
GOULAMINA ON SCHEDULE POST DISCUSSIONS WITH MALI GOVERNMENT

- Correspondence received from the Ministry of Mines to suspend Goulamina DSO operations
- Suspension of DSO does not delay any aspect of the spodumene project
- First spodumene concentrate production remains on schedule for Q2, 2024
- Discussions with the Government of Mali continue on a range of matters, including the Government's free carry stake in, and the overall progress at Goulamina
- Continued strong support from Strategic Partner Ganfeng Lithium with Cooperation Agreement signed and investment structure revised and agreed
- Conference call to be held on Monday, 4 September at 11:00am AEST / 9:00am AWST

Leo Lithium Limited (ASX: LLL) (**Leo Lithium** or the **Company**) advises of the resumption of trading of its securities on the ASX. This follows a voluntary suspension since 20 July 2023 and a two day trading halt from 18 July 2023, as a result of correspondence received from the Government of Mali (**Government**).

Government engagement

The Company received correspondence from the Malian Ministry of Mines on 17 July 2023, covering a number of topics including direct shipping ore (**DSO**), status of the Government free carry stake and overall status of progress at the Goulamina Lithium Project (**Goulamina** or the **Project**). The Government has formed a commission to examine these items as well as issues surrounding the Morila Gold Mine in Mali (**Commission**), which is the subject of announcements by Firefinch Limited (**Firefinch**).

Leo Lithium and Ganfeng Lithium Group, Co., Ltd (**Ganfeng**), which is the JV partner with Leo Lithium in Goulamina, welcomed the formation of the Commission and have readily provided information to the Commission at a number of meetings in Bamako in July and August 2023.

DSO

The Ministry of Mines directed Lithium du Mali SA (**LMSA** - a Malian company that holds the Project) to suspend the DSO component of activities at the Project whilst discussions with the Ministry are pending. Despite previously receiving broad support for the export of DSO, LMSA immediately stopped crushing ore for DSO export.

The directive received does not delay any aspect of the Project. Mining continues as per the pre-existing plan and mined ore is being stockpiled ahead of first spodumene concentrate production in Q2, 2024, which remains on schedule.

The Company submitted information to the Government explaining the DSO operations, the broader lithium industry and the benefits to the State of Mali from DSO sales. The Government continues to assess the submission and no formal response has been received. The Company, therefore, withdraws its prior guidance on 2023 and 2024 DSO production and sales and will advise on future DSO activities only if and when approval is received from the Government.

Government free carry stake

The Goulamina project partners continue to progress the standard Malian requirement for a 10% project free carry for the Government in the Project and expect implementation prior to production commencing.

Leo Lithium and Ganfeng each hold a 50% interest in Mali Lithium BV (**MLBV** - the Goulamina JV company). MLBV currently wholly owns LMSA. As previously outlined, the Government has the right to acquire up to a 20% interest in LMSA. The Government will be free carried by the MLBV on the Government's initial 10% interest in LMSA and has an option to subscribe for an additional 10% interest in LMSA at market value.

Initial documents have been provided to the Government to effect the 10% project free carry stake. As part of this, the Government can appoint two directors to the board of LMSA with Leo Lithium and Ganfeng appointing up to three representatives each.

Government import duties and taxes

LMSA's relationship with the State of Mali is governed by the Establishment Agreement (**Agreement**) concluded on 27 October 2016, between Société Timbuktu Ressources SARL (which was authorized by the government of Mali to transfer the exploitation licence to LMSA on 24 March 2022) and the State of Mali. This Agreement, which is consistent with the Mining Code that was in force in 2012, provides that the stability of the tax and customs regime is guaranteed to holders of mining titles during the period of validity of their titles (Article 118 of the 2012 Mining Code). More specifically, during the validity period of the mining titles, the tax bases and rates will remain as they were at the date of the issue of mining titles, and no new tax or levy of any kind will be applicable to the holder or beneficiary during this period, with some limited exceptions.

Under the agreement, LMSA is exempt from, among other things, duties and taxes on petroleum products used to produce energy for the extraction, transport and processing of ore, as well as a three year exemption from import duties and taxes for the importation of Project equipment.

Since mid-July 2023, the Government's actions have not been consistent with the Project's exemptions from import duties and taxes for the importation of equipment. Leo Lithium did not receive any communication of this change. Leo Lithium is attempting to resolve this matter with the Government. So far, LMSA has paid approximately US\$4.0 million in import duties and taxes and if the matter is not resolved, it expects to pay a further estimated US\$16.1 million this quarter. Total exposure for LMSA in the capital phase of the Project for unplanned import duties and taxes is US\$45-50 million. The potential increase in import duties and taxes exposure falls within the sensitivity analysis completed for costs for the capital phase as part of the definitive feasibility study referred to in the Replacement Prospectus dated 6 May 2022.

