LEO LITHIUM LIMITED

ABN 70 638 065 068

CONDENSED CONSOLIDATED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2022

www.leolithium.com

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mr Alistair Cowden	- Non-Executive Chairman
Mr Simon Hay	- Managing Director & Chief Executive Officer
Ms Amber Banfield	- Non-Executive Director
Mr Rod Baxter	- Non-Executive Director
Mr Brendan Borg	- Non-Executive Director
Mr Mark Hepburn	- Non-Executive Director

CHIEF FINANCIAL OFFICER

Mr Joseph Belladonna (appointed on 1 August 2022)

COMPANY SECRETARIES

Mr Joseph Belladonna
Mr Nathan Bartrop

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 3, 31 Ventnor Avenue
West Perth WA 6005
Australia
Phone: + 61 8 6149 6100
Email info@leolithium.com
Website: www.leolithium.com

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth Western Australia 6000
Phone: 1300 850 505 (within Australia)
Phone: + 61 3 9415 5000 (outside Australia)
Fax: + 61 8 9473 2500
Website: www.computershare.com
Investor Centre: www.investorcentre.com

LEGAL ADVISERS

Gilbert & Tobin
Level 16, Brookfield Place Tower 2
123 St Georges Terrace
PERTH WA 6000

AUDITORS

PricewaterhouseCoopers
Level 15, 125 St Georges Terrace
Perth Western Australia 6000
Australia

AUSTRALIAN COMPANY NUMBER

638 065 068

Leo Lithium Limited shares are listed on the Australian Stock Exchange ("**ASX**"). ASX Code: LLL

TABLE OF CONTENTS

DIRECTORS' REPORT

Your directors present their report on the condensed consolidated financial statements of Leo Lithium Limited ("**Leo Lithium**" or "**Company**") and the entities it controlled ("**Group**") during the 6 months ended 30 June 2022 ("**Half-Year**").

On 26 November 2021, Leo Lithium Pty Ltd (formerly Goulamina Holdings Pty Ltd) changed its name to Leo Lithium Limited and was converted to a public company.

Leo Lithium is a lithium-focussed company listed on the ASX and contains one of the world's largest undeveloped high-quality spodumene (lithium) deposits which is anticipated to enter production in H1 2024.

DIRECTORS

The following persons were directors of the Company during the Half-Year and up to the date of this report:

Mr Alistair Cowden	Non-Executive Chairman (appointed 16 December 2019, announced resignation on 1 August 2022 but to remain on the Board until a new Chairman is appointed)
Mr Simon Hay	Managing Director & Chief Executive Officer (appointed 10 January 2022)
Ms Amber Banfield	Non-Executive Director (appointed 21 April 2022)
Mr Rod Baxter	Non-Executive Director (appointed 21 April 2022)
Mr Brendan Borg	Non-Executive Director (appointed 13 October 2021)
Mr Mark Hepburn	Non-Executive Director (appointed 21 April 2022)
Mr Michael Anderson	Executive Director (appointed 6 April 2021 and resigned 21 April 2022)

DEMERGER AND IPO

On 29 April 2022, Firefinch Limited (**Firefinch**) announced to ASX its plan to demerge its interest in the Goulamina Lithium Project in Mali by making an in-specie distribution of 80% of its shares in its wholly-owned subsidiary, Leo Lithium, to Firefinch shareholders on a pro rata basis (**Demerger**).

On 29 April 2022 Leo Lithium lodged a Prospectus with ASX for an initial public offering (**IPO**) of Shares to raise up to A$100 million, comprising:

(a) a pro-rata priority offer to Eligible Firefinch Shareholders of up to 114.35 million fully paid ordinary shares in Leo Lithium (**Shares**) on the basis of 1 Leo Lithium Share for every 10.33 Firefinch Shares held by Eligible Firefinch Shareholders on 5 May 2022, at an issue price of A$0.70 per Share to raise up to A$80 million (before expenses) (**Pro-rata Offer**);

(b) an additional offer to Eligible Firefinch Shareholders and Eligible Institutional Investors of Shares from any Shortfall under the Pro-rata Offer at an issue price of A$0.70 per Share; and

(c) an offer to Firefinch of up to 28.57 million Shares at an issue price of A$0.70 per Share to Firefinch to raise up to A$20 million.

(**Offer**)

The proceeds of the Offer of A$100 million will be used to:

(a) fund Stage 1 development capital costs for the Goulamina Lithium Project, being the construction and operation of a plant with a 2.3 million tonne per annum throughput rate for the production of spodumene concentrate, and associated infrastructure;

(b) repay a loan to Firefinch which was advanced to Leo Lithium to facilitate the implementation of the Goulamina Joint Venture;

(c) transaction costs associated with the Demerger and Offer; and

(d) provide working capital, exploration and other expenses.

The Firefinch shareholders voted in favour of the Demerger on 31 May 2022 and the Demerger became effective on 9 June 2022.

The IPO was successfully completed in June and raised A$100,041,906 (before costs).

Leo Lithium satisfied the ASX listing requirements in early June and commenced trading on ASX on 23 June 2022 under the ticker LLL.

Firefinch remains as a 17.6% shareholder in Leo Lithium.

GOULAMINA JOINT VENTURE WITH GANFENG

On 16 June 2021, Firefinch announced to ASX the execution of a binding term sheet (**Term Sheet**) with a subsidiary of the world's largest lithium producer by production capacity, Jiangxi Ganfeng Lithium Co. Ltd (**Ganfeng**), to establish a 50:50 incorporated joint venture (**JV**) to develop and operate the world-class Goulamina Lithium Project in Mali (**Goulamina JV**).

