
COMPLETION OF US\$40 MILLION DEBT FACILITY WITH GANFENG

Leo Lithium has agreed terms with Joint Venture partner Ganfeng Lithium Co., on an expandable US\$40 million debt facility for the Goulamina Lithium Project.

Highlights

- Lithium du Mali SA (**LMSA**) and GFL International Co., Ltd (**GFL**), a wholly-owned subsidiary of Jiangxi Ganfeng Lithium Co., Ltd (**Ganfeng**) have entered into a Facility Agreement for a US\$40 million debt facility
- The Facility Agreement will involve a term loan facility of US\$40 million for the purpose of developing the Goulamina Project with an accordion feature to increase the amount, if required and by mutual agreement
- The Goulamina JV now has a debt and equity package of US\$170 million and along with Leo Lithium's recently completed entitlement offer places the Company in a robust financial position as the development of Stage 1 of the Project advances

Leo Lithium Limited (**ASX: LLL**) (**Leo Lithium** or the **Company**) is pleased to announce that Lithium du Mali SA (**LMSA**) and GFL International Co., Ltd (**GFL**), a wholly-owned subsidiary of Jiangxi Ganfeng Lithium Co., Ltd (**Ganfeng**), have entered into a Facility Agreement for a US\$40M debt facility pursuant to the Ganfeng deal announced in June 2021.¹

LMSA is a wholly-owned subsidiary of Mali Lithium BV (**MLBV**). MLBV is the Goulamina JV entity that is owned 50:50 by Leo Lithium and GFL.²

Completion of the Facility Agreement places Leo Lithium in the robust position of having sufficient funds to cover its share of the Stage 1 development capital costs for the Goulamina Lithium Project (**Goulamina** or the **Project**), which are currently estimated at US\$255 million.

Entering into the Facility Agreement completes the Company's initial offtake marketing efforts and secures Ganfeng 100% of the spodumene product offtake from Stage 1 of the Project.

¹ Refer to Firefinch (ASX:FFX) announcement dated 16 June 2021 for more information.

² The State of Mali has the right to a free-carried 10% interest in the Goulamina Joint Venture and has an option to subscribe for an additional 10% interest in LMSA at fair market value. Refer to page 21 of the Prospectus dated 21 June 2022 for more information.

The Facility Agreement includes the following material items:

Facility	Progressive draw term loan facility of US\$40M.
Purpose	Goulamina Project development.
Accordion	<p>LMSA may request in writing that the Lender increase the Commitment of the Facility.</p> <p>GFL (the Lender) may, at its absolute discretion and free from the obligation to do so, agree to the Increased Commitment and propose pricing and terms applicable to the Increased Commitment.</p> <p>LMSA can decide whether to accept or reject the pricing and terms applicable to the Increased Commitment.</p>
Availability Period for drawdown	From November 2022 to May 2024.
Financial Close	When the first drawdown occurs.
Maturity Date	5 years after Financial Close.
Repayment	To the extent not repaid sooner due to voluntary prepayments, the Facility must be repaid by LMSA in full on the Maturity Date.
Arranging Fee	Nil.
Commitment Fees	Nil.
Interest Rate	Secured overnight financing rate (SOFR) administered by the Federal Reserve Bank of New York plus margin of 6.00% p.a., calculated daily on the total amount outstanding.
Security	<p>Limited security package:</p> <ul style="list-style-type: none"> • share security in respect of shares in LMSA granted by MLBV in favour of the Lender; and • any document entered into by LMSA or MLBV and which creates a Security over any of its assets in favour of, or for the benefit of, the Lender in respect of all or any part of the Secured Money and/or the Secured Obligations; and • Guarantee from MLBV.
Conditions Precedent	Usual for a transaction of this nature.
Financial Covenants	None.
Reporting Undertakings	None.

Leo Managing Director, Simon Hay, commented:

“Leo Lithium and Ganfeng are jointly developing Goulamina with plans to become one of the world’s largest spodumene concentrate producers. The finalisation of the debt funding package from Ganfeng significantly de-risks development and means we are now able to fully focus on accelerating development work on the Goulamina Project as we jointly bring the Goulamina into production. The accordion facility provides Leo Lithium with a further funding option, an important feature as the globe experiences broad inflationary pressures.”

Xiaoshen Wang, Vice Chairman of Ganfeng, commented:

“We are delighted to have finalised of the remaining piece of our debt and equity funding package with Leo Lithium and look forward to growing our partnership through the development of the Goulamina Project. We reiterate our belief that Goulamina represents a project of significant global importance to the lithium supply chain, and look forward to supporting the development of project through to production.”

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

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Leo Lithium (ASX: LLL) is developing the world-class Goulamina Lithium Project (**Goulamina**) in Mali. Goulamina represents the next lithium project of significant scale to enter production. The hard rock lithium project will be the first of its kind in West Africa. Early stage development is underway and first production targeted for H1 2024.

Globally significant project: Forecast spodumene concentrate production of 506ktpa increasing up to 831ktpa under Stage 2³ positions Goulamina amongst the world's largest spodumene projects.

Development underway and substantially funded: One of a limited number of lithium development projects globally which are substantially funded. Ganfeng have provided US\$130 million in equity funding and a US\$40 million debt facility.

Large scale, high grade 1 orebody: World-class, high grade hard rock lithium deposit with a Mineral Resource of 109Mt at 1.45% Li₂O (3.9Mt LCE) and Ore Reserve of 52Mt at 1.51% Li₂O (1.9Mt LCE). Drilling is underway targeting increases to the current resources and reserves.

Quality product: High quality spodumene concentrate with test work validating 6% Li₂O with low impurities and having been successfully converted to battery grade lithium hydroxide.

World-class partner: Project being developed in 50/50 partnership with Ganfeng, the world's largest lithium chemical producer by production capacity, providing funding, offtake and operational support to de-risk development.

Decarbonisation thematic: Providing an essential raw material to the lithium-ion battery value chain for a clean energy future.

Ore Reserves, Mineral Resources and Production Targets

The information in this announcement that relates to production targets, Mineral Resources and Ore Reserves is extracted from the Company's replacement prospectus dated 6 May 2022 (Prospectus) which is available at leolithium.com. The Company confirms that all material assumptions and technical parameters underpinning the production targets, Mineral Resource and Ore Reserve estimates in the Prospectus continue 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 Prospectus.

³ Based on first 5 years of steady state Stage 2 production.