

Quarterly Report

For the quarter ended 30 September 2023



Leo Lithium Limited (**Company**) provides the following report in relation to the quarter ended 30 September 2023.

As the Company remains in suspension (as announced), this quarterly report is a condensed report setting out the mining exploration, production and development activities of the Leo Lithium group for the quarter and the associated expenditure and other required information, in accordance with ASX Listing Rule 5.3.

Goulamina Lithium Project

Project Development

- Continued progress at Goulamina, the world's fifth largest global spodumene deposit
- Ongoing commitment to safety with 2 million hours worked without a lost time injury
- Mining contractor main fleet commenced mobilising to site during the quarter - 466,000 bulk cubic metres of material mined for the quarter
- Project progress continues in line with plan and is approximately 45% complete
- Construction pace accelerating with end of the wet season - 1,300 employees on site

Corporate

- During the quarter, Leo Lithium and JV partner Ganfeng, China's largest lithium producer, executed the Equity Investment Deed and the Ganfeng Co-operation Agreement (as previously announced on 14 September 2023).
- Leo Lithium held cash at 30 September of A\$66.9 million, and the Goulamina JV held cash of US\$16.5 million
- First drawdown of US\$10 million completed under the Ganfeng US\$40 million debt facility to LMSA

Managing Director, Simon Hay, commented:

"The September Quarter was a challenging period with the Company's shares suspended for most of the quarter on the ASX, following correspondence received from the Mali Government and remaining suspended as at the date of this report. We continue to engage with Malian Government representatives, whilst working to advance the world-class Goulamina lithium project.

Goulamina is a technically and financially robust lithium project and we are pleased to report on the operational progress made on the ground in the quarter. Leo Lithium and Ganfeng continue to work towards bringing the project into production to become West Africa's first spodumene producer and supply the growing lithium-ion battery industry.

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

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GOULAMINA HEALTH AND SAFETY

In September 2023, the Goulamina Lithium Project team achieved an outstanding health and safety performance milestone of 2 million work hours without a lost time injury. The site team continues to focus on the development of robust health and safety systems to support the ramp-up of construction and mining activities. There has been a strong focus on mobilisation and training of new employees and contractors to support the acceleration in activities.

GOULAMINA OPERATIONS

Award of Mining Contract

The Company announced the award of the full Open Pit Mining Services contract and early mining works to Corica Mali on 14 July 2023, worth approximately \$US348 million (~\$A520 million), following a highly competitive tender process.

Corica Mali has undertaken all pre-production mining activities to date and will commence a five-year term once spodumene production commences. The scope of the five-year term comprises grade control, drill and blast, load and haul, and plant ore feed services.

Corica Mali has over 2,000 employees has a long history of operating in Mali and a successful 20-year track record operating for major TSX and ASX listed companies on seven current mining operations in the West African region.

Stage One Mining Ramp-up

Mining in Stage 1 continued during the quarter with total material movement of 466,000 bulk cubic metres with the ore stockpiled for future production and waste material used for the Run of Mine (**ROM**) pad construction from mining tenement PE 19/25 The ore material was added to the stockpile for processing when the construction of the processing plant has been completed. Mining rates achieved by the local mining contractor, Corica Mali, continue in line with pre-production estimates with wet season impacts as per expectations.



Image 1 - Aerial view of Stage 1 pit, ROM and waste dump

Mobilisation of Corica Mali's long-term mining fleet has commenced with the arrival of a new Cat 6030 excavator during the quarter. Commissioning of the excavator, the accompanying Cat 777 trucks and ancillary equipment is expected during the December quarter.