Ganfeng agreed to make a cash equity investment of US$130 million into Mali Lithium BV (a company incorporated in the Netherlands) (**MLBV** or the **Goulamina JV company**) to earn a 50% JV interest in MLBV that in turn owns 100% of Lithium du Mali SA (a company incorporated in Mali) (**LMSA**) which owns 100% of the Goulamina Lithium Project.

Leo Lithium will be the operator and manager of the Goulamina Lithium Project.

All agreements with Ganfeng were executed in August 2021 and were subject to the satisfaction of relevant conditions precedent including:

- On 1 December 2021, following receipt of Chinese regulatory approvals, and on the advice of non-objection from the Government of Mali, the first tranche of equity (US$39 million) was deposited by Ganfeng into an escrow account.
- On 6 December 2021, Firefinch released the DFS update which revised the project base case to include a Stage 2 expansion from 2.3Mtpa to 4.0Mtpa, which is expected to come online 18 months post commissioning of Stage 1.
- On 4 January 2022, the boards of both Firefinch and Ganfeng approved a Final Investment Decision (**FID**) for the Project. The parties agreed to waive the FID condition to the payment of the final US$91 million upon the formation of the incorporated JV.

All conditions precedent were satisfied on 30 March 2022 and Ganfeng's cash equity investment of US$130 million was released from escrow and received in full by MLBV. Ganfeng thereby completed the acquisition of its 50% JV interest in the incorporated JV entity, MLBV.

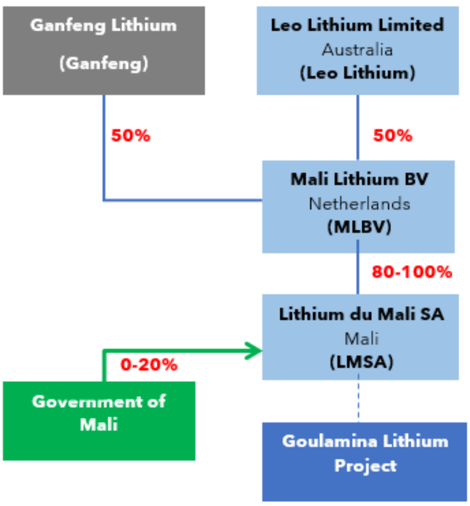
In July 2022, Leo Lithium announced that LMSA and GFL International Co., Ltd (**GFL**), a wholly owned subsidiary of Ganfeng had entered into a Facility Agreement for a US$40M debt facility (**Ganfeng Debt**). These funds, together with the US$130 million equity investment by Ganfeng will be used to fund Goulamina into production.

To provide further support for Goulamina, Ganfeng entered into an offtake agreement for up to 100% of spodumene concentrate product produced at Goulamina across the life of mine. Ganfeng received offtake rights to 50% of the offtake from Stage 1 of Goulamina on FID and the receipt of the US$130 million equity investment. The remaining 50% of offtake from Stage 1 of Goulamina will be assigned to Ganfeng, subject to the provision of the Ganfeng Debt (condition satisfied) and Goulamina reaching commercial production within four years of FID (i.e. by 4 January 2026).

Pursuant to Malian law, the State of Mali is entitled to a free carried 10% equity interest in LMSA with an option to acquire an additional 10% equity interest at fair market value via the LMSA Option. At present, the Government has not exercised its option to the first 10% interest. If the State of Mali exercises the LMSA Option:

- the funds required to exercise the LMSA Option will be provided by way of a loan from Leo Lithium and Ganfeng to the Government of Mali, reducing Leo Lithium's funds; and
- the interests of Leo Lithium and Ganfeng in the Goulamina Lithium Project will be diluted.

The structure is summarised below:



PRINCIPAL ACTIVITIES

The principal activities of the entities within the Group are:

- Exploration for lithium minerals in Mali; and
- Development of the Goulamina lithium project in Mali in joint venture with Ganfeng.

SUSTAINABILITY

Leo Lithium is committed to undertaking operations transparently, ethically, and responsibly. Leo Lithium has commenced alignment of its environmental, social and governance practices with international frameworks.

Safety Performance

The Total Recordable Injury Frequency rate ("**TRIFR**") for the rolling 12 months ending 30 June 2022 was zero.

The Lost Time Injury Frequency rate ("**LTIFR**") for the rolling 12 months ending 30 June 2022 was zero.

GOULAMINA LITHIUM PROJECT

Overview

The Goulamina Lithium Project is one of the world's largest undeveloped high quality spodumene deposits.

All material permits are in place and construction has commenced. The Updated DFS in December 2021 confirmed the Goulamina Lithium Project as a long life, large scale and low-cost open pit project expected to produce an average of 726,000 tonnes of spodumene concentrate per annum at an average cash cost of US$312 per tonne (FOB) at Stage 2. An initial mine life of 21 years is underpinned by a high grade, low impurity Ore Reserve of 52 million tonnes at 1.51% Li_2O for 0.79 million tonnes contained Li_2O.

