



## Notice of General Meeting and Explanatory Memorandum

### **Date of Meeting**

Thursday, 16 January 2025

### **Time of Meeting**

10.00am AWST

### **Place of Meeting**

The Boardroom  
The Park Business Centre  
45 Ventnor Avenue, West Perth WA 6005

### **A Proxy Form is enclosed**

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the Meeting please complete and return your Proxy Form in accordance with the specified directions.

# LEO LITHIUM LIMITED

## NOTICE OF MEETING

Notice is given that a Meeting of Shareholders of Leo Lithium Limited (ABN 70 638 065 068) will be held at The Boardroom, The Park Business Centre, 45 Ventnor Avenue, West Perth WA 6005 on Thursday 16 January 2025 at 10am AWST for the purpose of transacting the following business. Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Memorandum.

### AGENDA

The purpose of the meeting is to consider, and if thought fit, to pass the following resolution.

#### RESOLUTION - RETURN OF CAPITAL TO SHAREHOLDERS

To consider passing, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Part 2J.1 of the Corporations Act 2001 (Cth), approval is given for the share capital of the Company to be reduced by up to A\$17.3 million in accordance with sections 256B and 256C of the Corporations Act, such reduction of capital to be effected by the Company paying each registered holder of Shares (on a particular date and time, to be notified by the Company) an equal amount per Share."*

#### Voting entitlements

The Board has determined that under regulation 7.11.37 of the Regulations, for the purposes of the General Meeting, Shares will be taken to be held by the persons who are the registered holders at 4:00pm (AWST) on Tuesday, 14 January 2025. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

#### Chair

Mr Simon Hay will act as Chair of the Meeting. If Mr Hay is unable to attend, another Director will act as Chair of the Meeting.

#### How to vote

##### Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, electronically via the internet or by facsimile.

#### Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded. To be effective, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below.

#### Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

#### Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint no more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion

or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).

- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit.
- Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their Proxy Forms with a direction how to vote, but who do not nominate the identity of their proxy, will be taken to have appointed the Chair as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Meeting, the Chair will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chair, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support the Resolution proposed in this Notice.
- To be effective, proxies must be received by 10:00am AWST on Tuesday, 14 January 2025. Proxies received after this time will be invalid.
- The Proxy Form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the Power of Attorney, or the power itself, must be received by the Company at the address below, or by facsimile, and by 10:00am AWST on Tuesday, 14 January 2025. If facsimile transmission is used, the Power of Attorney must be certified.
- Proxies may be lodged using any of the following methods:

**By internet:**

Log on to [www.investorvote.com.au](http://www.investorvote.com.au)

If you are a custodian and an Intermediary Online subscriber, you can log on to [www.intermediaryonline.com](http://www.intermediaryonline.com)

**By post:**

Computershare Investor Services Pty Limited,  
GPO Box 242,  
Melbourne Victoria 3001 Australia

**By fax:**

(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

**By order of the Board**

**Ron Chamberlain**

Company Secretary

Dated: 13 December 2024

# LEO LITHIUM LIMITED

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolution contained in the accompanying Notice of Meeting.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

### RESOLUTION - RETURN OF CAPITAL TO SHAREHOLDERS

#### 1. RATIONALE

In May 2024 the Company entered into the Share Sale Agreement under which it agreed to sell its remaining 40% shareholding in MLBV, and therefore its remaining interest in the Goulamina Project, to Ganfeng.

Total consideration payable under the Share Sale Agreement is US\$342.7 million, comprising:

- the Deposit;
- the Tranche 1 Cash Consideration; and
- the Tranche 2 Cash Consideration.

Completion (including receipt of the Net Proceeds) occurred on 26 November 2024<sup>1</sup>.

The Directors have determined that following Completion and receipt of the Net Proceeds, the Company will have surplus cash and capital which should be returned to Shareholders. For that reason, the Company intends to distribute the Net Proceeds, the Deposit and the Firefinch Payment to Shareholders as follows (**Distribution**):

- a capital return of up to A\$17.3 million, which will be made to Shareholders on a pro rata basis and which equates to approximately A\$0.014 per Share<sup>2</sup> (**Proposed Capital Return**); and
- an unfranked dividend of approximately A\$0.158<sup>3</sup> per Share (**Special Dividend**),

equating to a total Distribution of A\$0.172 per Share.

The exact amount of the Proposal Capital Return will depend upon any further feedback from the ATO in relation to the Class Ruling, but will not exceed A\$17.3 million<sup>4</sup>.

The Proposed Capital Return will take place in accordance with sections 256B and 256C of the Corporations Act. The Corporations Act requires the Company to obtain the approval of Shareholders by ordinary resolution for an equal capital reduction of its share capital.

The payment of the Special Dividend does not require Shareholder approval and it is not the subject of a resolution at the Meeting.