Image 2 - Construction of Cat 6030 Excavator which arrived on site

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PROJECT DEVELOPMENT UPDATE

Goulamina construction and mining activities continue in line with the planned schedule. Project progress is ~45% complete at the end of September, which is an increase of ~15% over the quarter. Construction in the December quarter is expected to benefit from:

- The commencement of the dry season which will be more conducive for construction activities;
- Planned construction materials received and ready for assembly on site; and
- Additional site contractors now established on site for construction ramp-up. There are approximately 1,300 employees and contractors currently employed on site

Steel fabrication is critical path package and has been impacted by global supply pressures which remain tight. Some of the delays have been mitigated by engaging directly with steel fabricators in Indonesia, China and South Africa to expedite supply.

Deliveries of other supplies and equipment have continued in support of structural, mechanical, and piping installation. With changes to the processing of duties and taxes on imported materials, minor delays to goods received on site were incurred at the border over a four-week period; these delays have now abated.

Mobilisation of personnel and equipment for the ball mill installation was completed during the quarter. Preassembly checking and cleaning have now commenced prior to the installation of main bearing housing and installation of the mill shells.



Image 3 - Ball mill site

Key critical path activities relate to specific platework production and the structural construction of the classification and magnetic separation buildings.

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Project Engineering and Construction

Engineering and drafting is 95% complete and will be closed out in November with the finalisation of pipeline design. Dry plant concrete is well progressed allowing for the commencement of steel erecting in the facilities of primary and secondary crusher, fine ore bin / reclaim and conveyor transfer stations.



Image 4 - Primary crusher



Image 5 - Fine ore bin and reclaim area

The bulk earthworks in both the plant and tailings storage facility (TSF) are both materially complete, with final trim activities occurring.



Image 6 - TSF



Image 7 - Plant drainage and sediment pond

Concrete in the wet plant continues in advance of the structural mechanical and piping installation. Total concrete poured is approaching 70% of the planned volume.

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Image 8 - Wet plant and pipe rack

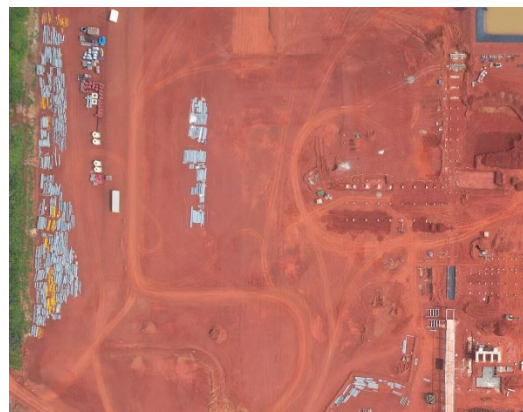


Image 9 - Materials and wet plant footings

Non-process infrastructure

Overland pipe welding is approximately 35% complete. The permanent accommodation supply and install activities are approximately 85% complete.



Image 10 - Overland pipe



Image 11 - Accommodation

Permitting

The Project team continues to pursue several Mali Government approvals relating to power generation, airstrip, density gauges and exoneration application processes. The approval of the power generation permit is later than planned and approaching the critical path. Until approved, power continues to be provided via smaller standalone temporary units that are less cost effective.

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EXPLORATION AND DRILLING UPDATE

No drilling occurred during the September quarter in mining tenement PE 19/25 due to the wet season. During the quarter planning for a 12,000m RC infrastructure sterilisation drilling program was advanced. The proposed program is targeting a North-South trending corridor west of the current defined mineral resource. The area is designated to host the waste rock storage facility.

TENEMENTS

Tenements

Project	Tenement	Location & Area (ha)	Grant Date	Expiry Date	Holder/Applicant
Goulamina	PE19/25	Mali 10,067.8 ha	23/08/2019	22/08/2049	Lithium du Mali S.A (the mining tenement was transferred to LMSA pursuant to a Prime Ministerial Decree made on 24 March 2022)

Table 1 - LMSA Tenement schedule

ENVIRONMENTAL, SOCIAL, GOVERNANCE

Leo Lithium is strongly committed to Environmental, Social and Governance (**ESG**) practices with the aim for the Project to make a meaningful contribution to Mali. The project is creating a new industry in country and is also creating both project and operational employment opportunities for locals. As part of its hiring policy, the Project prioritises opportunities for nationals and currently 93% of employees and 83% of contractors are Malian. There is currently a slightly higher rate of expatriate contractors due to the engagement of short term specialists for construction.