The Goulamina Lithium Project's investment highlights include:

- among the world's largest spodumene projects, with anticipated annual spodumene concentrate production of 506,000 tonnes in Stage 1, increasing up to 831,000 tonnes in Stage 2 (subject to ramp up of Stage 1 and a final investment decision);
- a top 7 global hard rock Mineral Resource at 108 million tonnes at 1.45% Li_2O and Ore Reserve of 52 million tonnes at 1.51% Li_2O;
- one of the few lithium projects globally where development is underway and it is substantially funded to production, with US$130 million in equity funding received from Ganfeng and US$40 million in arranged debt by Ganfeng;
- high quality concentrate, with test work validating 6% Li_2O grade spodumene concentrate;
- joint venture with Ganfeng (a leading producer of lithium chemicals globally), providing funding, offtake and operational support with the aim of de-risking the development of the Goulamina Lithium Project;
- social licence to operate in Mali and strong relationships with the Malian government; and
- exposure to the electric vehicle and decarbonisation thematic, providing critical metals for a clean energy future.

As Manager of the Goulamina JV, Leo Lithium has commenced initial development activities to bring the Goulamina Lithium Project into production.

Resource & Reserve

Mineral Resource Estimate

A Measured, Indicated and Inferred Mineral Resource Estimate for Goulamina of 108.5 million tonnes at 1.45% Li2O was published by Firefinch in an ASX release dated 8 July 2020:

Estimate	Classification	Tonnes (Millions)	Contained Tonnes (Li_2O)	Li_2O(%)
July 2020	Measured	8.4	133,000	1.57
	Indicated	56.2	832,000	1.48
	Inferred	43.9	606,000	1.38
	Total	**108.5**	**1,570,000**	**1.45**

Table 1: Goulamina Mineral Resource Estimate - July 2020

Ore Reserves

Proven and Probable Ore Reserves have been derived from Measured and Indicated Mineral Resources and are contained within the final pit design and scheduled to be processed through the planned processing facility. The Ore Reserves do not include any material classified as Inferred.

Category	Cut-off grade (Li_2O%)	Tonnes (millions)	Grade (Li_2O%)	Tonnes (Li_2O)
Proven	0.00	8.1	1.55	125,000
Probable	0.00	44.0	1.50	660,000
Total	**0.00**	**52.0**	**1.51**	**785,000**

Table 2: Goulamina Open Pit Ore Reserve Estimate – October 2020

The Ore Reserve is contained within an open pit containing 169 million tonnes of waste resulting in a waste to ore strip ratio of 3.26:1 with a total of 222 million tonnes of ore plus waste mined over the life of mine. Included in the waste material is 1.8 million tonnes of Inferred Mineral Resource which is not reported to Ore Reserves and is an opportunity to provide additional reserves with further drilling.

Mineral Resources Reporting

The information in this report that relates to 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 underpinning the Mineral Resources 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.

CORPORATE

KEY EVENTS

The Half-Year condensed consolidated financial statements include the following key items:

- The completion of the Goulamina JV arising from Ganfeng's US$130 million equity investment in MLBV (the Goulamina JV company).
- As part of an internal reorganisation to implement the Goulamina JV, Firefinch transferred the ownership and intellectual property of both the Original DFS and the Updated DFS for the Goulamina Lithium Project to Leo Lithium, these assets have a carrying value of A$5,399,819. In addition, Firefinch transferred its 359 shares in MLBV to Leo Lithium, which had a carrying value of A$13,816,260. Consideration for these transfers comprised a loan of A$9,945,000 payable to Firefinch and the issue of 4,635,540 new ordinary fully paid shares in Leo Lithium to Firefinch, valued at A$9,271,079. As this transaction was an internal restructure with the transfer of these assets between wholly-owned Firefinch subsidiaries, the existing book values were used in the recognition and measurement of the exchange.
- The ownership and intellectual property of both the Original DFS and the Updated DFS for the Goulamina Lithium Project was subsequently transferred by Leo Lithium to MLBV. Consideration for this transfer was A$5,399,819 which was satisfied by MLBV issuing 140 shares in itself to Leo Lithium.
- Leo Lithium undertook a share split such that 4,635,541 Shares were subdivided into 1,054,681,447 Shares.
- The Firefinch shareholders voted in favour of the Demerger on 31 May 2022 and the Demerger became effective on 9 June 2022. The in-specie distribution of Leo Lithium shares to eligible Firefinch shareholders was completed on 9 June 2022.
- The issue and allotment of 142,917,008 Shares on 16 June 2022 at an issue price of A$0.70 to raise A$100,041,906 (before costs of A$3,389,562) pursuant to the Offer.
- The Company commenced trading on ASX on 23 June 2022.

OPERATING RESULTS FOR THE PERIOD

The Group's profit after tax for the Half-Year was A$71,513,866 (30 June 2021: loss A$562) including the following key items:

- The completion of the Goulamina JV resulted in a gain of A$77,097,934 to reflect the uplift in the carrying value of Leo Lithium's interest in the Goulamina JV. The carrying value comprised the implied fair value of a 50% interest in the Goulamina JV based on Ganfeng's US$130 million Ganfeng equity investment in MLBV (the Goulamina JV company) less Leo Lithium's existing cost base of the Goulamina JV – see note 5.
- Fees payable to Macquarie Capital (Australia) Limited for:
  - advisory success fee of A$857,143 in relation to the Ganfeng Direct Debt of US$40 million; and
  - Demerger completion fee of A$1,350,000.

- Costs assigned by Firefinch to Leo Lithium including corporate administration costs and costs associated with the formation of the Goulamina JV of A$1,750,251.
- Administration expenses of A$1,207,394.
- Finance expenses on the loan from Firefinch of A$308,470.

CASH FLOW – LEO LITHIUM

Operating Cash Flows

Operating cash outflows for the Half-Year were A$1,515,940 (30 June 2021: A$51) including payment of employees and suppliers.

