
INITIAL FUNDS RECEIVED FROM SALE OF GOULAMINA TO GANFENG

Highlights

- US\$5 million in consideration has been received from Ganfeng as the final part of the sale of Leo Lithium's 5% interest in Goulamina
- US\$10.5 million received from Ganfeng as a non-refundable deposit for the sale of Leo Lithium's remaining 40% interest in Goulamina
- Transfer of Goulamina management responsibilities from Leo Lithium to Ganfeng remains on track to commence 1 June 2024
- Long form documentation underway including sole funding arrangement and trailing product sales fee (TPSF)
- Feedback from major shareholders remains positive and supportive of considering the potential for future projects
- Capital return to shareholders is a priority with commitment by the Board to return 100% of the net after-tax proceeds of the Tranche 1 payment of US\$161.0 million (gross), to shareholders
- Discussions to be commenced with the ASX to lift the suspension on Leo Lithium shares and an update will be provided in due course
- Timeline confirmed for shareholder voting
- Shareholder FAQ provided on Company website

Leo Lithium Limited (ASX: LLL) (**Leo Lithium** or the **Company**) provides an update on the 5% sale to its partner GFL International Co., Ltd (**Ganfeng**) and progress on the binding share sale and purchase agreement (**SPA**) for Leo Lithium to sell the remaining 40% interest in the Goulamina Lithium Project (**Goulamina** or the **Project**) to Ganfeng, for US\$342.7 million.

US\$5 million remaining consideration received under sale of 5% of Goulamina to Ganfeng

The 5% sale agreement was conditional (amongst other matters) upon a settlement being reached with the Mali Government. With completion of the Government of Mali settlement, all of the conditions have been satisfied or waived, and the 5% sale has now completed. As the final

part of the sale, Leo Lithium has received the remaining US\$5 million cash consideration¹ and has transferred 5% of the shares in the holding company Mali Lithium BV (**MLBV**) to Ganfeng. Leo Lithium's interest in Goulamina via MLBV is now 40% and Ganfeng's interest is 60%.

First instalment of US\$10.5 million received under agreement to sell remaining 40% interest in Goulamina to Ganfeng

Under the binding sale agreement with Ganfeng, Leo Lithium will sell its remaining 40% interest in MLBV for US\$342.7 million with the consideration payable in three instalments. Leo Lithium has received the first instalment, which is a non-refundable deposit of US\$10.5 million. The next instalment will be US\$161.0 million (**Tranche 1 Consideration**) payable on completion of the transaction, following satisfaction (or waiver) of the conditions precedent of the SPA. The final instalment of US\$171.2 million plus interest earned at SOFR+2% will be due on 30 June 2025 (**Tranche 2 Consideration**).

Long-form documentation well advanced

Leo Lithium and Ganfeng are in the process of drafting long-form documentation for the remaining items including the sole funding arrangement and the TPSF arrangement. The existing JV arrangements will be terminated on completion of the 40% sale.

Transfer of Goulamina management to Ganfeng remains on track

Leo Lithium remains on track to transfer management responsibility of the project to Ganfeng by 1 June 2024. The Projects and Operations teams are in the process of putting together transition plans to ensure a smooth handover of Goulamina to Ganfeng. Post 1 June 2024, Ganfeng will engage Leo Lithium to provide management services back to the project focusing on construction, commissioning and ramp-up of operational activities via a new services agreement. Leo Lithium will continue to provide services to the project until November 2024 at the latest, when Leo Lithium will cease all involvement with Goulamina from a management, project and operational perspective.

Capital management plan update

A capital return to shareholders is a priority for Leo Lithium. The Board of Leo Lithium has considered initial feedback from shareholders and will commit to returning, in full, the net after-tax proceeds of the Tranche 1 Consideration to shareholders once the transaction completes, first funds are received and receipt of a tax ruling from the ATO, which will likely occur in November. The Company is seeking taxation advice on the disbursement and more details will be provided in due course as to the expected value on a per share basis. Furthermore, the exact means of either capital return or dividend are yet to be determined but it will depend on the outcome of a tax ruling from the ATO. The Notice of Meeting will provide further details. The plan for Tranche 2 Consideration is yet to be determined.

¹ The initial US\$60 million was paid to the Government of Mali as part of the settlement arrangements.

Engagement with ASX to lift suspension

Following the settlement with the Government of Mali, the Company is endeavouring to complete the necessary regulatory reporting and will commence engagement with the ASX on the necessary steps to lift the suspension of trading in the Company's shares. The Company is currently preparing its Annual Financial Report and Annual Report (which includes information to be provided in accordance with ASX Listing Rule 4.10) and working with the Company's Auditors, PwC to be in a position to lodge these reports in early June 2024.

The lifting of the suspension will be at the discretion of the ASX, and Leo Lithium cannot guarantee when or if the suspension will be lifted. There are a number of matters for the ASX to consider, including lodgement of outstanding annual reports and an update will be provided in due course.

Timetable and next steps

The sale of Leo Lithium's remaining 40% interest in Goulamina will be subject to Leo Lithium shareholder approval, pursuant to ASX Listing Rule 11.2. A Notice of General Meeting and Explanatory Memorandum will be distributed to shareholders in the coming weeks with the indicative timetable re-confirmed as follows:

Indicative Timetable	Indicative Timing
Announcement of the transaction	8 May 2024
Dispatch Notice of General Meeting and Explanatory Memorandum to Leo Lithium shareholders	Late June 2024
General Meeting of Leo Lithium shareholders to vote on the transaction	Late July 2024
Receipt of regulatory approvals and satisfaction of conditions precedent to the transaction	August to October 2024
Completion of the transaction	End October 2024

These dates are indicative only and subject to the Corporations Act, ASX Listing Rules and other applicable laws. The Company reserves the right to amend the timetable as necessary.

The Company remains focused on completing the transaction and transitioning management of Goulamina from Leo Lithium to Ganfeng.

Shareholder FAQ

Leo Lithium wishes to advise that a frequently asked questions (**FAQ**) document addressing recent shareholder enquiries has been made available on the Company's website. This document incorporates the most frequently received questions from shareholders since the ASX announcement dated 8 May 2024, and includes responses from the management team. The FAQ can be accessed on the Company's website: leolithium.com

Leo Lithium Managing Director, Simon Hay, commented:

“Leo Lithium is focused on advancing the sale of the Company’s interest in Goulamina to Ganfeng, and as part of this, first funds have been received for an initial consideration of US\$15.5 million.

We believe the deal is in our shareholders’ best interests, presenting higher certainty and overall better value than continuing to be exposed to Goulamina under the new fiscal arrangements for the Project in Mali. We had to find a solution to the concerns of the Malian Government, and the 2023 Mining Code coming into effect would have made the project far less economically attractive for Leo Lithium. This is not the outcome we preferred, but we believe it is the best deal we could achieve for shareholders. After speaking to many shareholders, large and small, over recent days it’s encouraging to receive their support for the deal. We have a settlement, and the Board’s initial priority is to return funds to our shareholders.

We appreciate and recognise shareholders’ patience, and capital return to shareholders is front of mind on our agenda. Given we have only just agreed the transaction, the details around the potential distribution of proceeds have not yet been confirmed, and further details will be provided in the Notice of Meeting in June. However the Board’s commitment to return in full, the net after-tax proceeds of the Tranche 1 Consideration to shareholders is firm”.

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

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