New Mining Code in Mali

The new Mining Code Act was promulgated on 29 August 2023, by His Excellency Colonel Assimi Goïta, President of the Transition and President of the Republic of Mali. The Company has commenced a review of the code and will advise if any impact on the project in due course.

Firefinch Limited / Morila Gold Mine

Leo Lithium and Ganfeng have presented information to the Commission that conclusively shows that Leo Lithium and Ganfeng have no connection with Firefinch (other than Firefinch holding a 17.6% shareholding in Leo Lithium with no board representation), that the Goulamina licence was validly transferred from a Firefinch entity to LMSA and that Leo Lithium and Ganfeng were not involved with the Morila Gold Mine at any time. For clarity, Leo Lithium is not considering any future involvement in Morila.

Ongoing Dialogue with the Government of Mali

Leo Lithium and Ganfeng continue to engage in good faith with the Government on the matters outlined above. The Company has a team of experienced Malian and international advisors assisting. Managing Director Simon Hay and a Ganfeng representative have been in Mali recently for meetings and discussions. The Government has not set a timeframe for resolution on the items and therefore no guidance can be provided as to the timing for conclusions.

Ganfeng Investment and Cooperation Agreement

Leo Lithium continues to hold strong ties with Ganfeng, China's largest lithium producer. The transformational Cooperation Agreement¹ announced in May 2023 has been finalised and was executed on 3 September 2023. This agreement includes several long-term strategic benefits to Leo Lithium including:

- Raising planned Stage 2 capacity to 500ktpa, lifting overall planned capacity at Goulamina to 1mtpa²
- Jointly studying the concept of co-investing in a downstream conversion facility in Europe or other suitable region within a reasonable distance of West Africa;
- Amending the offtake agreement for Goulamina Stage 2 for the potential future downstream conversion facility to produce lithium hydroxide; and
- Establishing and jointly funding an exploration joint venture to focus on opportunities in Australia.

The investment structure associated with the Cooperation Agreement is being revised with the original Strategic Placement Agreement (a placement into Leo Lithium Limited), to be replaced by an Equity Investment Agreement, which is a direct equity injection by Ganfeng into MLBV. The reason for the change is that regulatory approvals in China should be easier with a direct project investment. Under the Equity Investment Agreement, Ganfeng will sole fund approximately US\$137.2 million of Goulamina capital costs, via MLBV, and be issued new shares in MLBV,

¹ ASX release 29 May 2023, Leo Lithium Secures A\$106m Strategic Placement and transformational Cooperation Agreement with Ganfeng Lithium

² 65% of the Stage 2 Capacity is a production target as detailed in the Replacement Prospectus dated 6 May 2022 available at leolithium.com. The remainder is not a production target pursuant to the ASX Listing Rules, as it is an aspirational statement and Leo Lithium does not yet have reasonable grounds to believe the statement can be achieved.

earning up to a 55% economic interest in MLBV, with Leo Lithium owning the remaining 45%. Leo Lithium remains the operator/manager of the joint venture and responsible for ordinary course business decisions. The JV partners have agreed to amend the joint venture arrangements to include customary minority shareholder protections for non-ordinary course matters that are considered at a board and shareholder level, including reserved matters for material decisions affecting the joint venture and the project that will require the consent of Leo Lithium.

The only material change to the Cooperation Agreement as a result of this restructuring of the investment, is that the offtake for any potential Stage 3 expansion will reflect the equity position of the JV partners, i.e., Leo Lithium will control 45% of Stage 3 offtake. For clarity, Ganfeng will control 100% of Stage 1 offtake (conditional on the first drawdown of the US\$40 million Ganfeng debt facility) and 70% of Stage 2 offtake and the full proceeds of spodumene sales always flow to the Project.

The conditions precedent for the investment are board approval by both boards for final form documents (commercial terms are agreed) and Chinese regulatory approval, which Ganfeng continues to progress. The Government of Mali will be informed and consulted. This investment demonstrates Ganfeng's solid commitment to the Project and support for the Company's operations and approach in Mali.

Project remains on schedule

Goulamina construction and mining continue on schedule and minor delays due to the customs duties matters are recoverable. Worldwide supply pressure persists requiring additional effort on expediting supply as well as optimising the planning of construction activities.