Financing Cash Flows

Cash inflows relating to financing activities totalled A$87,374,239 (30 June 2021: Nil) including the following key items:

- The issue of 142,917,008 Shares at an issue price of A$0.70 to raise A$100,041,906 pursuant to the Offer.
- Offer cash costs of A$2,414,197.
- Receipt of A$350,000 loan funds from Firefinch.
- Repayment of the loan payable to Firefinch of A$10,603,470 (including interest of A$308,470) following Leo Lithium's admission on ASX.

Closing Cash

Closing cash at 30 June 2022 was A$85,881,780 (31 December 2021: A$23,481).

CASH FLOW – GOULAMINA JV

As the Goulamina JV is not consolidated in Leo Lithium's financial statements, the cash impacts of the Goulamina JV are not included in Leo Lithium's cash flows apart from any equity or loan funds provided by Leo Lithium to the Goulamina JV. The Goulamina JV arrangement is a 50:50 joint venture between Leo Lithium and Ganfeng and accordingly, Leo Lithium accounts for the arrangement as an investment utilising the equity method as per the Accounting Standards.

The Goulamina JV's closing cash at 30 June 2022 was US$129,256,879.

The Goulamina JV's major cash flow items during the half-year were:

- *Cash Inflows*: Receipt of US$130,000,000 equity injection from Ganfeng; and
- *Cash Outflows*: Project development costs of US$743,121.

Subsequent to 30 June 2022, Leo Lithium announced that LMSA and GFL International Co., Ltd (**GFL**), a wholly owned subsidiary of Jiangxi Ganfeng Lithium Co., Ltd entered into a Facility Agreement for a US$40 million debt facility.

DIVIDENDS FOR THE PERIOD

No dividends have been paid by the Company during the Half-Year, nor have the Directors recommended that any dividends be paid (2021: none).

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with section 307C of the Corporations Act 2001, the directors received the attached independence declaration set out on page 8 and forms part of the directors' report for the Half-Year.

Signed in accordance with a resolution of the Directors.

Alistair Cowden

Alistair Cowden
Chairman

Dated at Perth on 13 September 2022.

AUDITOR'S INDEPENDENCE DECLARATION

pwc

Auditor's Independence Declaration

As lead auditor for the review of Leo Lithium Limited for the half-year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Leo Lithium Limited and the entities it controlled during the period.

Ian Campbell
Partner
PricewaterhouseCoopers

Perth
13 September 2022

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Condensed Consolidated Income Statement and Statement of Other Comprehensive Income

For the half-year ended 30 June 2022

	Note	30 June 2022 A$	30 June 2021 A$
Profit and Loss for the period			
Gain on formation of the Goulamina JV	*5*	77,097,934	-
Other income	*3*	110,080	-
Other expenses	*3*	(5,385,678)	-
Foreign exchange gain		-	562
Profit before income tax and net finance expenses		**71,822,336**	**562**
Finance expenses	*3*	(308,470)	-
Profit before taxation		**71,513,866**	**562**
Income tax benefit / (expense)	*7*	-	-
Profit after tax attributable to members of the parent		**71,513,866**	**562**
Other Comprehensive Income for the period			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation– Investment in Goulamina JV		8,520,628	-
Other comprehensive income for the period		**8,520,628**	**-**
Total comprehensive income for the period attributable to members of the parent		**80,034,494**	**562**
Earnings per share attributable to the ordinary equity holders of the parent			
Basic earnings per share (cents per share)		8.09	-
Diluted earnings per share (cents per share)		8.09	-

The above Condensed Consolidated Income Statement and Statement of Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	30 June 2022 A$	31 December 2021 A$
CURRENT ASSETS			
Cash and cash equivalents		85,881,780	23,481
Receivable from Goulamina JV		8,195,966	-
Other current assets		1,203,788	-
Total Current Assets		**95,281,534**	**23,481**
NON-CURRENT ASSETS			
Investment in Goulamina JV	*5*	104,834,641	-
Total Non-Current Assets		**104,834,641**	**-**
Total Assets		**200,116,175**	**23,481**
CURRENT LIABILITIES			
Trade and other payables		5,664,967	-
Provisions		80,774	-
Payable to Firefinch		8,340,447	-
Total Current Liabilities		**14,086,188**	**-**
Total Liabilities		**14,086,188**	**-**
Net Assets		**186,029,987**	**23,481**
EQUITY			
Contributed equity	*6 a)*	105,923,425	2
Reserves	*6 c)*	8,569,217	-
Retained earnings		71,537,345	23,479
Total Equity		**186,029,987**	**23,481**

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 30 JUNE 2022

	Contributed Equity A$	Reserves A$	Retained Earnings A$	Total Equity A$
Balance at 1 January 2021	2	-	(1,856)	**(1,854)**
Profit for the period	-	-	562	**562**
Other comprehensive income for the period	-	-	-	**-**
Balance at 30 June 2021	2	-	(1,294)	**(1,292)**
Balance at 1 January 2022	2	-	23,479	**23,481**
Profit for the period	-	-	71,513,866	**71,513,866**
Other comprehensive income for the period	-	8,520,628	-	**8,520,628**
Total comprehensive income	-	8,520,628	71,513,866	**80,034,494**
Shares issued	109,312,985	-	-	**109,312,985**
Share issue costs	(3,389,562)	-	-	**(3,389,562)**
Share-based payments	-	48,589	-	**48,589**
Balance at 30 June 2022	**105,923,425**	**8,569,217**	**71,537,345**	**186,029,987**