The Project team has a positive relationship with local communities, hosting regular meetings with community elders. During the September quarter, significant progress was made on several community initiatives, including the commencement of a water supply project, that when complete, will deliver clean, safe and reliable drinking water, year-round, to 4 villages impacted by the project. A socio-economic survey and health needs assessment were also undertaken during the September quarter with the data collection portion of the survey completed. A comprehensive report on the survey findings is due in the December quarter and the information gathered will be used to plan the Project's long term community initiative. The full community development program is being prepared with the involvement of local stakeholders.

The Project team also provided support to local schools during the September quarter. It sponsored the repair of school equipment in three villages and made a donation of approximately 1,000 back-to-school packs to all school aged children of five impacted communities prior to the commencement of the school year in October. Included in this program was a donation of essential supplies to each school to assist teachers.

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Image 12 - Commencement of the water supply project in Goulamina village

Whilst Leo Lithium acknowledges that direct employment with the project is an important source of income for local communities, it is also developing alternative income generating initiatives within local communities. Work commenced on the development of several new businesses within these communities, that when established, will provide essential goods and services to the Project. Discussions are also taking place with several Malian companies regarding the development of cooperative arrangements to buy agricultural products from local villages, with support provided by the Project to meet quality and quantity requirements.

During the quarter the establishment of a Sustainability Committee was endorsed by the Board of Leo Lithium. A Sustainability Committee Charter was developed and three members of the Board were elected to the committee. The primary purpose of the committee is to assist the Board in fulfilling its corporate governance responsibilities and obligation with respect to ESG and Sustainability performance and associated risks.

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Image 13 - Ceremony to donate back-to-school packs for local school children

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CORPORATE UPDATE

Execution of Equity Investment Deed and Cooperation Agreement

During the quarter, Leo Lithium and JV partner Ganfeng, China's largest lithium producer, executed the Equity Investment Deed and the Ganfeng Co-operation Agreement (as previously announced on 14 September 2023).

FINANCE AND FUNDING

Cash Balance

As at 30 September 2023 the Company's closing cash was A\$66.9 million and the Goulamina JV held cash of US\$16.5 million, with US\$30 million undrawn and available under the Ganfeng US\$40 million debt facility for the Goulamina JV.

Goulamina JV Cash Movement

During the quarter, the Goulamina JV's major cash outflow was project development costs of US\$53.0 million.¹ The project development costs include US\$8.1 million related to payment of Mali Government import duties and taxes.

Pursuant to ASX Listing Rule 5.3.4, the following expenditure in Table 2 below has occurred since the listing of the Company on ASX in 2022.

Item	Current quarter expenditure A\$ million	Expenditure since ASX Listing in June 2022 A\$ million	Estimated expenditure as per IPO Prospectus dated 6 May 2022 A\$ million ¹
Stage 1 Development capital costs for Goulamina Lithium Project ²	(1.4)	7.7	60
Transaction Costs associated with the offer, formation of the Goulamina Joint venture and the demerger	-	4.8	5
Repayment of amounts payable under the loan agreement	-	10.3	10
Working capital, exploration, and other expenses	3.6	14.0	25
Total Use of Funds	2.2	36.8	100

Table 2: Expenditure since listing.

1: Expenditure is over a two-year period.

2: Includes A\$7.7 million in expenditure that is expected to be recovered from the Goulamina JV during the December Quarter. The net credit in the September Quarter results from JV recoveries exceeding expenditure.

¹ As the Goulamina Project is currently a 50:50 joint venture with Ganfeng, under equity accounting methods the JV is not consolidated in the Company's financial statements. Hence JV cash impacts are not included in the Company's cash flows (or in the separately released Appendix 5B) apart from any equity or loan funds from the Company to the JV.

