

Continued Ganfeng support with Equity Investment Agreement execution and Debt Facility drawdown

Leo Lithium Limited (ASX: LLL) (**Leo Lithium or the Company**) is pleased to announce that it has executed the binding agreement (**Equity Investment Agreement**) with GFL International Co., Ltd (**Ganfeng**) which implements the investment structure previously announced on 4 September 2023.

Under the Equity Investment Agreement, Ganfeng will sole fund US\$137.2m of Goulamina capital costs via direct cash injection into the Goulamina holding company, Mali Lithium BV (**MLBV**) in exchange for an additional 5% interest in MLBV. Post completion of the equity investment, Leo Lithium's interest in Goulamina will be 45% and Ganfeng's interest will be 55%.

In addition, Leo Lithium, through its joint venture subsidiary Lithium du Mali SA (**LMSA**) has also commenced drawdown of its US\$40m Ganfeng debt facility, which was put in place in July 2022 to fund the Goulamina joint venture (**Goulamina JV**). LMSA has satisfied all the conditions precedent to the Ganfeng debt facility and issued the first drawdown notice under the facility.

Highlights:

- **The Goulamina JV is fully funded to first production with the execution of the binding Equity Investment Agreement and debt drawdown adding significant funds to the JV.**
- **The equity investment amount of US\$137m is equivalent on a valuation basis to the previously agreed A\$106 million placement to Ganfeng at A\$0.81/share on 29 May 2023.**
- **Leo Lithium remains operator and manager of the Goulamina JV and retains customary minority shareholder protections. Ganfeng has agreed to assist with Mali Government relations.**
- **Leo Lithium will be responsible for 45% of all remaining costs post the sole funding period in accordance with its economic interest.**

The Equity Investment Agreement, debt drawdown and the recently executed Cooperation Agreement, cement Leo Lithium's solid relationship with Ganfeng, China's largest lithium producer.

Equity Investment Agreement

The profile of the US\$137m cash injection into MLBV will be consistent with mutually agreed budgets and forecasts. Shares in MLBV will be issued to Ganfeng as periodic cash injections are made from Ganfeng to MLBV over the next 4 to 6 months. Furthermore, the structure of the Equity Investment Agreement into MLBV is the same structure as the initial equity investment of

US\$130m by Ganfeng into MLBV when Ganfeng received all regulatory approvals and the joint venture commenced in 2022.

The Equity Investment Agreement contains customary minority shareholder protections for non-ordinary course matters including reserved matters for material decisions affecting the Goulamina JV and also the project that will require the consent of Leo Lithium. Ganfeng also gains some additional control at the joint venture level consistent with its 55% holding. The investment structure was changed from corporate level to asset level as regulatory approvals in China will be easier with a direct asset level investment.

The boards of Leo Lithium and Ganfeng have approved the Equity Investment Agreement and it now remains subject to the granting of regulatory approvals.

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, 70% of Stage 2 offtake and the full proceeds of spodumene sales always flow to the Project.

As previously outlined, the Cooperation Agreement with Ganfeng includes several long-term strategic benefits to Leo Lithium including:

- Raising planned Stage 2 capacity to 500ktpa, lifting overall planned capacity at Goulamina to 1mtpa¹
- 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.