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

For the half-year ended 30 June 2022

	30 June 2022 A$	30 June 2021 A$
Operating activities		
Payments to suppliers, contractors and employees	(1,515,940)	(51)
Net cash (outflow) from Operating Activities	**(1,515,940)**	**(51)**
Financing activities		
Proceeds of equity raising	100,041,906	-
Transaction costs related to equity raising	(2,414,197)	-
Loan from Firefinch	350,000	-
Repayment of Loan from Firefinch	(10,295,000)	-
Bank charges and interest paid	(308,470)	-
Net cash inflow from Financing Activities	**87,374,239**	-
Net increase in cash and cash equivalents	85,858,299	(51)
Cash and cash equivalents at the beginning of the period	23,481	24,431
Effect of foreign exchange rate changes	-	(321)
Cash and cash equivalents at the end of the period	**85,881,780**	**24,059**

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Financial Statements

1. CORPORATE INFORMATION

Leo Lithium Limited ("**Leo Lithium**" or "**Company**") is a for-profit company limited by shares, incorporated and domiciled in Australia, whose shares are traded on ASX.

The condensed consolidated financial statements of the Company for the half-year ended 30 June 2022 ("**Half-Year**") comprise the Company and the entities it controlled ("**Group**").

The Group is primarily involved in mineral exploration and project execution.

These condensed consolidated financial statements were authorised for issue by the Board of Directors on 13 September 2022.

2. BASIS OF PREPARATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These condensed consolidated financial statements for the Half-Year have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Leo Lithium Replacement Prospectus dated 9 May 2022 lodged with ASX, and any public announcements made by the Company during the Half-Year in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the *ASX Listing Rules*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

The significant accounting policies adopted in the preparation of these Half-Year financial statements are summarised below:

b) Foreign Currency Transactions

Functional and Presentation Currency

Items included in the Half-Year financial statements are measured using the currency of the primary economic environment in which the company operates. The Half-Year financial statements are presented in Australian Dollars (**A$**), which is the functional currency and presentation currency of the Company.

The Goulamina JV has a functional currency of United States dollars (**US$**).

Transactions and balances

Transactions in a currency other than the functional currency are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting date are recognised in the profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Foreign exchange differences arising from the translation are recognised in the Condensed Consolidated Income Statement and Statement of Other Comprehensive Income.

Group Companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the balance sheet;
- income and expenses are translated at average exchange, and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

c) Principles of Consolidation

The Half-Year financial statements consolidate the financial position and results of the Company and all of its subsidiaries. The Company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the activities of the subsidiary.

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation, including unrealised gains and losses on transactions between companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

d) Investment in Joint Venture

A joint venture (**JV**) is a type of joint arrangement in which the parties with joint control of the arrangement have rights to the net assets of the arrangement. A separate vehicle (not the parties) will have the rights to the assets and obligations for the liabilities, relating to the arrangement.

Investments in JV's are accounted for using the equity method. Under the equity method, the share of the profits or losses of the JV is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in JV's are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the JV. Goodwill relating to the JV is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from the JV reduce the carrying amount of the investment. After the application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the JV.

The Group's share of the JV post-acquisition profits or losses is recognised in the Condensed Consolidated Income Statement and Statement of Other Comprehensive Income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a JV equals or exceeds its interest in the JV, including any unsecured long-term receivable, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the JV.

The Group discontinues the use of the equity method upon the loss of joint control over the JV and recognises any retained investment at its fair value.

e) Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset might be impaired. If an indication exists or when annual impairment testing is required, the Group makes an estimate of the asset's recoverable amount.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell or the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating units (**CGU**) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in the profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the profit or loss.

f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank account balances, bank overdrafts, deposits with financial institutions and short term highly liquid investments, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

g) Trade and Other Payables

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest. Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

h) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the profit or loss as finance expense.

i) Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the financial reporting date.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

j) Share Capital

Proceeds from the issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

k) Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

l) Income Taxes

The income tax expense represents the sum of the current income tax and deferred tax liabilities.

Current income tax for the current period is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- at the tax rates that are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date; and
- based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss.

m) Related Parties

A related party is defined as follows:

a) A person or a close member of that person's family is related to the Group if that person:

    (i) has control or joint control over the Group;

    (ii) has significant influence over the Group; or

    (iii) is a member of the key management personnel of the Group.

b) An entity is related to the Group if any of the following conditions applies:

    (i) The entity and the Group are members of the same group where each parent, subsidiary and fellow subsidiary is related to each other;

    (ii) The entity is an associate or joint venture of the other entity;

    (iii) Both entities are joint ventures of the same third party;

    (iv) One entity is a joint venture of a third party and the other entity is an associate of the third party;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group

(vi) The entity is controlled or jointly controlled by a person identified in section (a);

(vii) A person identified in section (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity or its parent; or

(viii) The entity or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

n) Share based payments

Under AASB 2 Share-based Payment, the Group must recognise the fair value of shares and options granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the Condensed Consolidated Income Statement and Statement of Other Comprehensive Income with a corresponding adjustment to equity.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. No revision to original estimates is made in respect of options issued with market based conditions.

The Group provides benefits to employees (including directors) of the Group in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares (including options) (equity-settled transactions). The cost of these equity-settled transactions with employees (including directors) is measured by reference to fair value at the date they are granted. The fair value is determined using an appropriate option pricing model.