Significant progress was made in the June quarter including production of first run of mine ore. Since the June quarter the mining contractor, Corica Mining Services, has continued its activities on site with mined material stored on the ROM or on waste stockpiles.

Project progress is ~35% complete at the end of July and this is expected to accelerate in the coming months with the establishment of multiple delivery contractors on site. EPCM reported construction progress to the end of July is ~33% complete, which is an increase of ~7% for the month. An intensive construction phase is planned in H2 2023, with over 1,200 staff currently employed on site.

Focus remains on the integration of commissioning and operational readiness planning, as the key to delivering the production ramp up schedule.

Deliveries of supplies and equipment have continued in support of structural, mechanical, and piping installation. Multiple deliveries of HDPE pipe were received on site to support the overland pipe installation from the Selingue Dam to the site. The contractor completed the clear and grub from site to the dam and commenced fusion welding of the pipe ready for installation.

Mobilisation of personnel and equipment for the ball mill installation was completed with checking, cleaning and pre-assembly activities underway.

Cash Position and Funding

At 30 June, Leo Lithium held cash of A\$67.1 million and the Goulamina JV held cash of US\$60.5 million. This is in addition to a US\$40 million undrawn debt facility held within the Goulamina JV. The drawdown of the facility is expected to commence this month.

Subject to the satisfaction of the condition precedent, the proceeds from the Equity Investment Agreement with Ganfeng will be received directly into the MLBV account over the next 4-6 months. This will preserve the Company's cash well into 2024.

Investor Conference Call

The Non-Executive Chair Rick Crabb and Managing Director Simon Hay will host a conference call with a Q&A session for the market on Monday, 4 September at 9:00am AWST.

Shareholders and investors who wish to listen to the live call and view the associated slides can join via - <https://webcast.openbriefing.com/lll-mu-2023/>

Analysts, fund managers, brokers, and journalists who wish to pre-register to participate in the Q&A session can do so via <https://registrations.events/direct/OCP60769>.

Participants who have pre-registered for the Q&A will receive a calendar invite and a unique code which is to be quoted when dialling into the call to participate in the Q&A session. Please note that it is recommended that you log in at least five minutes before the scheduled commencement time.

Leo Lithium Managing Director, Simon Hay, commented:

"Goulamina remains a technically and financially robust world-class lithium project and continues to represent the next lithium project of significant scale to enter production globally, without the addition of early DSO product.

"We are pleased to execute the Cooperation Agreement with Ganfeng and revise the investment structure; this further demonstrates the positive working relationship between the JV partners and Ganfeng's continuing support for the Goulamina Project.

"While Leo Lithium had a preference to bring Goulamina DSO product to market in advance of our expected spodumene concentrate production in the first half of 2024, it is not necessary for a successful project, and we did not consider a DSO opportunity in our feasibility studies.

"We will continue to engage with the Ministry of Mines and advance our world-class spodumene project. We anticipate further positive developments with the latest Mineral Resource setting the foundation for an updated Ore Reserve estimate later this month."

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. Construction is underway, and first production is targeted for H1 2024.

Globally significant project: Forecast spodumene concentrate production of 506ktpa increasing up to 831ktpa under Stage 2¹ 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 into the JV.

Large-scale, high-grade orebody: World-class, high grade hard rock lithium deposit with a Mineral Resource of 211.0 Mt at 1.37% Li₂O and Ore Reserve of 52 Mt at 1.51% Li₂O (1.9 Mt LCE)².

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 50/50³ 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.

¹ Based on first 5 years of steady state Stage 2 production. ² On a 100% basis. ³ Moving to 45:55 on completion of the Equity Investment Agreement

Mineral Resources

The information in this announcement in relation to Mineral Resources is extracted from the Company's ASX announcement dated 20 June 2023 entitled "Significant Goulamina Resource Upgrade 48% Increase to 211Mt". The Company confirms that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the 20 June 2023 announcement (as applicable) 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 20 June 2023 announcement. The Competent Persons for the 20 June 2023 announcement is Mr Matt Clark. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the 20 June 2023 announcement.

Ore Reserves and Production Targets

The information in this announcement that relates to production targets 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 and Ore Reserve estimates in the Prospectus continue to apply and have not materially changed. The Competent Person for the Prospectus for Ore Reserves is Mr Quinton de Klerk. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the Prospectus. However, current work is in progress to evaluate the Ore Reserve Estimate based on the significant upgrade of the Mineral Resource, new pricing and updated costs setting the foundation for further positive developments in Reserve estimate.

Forward Looking Statements

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. These statements are based on, among other things, an assessment of present economic and operating conditions and on 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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