In the event that the Resolution is not approved, the Company intends to increase the amount of the Special Dividend by the amount per share that would otherwise have been distributed as the Proposed Capital Return. This may have different tax consequences for Shareholders as described further in section 5.

It is the Company's intention to determine and pay the Special Dividend in January 2025, with the final amount of the Special Dividend dependent upon whether the Resolution is approved by Shareholders and the final value of the Proposed Capital Return.

The Company will update Shareholders by ASX announcement when the amounts of the Proposed Capital Return and the Special Dividend are finally determined.

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<sup>1</sup> See Leo Lithium Ltd announcement released on 27 November 2024 titled "MLBV Sale completed and net Tranche 1 consideration received" available at [www.asx.com.au](http://www.asx.com.au).

<sup>2</sup> Assumes a fully diluted share capital of 1,204,827,813, which assumes all Performance Rights are exercised and no Options are exercised.

<sup>3</sup> Assumes maximum proceeds available for distribution (including the Proposed Capital Return) of A\$207.2 million and a fully diluted share capital of 1,204,827,813.

<sup>4</sup> The Proposed Capital Return represents approximately 50% of the total capital which may be available to be returned to shareholders in connection with the MLBV Sale and is the maximum amount able to be distributed as part of the Tranche 1 Distribution.

## ATO Class Ruling

As described in more detail in Section 5 below, the Company has applied to the ATO for a Class Ruling which seeks to confirm the Company's expectation that:

- the Proposed Capital Return will not constitute a dividend for Australian income tax purposes (though it may constitute a CGT event for some Australian tax resident Shareholders); and
- the Special Dividend is an unfranked dividend declared from conduit foreign income.

Please refer to Section 5 below for more information regarding the tax implications of the Proposed Capital Return and Special Dividend for Shareholders.

## Record Date and payment

The current intention of the Board is that the proposed Special Dividend will occur first and the Proposed Capital Return will occur second (subject to the Resolution being passed) on the same day. This will enable both components of the Distribution to be paid to all entitled Shareholders as a single payment.

The total amount payable to each Shareholder will be determined based on the number of Shares held by each Shareholder as at the record date, which is currently intended to be 5:00pm (AWST) on 23 January 2025 (**Record Date**). The Record Date may be subject to change, with any changes to be disclosed in accordance with the ASX Listing Rules. It is currently anticipated that the Distribution will be paid on Friday, 31 January 2025 (**Payment Date**).

Where the total amount payable to a Shareholder contains a fraction of a cent, the aggregate payment will be rounded up to the nearest whole cent.

The Distribution will be paid to eligible Shareholders by electronic funds transfer only.

## Capital management plans for Tranche 2 Cash Consideration

The Company has previously<sup>5</sup> outlined the cash management plans for the Tranche 2 Cash Consideration as follows:

- if the Company has not identified value accretive investment opportunities by July 2025, the net proceeds of the Tranche 2 Cash Consideration will be distributed to shareholders in July 2025; or
- if the Company does identify value accretive investment opportunities involving deployment of any of the Tranche 2 Cash Consideration:
  - the investment opportunities will be put to a shareholder vote; and
  - if shareholders do not approve the investment opportunities, all net proceeds from the Tranche 2 Cash Consideration will be distributed to shareholders in a distribution planned for July 2025.

## Update your contact and payment details

Please note that as the Distribution will only be paid by way of EFT, all Shareholders must register (or where applicable, update) their bank account details prior to the Record Date in order to receive payment of the Distribution on the Payment Date.

In addition, Australian withholding tax must be withheld from all Distributions to Australian resident Shareholders where the Shareholder has not registered its tax file number or Australian Business Number (as applicable) with the Company's Share Registry, Computershare Investor Services, prior to the Record Date.

Accordingly, Leo Lithium strongly encourages all Shareholders to update their:

- email address;
- tax file number or Australian Business Number (if applicable); and
- banking details,

online through Computershare's Investor Centre website at [www.investorcentre.com/au](http://www.investorcentre.com/au) as soon as possible. Alternatively, shareholders may contact Computershare on 1300 850 505 (within Australia) or + 61 3 9415 4000 (outside Australia).

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<sup>5</sup> See Leo Lithium Ltd announcement dated 25 July 2024 titled "Update on proposed distribution of consideration - MLBV Sale" available at [www.asx.com.au](http://www.asx.com.au).

Computershare will provide Shareholders with their dividend statement or distribution statement on the Distribution Payment Date.

### Indicative timetable

Subject to the ASX Listing Rules and Corporations Act requirements, the Company currently anticipates the Distribution will occur in accordance with the following timetable:

| Event                                      | Indicative Date* |
|--------------------------------------------|------------------|
| Meeting to approve Proposed Capital Return | 16 January 2025  |
| Record Date                                | 23 January 2025  |
| Payment Date                               | 31 January 2025  |

\* Please note that this timetable is indicative only and the Directors reserve the right to amend the timetable accordingly.