In relation to the valuation of the share-based payments, these are valued using an appropriate option valuation method. Once a valuation is obtained management use an assessment as to the probability of meeting non-market based conditions. Market conditions are vested over the period in which management assesses it will take for these conditions to be satisfied.

o) Significant Accounting Estimates and Judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Valuation of share based payment transactions

The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using option pricing models (as appropriate) taking into account the terms and conditions upon which the instruments were granted.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

p) Accounting for formation of the Goulamina JV

The Group considers the substance of the arrangement to be the contribution of a non-monetary asset, being the exploration assets, into a joint venture, in exchange for an equity interest in that joint venture. Where an owner or seller contributes an asset to a joint venture, AASB 128 Investments in Associates and Joint Ventures requires that a gain can only be recognised to the extent of external ownership in the entity. Accordingly, the Group can only recognise 50% of the gain generated from the contribution of the asset to the JV.

In the absence of a liquid market, the Group considers the purchase price paid by Ganfeng to be the best indicator of fair value of the exploration assets and of a 50% interest in the entity. The gain on the formation of the JV reflects the value of the Group's 50% interest in the entity implied by Ganfeng, less the total cost base of the joint venture. The gain is recognised only to the extent of the 50% ownership.

q) Going Concern

The Half-Year condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Directors believe that the Group will continue as a going concern. As a result, the financial information has been prepared on a going concern basis. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Group not continue as a going concern.

r) New standards, interpretations and amendments adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. REVENUE AND EXPENSES

	Note	30 June 2022 A$	30 June 2021 A$
Other income			
Goulamina JV management fees		110,080	-
Net foreign exchange gain		-	562
		110,080	**562**
Other expenses			
Administration expenses		(1,207,394)	-
Share based payment expense	6(b)	(48,589)	-
Costs assigned by Firefinch to Leo Lithium including corporate administration and other pre-demerger activities		(1,750,251)	-
Costs of the Demerger		(1,350,000)	-
Debt facility fee		(857,143)	-
Costs of the Offer not directly attributable to the capital raising		(172,301)	-
		(5,385,678)	**-**
Finance expenses			
Interest / Finance expense on borrowings		(308,470)	-
		(308,470)	**-**

4. SEGMENT INFORMATION

a) Description of segments

During the period the Group has managed its businesses by geographic location, which resulted in two operating and reportable segments which consist of its Corporate and Mali operations as set out below. This is consistent with the way in which information is reported internally to the Group's Chief Executive Officer (**Chief Operating Decision Maker**) for the purposes of resource allocation and performance assessment:

- The Corporate operation includes the Perth Head Office and Project Team; and
- The Mali operation includes the development of the Goulamina JV and exploration for minerals.

Segment performance is evaluated based on Earnings Before Interest, Tax, Depreciation and Amortisation ("**EBITDA**") which is allocated to the reportable segments according to the geographic location in which the item arose or relates to. This includes both directly attributable items and those that can be allocated on a reasonable basis. EBITDA is a non-IFRS measure that has been included to assist management in better understanding the performance of the business.

For the purposes of resource allocation and performance assessment, the Group's Chief Executive Officer monitors the results and assets attributable to each reportable segment on the following basis:

- Segment results are measured by allocating EBITDA (defined as earnings before interest, tax, depreciation and amortisation) to the reportable segments according to the geographic location in which they arose or relate to; and
- Segment assets include the Investment in the Goulamina JV, receivables and other assets. The geographical location of the segment assets is based on the physical location of the assets.

b) Segment information

The following tables present information for the Group's operating segments:

	Corporate A$	Mali A$	Consolidated A$
Half-year ended 30 June 2022			
Segment Result			
Segment revenue	-	-	**-**
EBITDA	**(5,275,598)**	**77,097,934**	**71,822,336**
Finance expenses	(308,470)	-	**(308,470)**
Profit/(Loss) Before Income Tax	**(5,275,598)**	**77,097,934**	**71,513,866**
Segment Assets			
Segment assets	1,203,832	113,030,563	**114,234,395**
Unallocated Assets			
Cash and cash equivalents			**85,881,780**
Total Assets			**200,116,175**
Segment Liabilities			
Segment liabilities	(14,086,188)	-	**(14,086,188)**
Total Liabilities	**(14,086,188)**		**(14,086,188)**
Other Disclosures			
Capital expenditure	-	-	**-**

	Corporate A$	Mali A$	Consolidated A$
Half-year ended 30 June 2021			
Segment Result			
Foreign exchange gain	562	-	**562**
Profit Before Income Tax	**562**	**-**	**562**
Segment Assets			
Segment assets	-	24,059	**24,059**
Total Assets		**24,059**	**24,059**
Segment Liabilities			
Segment liabilities	25,351	-	**25,351**
Total Liabilities	**25,351**	**-**	**25,351**
Other Disclosures			
Capital expenditure	-	-	**-**

5. INVESTMENT IN GOULAMINA JOINT VENTURE

The Goulamina JV arrangement is a 50:50 joint venture between Leo Lithium and Ganfeng via an incorporated joint venture entity, MLBV (a company registered in the Netherlands). MLBV owns 100% of LMSA (a company registered in Mali) which owns 100% of the Goulamina Lithium Project.

All agreements with Ganfeng to form the Goulamina JV were executed in August 2021 with all conditions precedent satisfied on 28 March 2022.

Ganfeng's cash investment of US$130.0 million was received in full on 30 March 2022. Therefore, Ganfeng has earned its 50% JV interest in MLBV.

Refer to note 2(d) for details about the accounting policy for Investments in Joint Ventures.