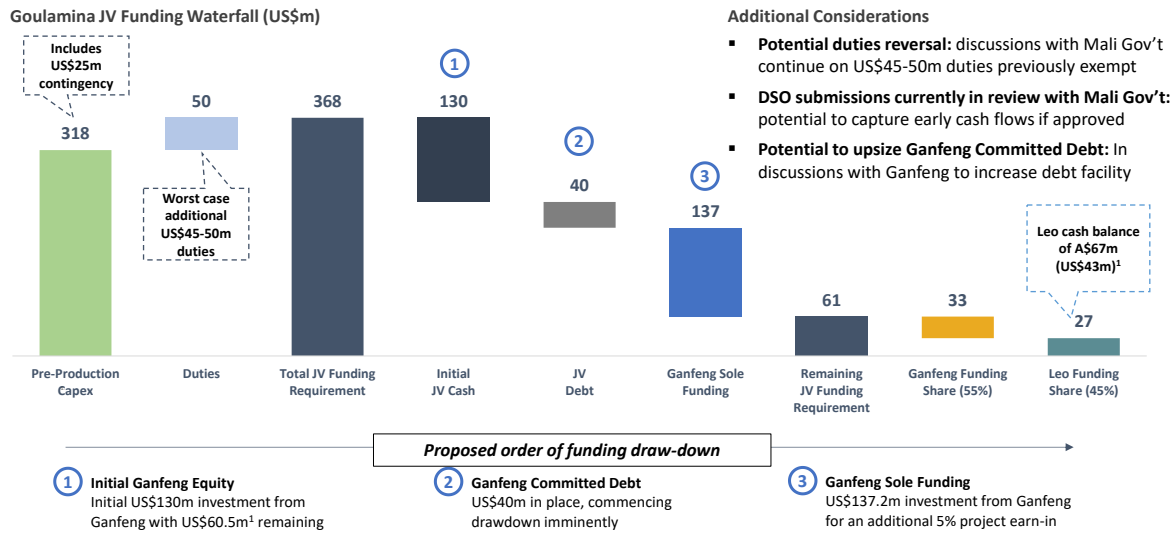
Debt drawdown and funding

The first drawdown under the US\$40m Ganfeng debt facility has commenced, which will result in a flow of funds from the Ganfeng debt facility to LMSA. Funds from the Ganfeng debt facility and the Equity Investment Agreement are being used for project construction work which continues to progress and operational readiness activities which are ramping up. Construction remains on schedule for first spodumene concentrate in the second quarter of 2024.

Upon the Equity Investment Agreement becoming unconditional and in conjunction with funds from the debt facility, the Goulamina JV will be well capitalised. With the original US\$130m Ganfeng equity investment, the US\$40m debt facility and US\$137.2m sole funding from the Equity Investment Agreement, cash sources for the project total US\$307.2m as set out below.

¹ 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.

Project fully funded to first production



Source: Leo Lithium Investor Presentation, Sep 2023

As shown in the chart above, total project capital is US\$318m (announced on 27 April 2023), additional duties could be up to US\$50m (announced 4 September 2023) and therefore project expenditure could total US\$368m. Based on this downside scenario, the Goulamina JV will, in 2024, require a further US\$60.8m in funding, which Leo Lithium will need to contribute its 45% share (US\$27m at current exchange rates of 0.64 AUD / USD) from its current cash reserves of approximately US\$43m (based on A\$67.1m cash as at 30 June 2023). The Company is therefore well funded to first production.

Changes in the Mali Government's views on DSO and/or exonerations of duties could reduce this cash requirement substantially. Leo Lithium remains in constructive discussions with the Mali Government on both of these fronts in addition to the other matters previously detailed in the announcement on 4 September 2023.

Consistent with the long-standing project arrangements, the Malian government has been offered 10% of Goulamina, via the issue of new shares in LMSA.

Leo Lithium Managing Director, Simon Hay, commented:

"We are extremely pleased to have executed the Equity Investment Agreement with Ganfeng, which cements our solid relationship with China's largest lithium producer, and the direct project investment is set to facilitate regulatory approvals in China. Our Cooperation Agreement is meant to deliver a range of key strategic benefits, including a commitment to expand the capacity at Goulamina Stage 2, as well as a framework for further cooperation on a downstream conversion facility and other business opportunities.

Satisfaction of all the conditions precedent to the Ganfeng debt facility is an important milestone with drawdown of funds now underway.

We look forward to continuing to build on our strong relationship with Ganfeng and deliver value with our Goulamina project.”

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

No representation or warranty, express or implied, is made by the Company, its related bodies corporate or any of their respective officers, directors, employees, agents or advisers as to the accuracy, reliability, completeness or fairness of the information, opinions and conclusions contained in this announcement.

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