advised its intention to distribute the Tranche 1 sale proceeds as follows:

- a capital return of up to A\$17.3 million, which will be made to Shareholders on a pro-rata basis and which equates to approximately 1.4 cents share (**Proposed Capital Return**); and
- an unfranked dividend of approximately 15.8 cents share (**Special Dividend**),

The Company has subsequently confirmed the total final distribution will be 17.20 cents per share, comprising a Capital Return of 1.43 cents per share and a Special Dividend of 15.77 cents per share. The distribution payment date is 31 January 2025.

Board restructure

Following the completion of the MLBV Sale, a review of the size and composition of the Board was completed with the following outcomes:

- The Board identified four Directors as the appropriate number to oversee the activities of the Company during its next phase.
- Mr Rick Crabb and Mr Rod Baxter voluntarily retired from the Board to reduce the number of Directors to four.
- Mr Simon Hay accepted the role of Executive Chairman to fill the vacancy created by the retirement of the previous Chairman Rick Crabb.
- From 1 January 2025 Mr Hay will work in a part-time capacity (equivalent to half of a full-time role) whilst the Company undertakes activities necessary to identify and acquire a new asset. As a result, Mr Hay's salary was reduced proportionally.

Shareholder Engagement

The Company dispatched a Notice of General Meeting to shareholders on 13 December 2024 seeking approval of the Proposed Capital Return. The General Meeting was subsequently held on 16 January 2025 and the requisite shareholder approval was obtained.

2025 Corporate Update

Post-period end, and as announced in the Company's 2025 Corporate Update released on 16 January 2025, Leo Lithium remains focused on seeking alternative opportunities to deliver shareholder value either via a potential acquisition or Tranche 2 distribution to shareholders, while maintaining rigorous cost control in CY2025.

As such, Leo Lithium's strategic focus continues to be acquiring an asset, subject to shareholder approval. The Company continues to screen potential targets for acquisition or combination. The focus is on assets where Leo can add significant value, applying its lithium-building expertise as one of the few teams globally which have developed a lithium asset in the last two years.

This strategy would provide the most flexibility for shareholders, as Leo Lithium can only resume trading on the Australian Securities Exchange (**ASX**) if it acquires another asset. Resuming trading on the ASX will enable Leo Lithium shareholders to make personal decisions on their shareholding that suit their particular tax circumstances.

While the Company screens for potential targets, it has lowered its cost base, retaining a smaller Board and core technical skills. The ongoing business costs are more than covered by interest earned.

Goulamina Project

As previously advised, management of the Goulamina Project was transferred to Ganfeng with effect from 30 June 2024 and Leo Lithium ceased providing in-country services to Ganfeng under the Goulamina Services Agreement on 30 September 2024.

Accordingly, during the quarter Leo Lithium held a non-operated 40% interest in Goulamina up to the date of completion of the MLBV Sale.

Leo Lithium did not undertake any mining exploration, mining production or development activity during the quarter.

Leo Lithium's indirect interest in the underlying Goulamina mining tenement¹ was transferred to Ganfeng as part of the MLBV Sale. Leo Lithium did not hold any mining tenements at the end of the quarter.

FINANCE & FUNDING

2024 Half-Year Accounts

Following the completion of the MLBV Sale, the Company finalised and published its financial results for the half-year ended 30 June 2024 on 5 December 2024.

Cash balances

As at 31 December 2024, the Company's closing cash was A\$269.3 million, with A\$268.9 million invested in Term Deposits or interest-bearing at call accounts.

¹ PE19/25, Permis d'Exploitation de Torakoro (Cercle de Bougouni) owned by Lithium du Mali S.A

Cash movements

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

- Cash Inflows:
 - Tranche 1 receipt on Sale of 40% of MLBV of US\$161 million (A\$249.0 million);
 - Firefinch Ltd contribution to the Mali Government settlement of A\$11.5 million;
 - Goulamina services agreement receipts from Ganfeng of A\$2.4 million;
 - Refund of Goulamina JV exploration and development costs of A\$5.0 million; and
 - Interest received of A\$1.1 million.
- Cash Outflows:
 - Mali capital gains tax of US\$44.7 million (A\$69.1 million) paid on the sale of 40% of MLBV;
 - Other staff, administration, and corporate costs of A\$8.2 million which are higher than the previous quarter of expenditure (the September 2024 quarter was A\$3.4 million) primarily attributable to retention payments, Managing Director special incentive award and Directors and Officers insurance; and
 - Goulamina JV exploration and development costs of A\$3.5 million, incurred by Leo Lithium on behalf of the Goulamina JV, with all outstanding expenditure incurred recovered in the December Quarter.

Pursuant to ASX Listing Rule 5.3.5, payments of A\$1,488,849 were made to related parties during the Quarter, being the payment of the Managing Director's special incentive award, 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 and the CEO Remuneration Update both released on 14 June 2024.

Cash position post January 2025 shareholder distribution

After Leo Lithium completes the payment of the January 2025 shareholder distribution, the Company expects to hold cash and cash equivalents of A\$60.0 million.

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.