The Group considers the substance of the arrangement to be the contribution of a non-monetary asset, being the exploration assets, into a joint venture, in exchange for an equity interest in the Goulamina JV. Where an owner or seller contributes an asset to a JV, AASB 128 Investments in Associates and Joint Ventures requires that a gain can only be recognised to the extent of external ownership in the entity. Accordingly, the Group can only recognise 50% of the gain generated from the contribution of the asset to the JV.

In the absence of a liquid market, the Group considers the purchase price paid by Ganfeng to be the best indicator of fair value of the exploration assets and of a 50% interest in the entity. The gain on the formation of the Goulamina JV reflects the value of the Group's 50% interest in the entity implied by Ganfeng, less the total cost base of the joint venture. The gain is recognised only to the extent of the 50% ownership.

	30 June 2022 A$	31 December 2021 A$
Opening Balance	-	-
Receipt of MLBV shares from Firefinch	13,816,260	-
Transfer of Original DFS and Updated DFS to MLBV from Firefinch	5,399,819	-
Gain on formation of the Goulamina JV	77,097,934	-
Gain on foreign currency translation recognised in other comprehensive income	8,520,628	-
Closing balance	**104,834,641**	**-**

At 30 June 2022, the Group has a receivable from the Goulamina JV of A$8,195,966 (31 Dec 2021: nil) that includes Goulamina JV project costs incurred by Leo Lithium and also Goulamina JV project costs reimbursed by Leo Lithium to Firefinch from September 2021.

As the Goulamina JV is not consolidated in Leo Lithium's financial statements, the cash impacts of the Goulamina JV are not included in Leo Lithium's cash flows apart from any equity or loan funds provided by Leo Lithium to the Goulamina JV.

The Goulamina JV's closing cash at 30 June 2022 was US$129,256,879 and the Goulamina JV's major cash flow items during the half-year were:

- *Cash Inflows*: Receipt of US$130,000,000 equity injection from Ganfeng; and
- *Cash Outflows*: Project development costs of US$743,121.

6. EQUITY

a) Contributed equity

(i) Share capital

	30 June 2022 Shares	31 December 2021 Shares	30 June 2022 A$	31 December 2021 A$
Fully paid ordinary shares	1,197,598,455	1	105,923,425	2

(ii) Movement in ordinary share capital

		Number of Shares	Share Capital A$
Balance 31 December 2021		**1**	**2**
Issue of shares to Firefinch for transfer of Original and Updated DFS and shares in MLBV		4,635,540	9,271,079
Share capital reorganisation	*a)*	1,050,045,906	-
	b)	1,054,681,447	9,271,081
Issue of shares pursuant to the Offer at A$0.70 per share	*c)*	142,917,008	100,041,906
Costs of the Offer directly attributable to the capital raising	*c)*	-	(3,389,562)
Balance at 30 June 2022	*d)*	**1,197,598,455**	**105,923,425**

a) Prior to the Demerger, the Company underwent a share split such that the 4,635,541 shares on issue following the transfer by Firefinch to Leo Lithium of the ownership and intellectual property of both the Original DFS and the Updated DFS and the shares it held in MLBV increased to 1,054,681,447 shares (inclusive of the 1 share on issue at 31 December 2021).

b) The Firefinch shareholders voted in favour of the Demerger on 31 May 2022 and the Demerger became effective on 1 June 2022. The in-specie distribution of Leo Lithium shares to eligible Firefinch shareholders was completed on 9 June 2022.

c) On 29 April 2022 Leo Lithium lodged a Prospectus with ASX for an IPO of Shares to raise up to A$100 million, comprising:

   i. a pro-rata priority offer to Eligible Firefinch Shareholders of up to 114.35 million fully paid ordinary shares in Leo Lithium (**Shares**) on the basis of 1 Leo Lithium Share for every 10.33 Firefinch Shares held by Eligible Firefinch Shareholders on 5 May 2022, at an issue price of A$0.70 per Share to raise up to S$80 million (before expenses) (**Pro-rata Offer**);

   ii. an additional offer to Eligible Firefinch Shareholders and Eligible Institutional Investors of Shares from any Shortfall under the Pro-rata Offer at an issue price of A$0.70 per Share; and

   iii. an offer to Firefinch of up to 28.57 million Shares at an issue price of A$0.70 per Share to Firefinch to raise up to A$20 million.

   (**Offer**).

   The IPO was successfully completed in June with the Offer raising A$100,041,906 (before costs of A$3,389,562) and the 142,917,008 Offer shares were issued and allotted on 16 June 2022.

d) The Company commenced trading on ASX on 23 June 2022.

b) Share Based Payments

During the Half-Year the following unlisted options were issued:

- 5,000,000 options to Managing Director, Mr. Simon Hay, exercisable at A$0.644 per option, with an expiry date of 16 June 2025 (**Managing Director Options**). The Managing Director Options are subject to various non-market-related vesting conditions including continuous service conditions of 30 months following the date of issue. The Managing Director Options have been independently valued at A$2,275,000 using the Black-Scholes option pricing model. In accordance with AASB 2 Share-based Payment, the value of the options are expensed over the vesting period and as such, A$29,060 has been expensed in the Half-Year; and
- 3,360,000 options to the remaining Directors exercisable at A$0.644 per option, with an expiry date of 16 June 2025 (**Company Options**). The Company Options are subject to continuous service conditions of 30 months following the date of issue. The Company Options have been independently valued at A$1,528,800 using the Black-Scholes option pricing model. In accordance with AASB 2 Share-based Payment, the value of the options are expensed over the vesting period and as such, A$19,528 has been expensed in the Half-Year