Pursuant to ASX Listing Rule 5.3.5, payments of A\$334,387 were made to related parties during the Quarter, being the payment of the Managing Director's salary and superannuation, in addition to Non-Executive Directors' fees as set out in Section 6 of the Quarterly Cashflow Report. For further details refer to the audited Remuneration Report in the Company's 2022 Annual Report released on 18 April 2023.

Leo Lithium Cash Movement

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

- Cash Inflows:
 - Refund of Goulamina JV exploration and development costs of A\$17.6 million;
 - Goulamina JV management and administration fees of A\$0.2 million; and
 - Interest received of A\$0.6 million.
- Cash Outflows:
 - Goulamina JV exploration and development costs of A\$16.2 million, incurred by Leo Lithium on behalf of the JV with A\$7.7 million expected to be recovered in the December Quarter; and
 - Other staff, administration, and corporate costs of A\$3.5 million which are higher than previous quarters of expenditure primarily attributable to annual insurance and listing fees paid in the current quarter, an increase in activity, timing of GST receipts, and change to monthly tax instalments for payroll from quarterly remittances.

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EVENTS

Managing Director, Simon Hay, presented at Africa Down Under, the leading forum for Australian-African business and government relations, in Perth in September.

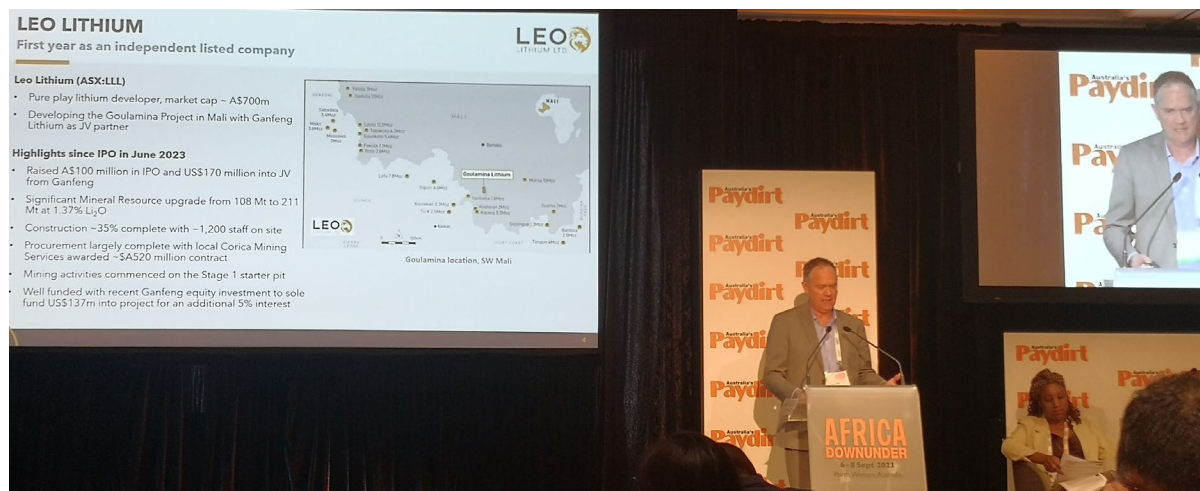


Image 14 - Simon Hay, Managing Director presenting at Africa Down Under 2023

Forward Looking Statements

Where this announcement contains forward-looking statements which are statements that may be identified by words such as "may", "will", "would", "should", "could", "believes", "estimates", "expects", "intends", "plans", "anticipates", "predicts", "outlook", "forecasts", "guidance" and other similar words that involve risks and uncertainties, those statements are based on, among other things, a number of best estimate assumptions regarding future events and actions that, at the date of this announcement, are expected to take place.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and the directors and management of the Company. The Company cannot and does not give any assurance that the results, events, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur, and readers of this announcement are cautioned not to place undue reliance on these forward looking statements.

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