
LEO LITHIUM TO RECEIVE US\$65 MILLION FOR SALE OF 5% OF GOULAMINA

Leo Lithium Limited (ASX: LLL) (**Leo Lithium** or the **Company**) is pleased to announce that it has entered into a binding agreement to sell 5% of the Goulamina Lithium Project (**Goulamina**) to GFL International Co., Ltd (**Ganfeng**) for US\$65 million (~AUD\$98 million) (the **Transaction**). Under the sale agreement, Ganfeng will receive an additional 5% interest in the Goulamina holding company Mali Lithium BV (**MLBV**). Post completion of the Transaction, Leo Lithium's interest in Goulamina via MLBV will be 40% and Ganfeng's interest will be 60%. The Mali Government has yet to take an equity position in Goulamina.

Ongoing discussions with the Mali Government regarding correspondence received have been progressing towards a potential negotiated settlement, which if reached, would likely require a settlement payment being made to the Mali Government. As discussions are ongoing, incomplete and confidential, the Company is not yet in a position to provide any further details of the potential settlement with the Mali Government. All parties are working towards a mutually beneficial resolution.

The Company will provide an update when a settlement with the Mali Government has been reached and we are working towards achieving that in the coming weeks. Furthermore, as the settlement remains uncertain the amount of any potential payment also remains uncertain. The consideration from the Transaction should not be considered an indication of the potential settlement amount. The proceeds from the Transaction are expected to provide funding to enable Leo Lithium to make a settlement payment in a short timeframe, if required.

The US\$65 million will be paid by Ganfeng to Leo Lithium in two tranches:

- Tranche 1: US\$34.8 million to be paid to Leo Lithium. Tranche 1 is subject to the execution of settlement documentation with the Mali Government; and
- Tranche 2: US\$30.2 million to be paid to Leo Lithium 60 days after payment of Tranche 1. Tranche 2 is subject to the settlement with the Mali Government continuing to remain in good standing.

Shares in MLBV will transfer pro rata at the time of payment of the two tranches. The previous investment in Goulamina by Ganfeng (as announced on 4 and 14 September 2023¹) was a sole funding arrangement in return for an ownership increase. As from full completion of the Transaction, the share of JV funding will be based on the new ownership ratio of 60/40.

This agreement is further evidence of the strong relationship Leo Lithium has built with Ganfeng, China's largest lithium producer. Leo Lithium remains the operator and manager of Goulamina.

Leo Lithium Managing Director, Simon Hay, commented: "We are proud to be partnering with Ganfeng, a cornerstone partner of Leo Lithium, and the Transaction reiterates their continued endorsement and commitment to Goulamina. The project has the potential to become a world class operation, and construction is advancing steadily."

¹ *Goulamina on schedule post discussions with Mali Government – 4 September 2023 and Continued Ganfeng support with Equity Investment Agreement execution and Debt Facility drawdown – 14 September 2023*

This announcement will not lift the ASX suspension in trading of shares in the Company. The Company is working towards being in a position to announce further information as a priority.

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

For Enquiries

Simon Hay
Managing Director Leo Lithium Limited
info@leolithium.com
+61 8 6314 4500

Shane Murphy
FTI Consulting
shane.murphy@fticonsulting.com
+61 420 945 291

Twitter: <https://twitter.com/leolithiumltd>

LinkedIn: <https://www.linkedin.com/company/leo-lithium-ltd/>

Website: <https://leolithium.com>

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Market Announcement

19 January 2024

Leo Lithium Limited (ASX: LLL) – Continued Suspension from Quotation

Description

Leo Lithium Limited ('LLL') has lodged the attached announcement with ASX regarding the sale of 5% of the Goulamina Lithium Project ('Announcement').

The securities of LLL will remain suspended under Listing Rule 17.3 following a failure by LLL to respond to ASX's queries adequately, including in respect of the attached Announcement.

LLL's securities will remain suspended until LLL has responded to ASX's queries adequately.

Issued by

ASX Compliance