Set out below is a summary of unlisted options outstanding at 30 June 2022:

	Exercise Price A$	Expiry Date	Vested	Unvested	Total
Unlisted options	$0.644	16 June 2025	-	8,360,000	**8,360,000**

c) Reserves

The following table shows the movements in reserves during the period:

	Equity-settled payments reserve A$	Foreign currency translation reserve A$	Total reserves A$
Balance at 1 January 2021	-		-
Balance at 30 June 2021	-		-
Balance at 1 January 2022	-		-
Foreign currency translation difference – Investment in Goulamina JV	-	8,520,628	**8,520,628**
Share-based payment transactions	48,589	-	**48,589**
Balance at 30 June 2022	**48,589**	**8,520,628**	**8,569,217**

7. INCOME TAX

Income tax expense comprises current and deferred taxes. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case the relevant amounts of tax are recognised in equity or other comprehensive income, respectively.

	30 June 2022 A$	30 June 2021 A$
A reconciliation between tax expense and the product of accounting profit before tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit before income tax	71,513,866	562
At Australia's statutory income tax rate of 30% (2021:30%)	(21,454,160)	(169)
Tax effect of amounts which are not (deductible) / taxable in calculating taxable income:		
Share-based payments	(14,577)	-
Formation of Goulamina JV	23,129,380	-
Deferred tax assets (not brought to account) / utilised	(1,660,643)	169
Income tax (expense) / benefit reported in the condensed consolidated statement of comprehensive income	-	-
The components of income tax expense are:		
Current income tax benefit / (expense)	-	-
Deferred income tax benefit / (expense)	-	-
	-	-

Deferred income tax liabilities are recognised for all taxable temporary differences, other than for the exemptions permitted under accounting standards. At 30 June 2022, there are no unrecognised temporary differences associated with the Group's investment in subsidiaries (2020: A$nil).

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that future taxable profits will be available to utilise these deductible temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

8. COMMITMENTS AND CONTINGENCIES

a) Commitments

Mining tenements held by Goulamina JV

To maintain current rights of tenure to mining tenements, the Goulamina JV will be required to perform minimum exploration work to meet the minimum expenditure requirements. This expenditure will only be incurred should the Goulamina JV retain its existing level of interest in its various exploration areas and provided access to mining tenements is not restricted. These obligations will be fulfilled in the normal course of operations, which may include exploration and evaluation activities. The Goulamina JV has sufficient funds to meet these obligations and is not expected to require any financial support from the Company for these obligations.

b) Contingent assets and liabilities

The Group had no material contingent liabilities or contingent assets at 30 June 2022 (31 December 2021: nil) other than as set out below.

Under the Malian Mining Code, the Government has the right to collect tax on a direct or indirect change in control of tenements in Mali. The in-specie distribution of shares by Firefinch may give rise to a change in control by a foreign entity that could result in a capital gain for Firefinch. There is no guidance or precedents available to determine how any potential capital gain may be determined by the Mali tax authorities.

Under the Demerger Deed, Leo Lithium has indemnified Firefinch for any loss or damage (including tax liabilities) incurred in connection of the Demerger and the reorganisation of assets and liabilities required to implement the Goulamina Joint Venture, and any other loss or damage incurred by Firefinch (including tax liabilities) relating to the Leo Lithium business. Leo Lithium is also required to indemnify Ganfeng for similar liabilities.

As a result of this indemnification, Leo Lithium would be obligated to reimburse any capital gains tax liability incurred by Firefinch. Given the current uncertainty of the calculation of any potential capital gain, it is not possible to reliably estimate any potential exposure at this time. The relevant tax returns and documentation will be lodged by the Group on behalf of Firefinch with the Mali tax authorities in due course for assessment.

9. EVENTS SUBSEQUENT TO REPORTING DATE

Other than the matter set out below, in the interval between the end of the Half-Year and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years:

- On 20 July 2022 Leo Lithium announced that LMSA had entered into the US$40,000,000 debt facility with Ganfeng for the Goulamina Lithium Project.
- On 1 August 2022, Leo Lithium announced that the Non-Executive Chairman, Dr Alistair Cowden, had tendered his resignation from the Board of the Company. The Company has commenced a search for a new Chair and expects to make an appointment before the end of 2022. Dr Cowden will continue to serve as Non-Executive Chairman until the new Chair is appointed.

DIRECTORS' DECLARATION

In the opinion of the Directors:

(a) the Half-Year condensed consolidated financial statements and notes set out on pages 3 to 23 are in accordance with the *Corporations Act 2001* including:

i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

ii. giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the Half-Year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declaration by the Chief Executive Officer and Chief Financial Officer for the Half-Year ended 30 June 2022 in accordance with the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

This declaration is made in accordance with a resolution of the Directors.

Alistair Cowden

Alistair Cowden
Chairman

Dated in Perth on 13 September 2022.

INDEPENDENT AUDITOR'S REVIEW REPORT

pwc

Independent auditor's review report to the members of Leo Lithium Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Leo Lithium Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the Condensed consolidated statement of financial position as at 30 June 2022, the Condensed consolidated statement of changes in equity, Condensed consolidated statement of cash flows and Condensed consolidated income statement and statement of other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Leo Lithium Limited does not comply with the *Corporations Act 2001* including:

1. Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date.

2. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999

Liability limited by a scheme approved under Professional Standards Legislation.

pwc

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Ian Campbell
Partner

Perth
13 September 2022