## 2. RECOMMENDATION OF DIRECTORS

The Directors unanimously recommend that Shareholders vote in favour of the Resolution, and each Director intends to vote all Shares held or controlled by that Director in favour of the Resolution.

The Directors consider that the Proposed Capital Return is in the best interests of Shareholders for the following reasons:

- Shareholders will effectively benefit directly from the MLBV Sale by receiving a payment of approximately A\$0.014 per Share in addition to the Special Dividend;
- it enables the Company to return excess capital to its Shareholders; and
- each Shareholder will retain their current Shareholding in the Company pursuant to the terms of the Proposed Capital Return.

Reasons a Shareholder may consider voting against the Proposed Capital Return are as follows:

- following implementation of the Proposed Capital Return, the capital and cash reserves of the Company will be reduced. However, the Directors are of the opinion that the Company will have sufficient cash reserves after the Proposed Capital Return (and the Special Dividend) to pay its creditors and to fund its operations;
- following implementation of the Distribution the value of the Company's Shares is expected to reduce (relative to the value immediately prior to the 'ex' date for the Distribution), as a direct result of the Distribution of funds to Shareholders and the corresponding decrease in cash held by the Company; and
- you may disagree with the recommendation of the Board with respect to the Proposed Capital Return and believe that it is not in your best interests.

## 3. LEGAL REQUIREMENTS

### 3.1. Equal reduction

The Proposed Capital Return constitutes an equal reduction of the Company's share capital for the purposes of Part 2J.1 of the Corporations Act because it:

- relates only to the Shares;
- applies to each Shareholder in proportion to the number of Shares they hold; and
- is on the same terms for each Shareholder.

### 3.2. Other statutory requirements

#### Fair and reasonable

Section 256B(1)(a) of the Corporations Act provides that a capital reduction must be fair and reasonable to a company's shareholders as a whole. The Directors are of the opinion that the Proposed Capital Return is fair and reasonable to all Shareholders as it will apply to all Shareholders on the Record Date equally, in proportion to the number of Shares they hold as at that date.

#### Company's ability to pay creditors

Section 256B(1)(b) of the Corporations Act provides that a capital reduction must not materially prejudice a company's ability to pay its creditors.

The Directors, having carefully reviewed the Company's assets, liabilities and expected cashflows, believe that the Proposed Capital Return will not materially prejudice the Company's ability to pay its creditors. The Directors have also satisfied themselves as to the solvency of the Company following the Proposed Capital Return.

Please refer to section 4.3 below for further information regarding the impact of the Proposed Capital Reduction on the Company's ability to pay its creditors.

### **Shareholder approval**

In accordance with section 256C(1) of the Corporations Act, the Resolution will require approval by an ordinary resolution of Shareholders.

The Resolution will be passed as an ordinary resolution for the purposes of section 256C(1) of the Corporations Act if more than 50% of the votes cast by Shareholders present and eligible to vote at the Meeting (whether in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) are in favour of the Resolution.

## **4. EFFECT ON THE COMPANY**

### **4.1. Effect on capital structure and Shareholders**

Following the implementation of the Proposed Capital Return, the Company's capital will be reduced by up to A\$17.3 million, however, no Shares will be cancelled in connection with the Proposed Capital Return.

Accordingly, you will retain all of your Shares and your voting power in the Company will not be affected.

The entitlement of each Shareholder as at the Record Date to participate in the Proposed Capital Return will be calculated based on the number of Shares the Company has on issue as at the Record Date.

Following implementation of the Distribution, the value of the Company's Shares is expected to reduce (relative to the value immediately prior to the 'ex' date for the Distribution), as a direct result of the return of funds to Shareholders and the corresponding decrease in cash held by the Company.

If the Distribution does not proceed, then there is unlikely to be a corresponding decrease in the Company's Share price.

### **4.2. Effect on financial position of the Company**

The effect of the Distribution on the financial position of the Company is set out in the Pro Forma Statements. The Pro Forma Statements have been prepared:

- in accordance with generally accepted accounting principles and the Corporations Act;
- on a historical cost basis; and
- incorporating anticipated future cash flows.

### **4.3. Effect on the Company's ability to pay its creditors**

As evidenced by the Pro Forma Statements:

- the Company has, and following completion of the Distribution will continue to have, a strong balance sheet with sufficient capacity to meet the near-term requirements of the business; and
- the Distribution will not materially prejudice the ability of the Company to continue to meet its payment obligations to creditors.

Accordingly, the Directors have formed the view that undertaking the Proposed Capital Return will not materially prejudice the Company's ability to pay its creditors.

### **4.4. Tax implications for the Company**

No adverse tax consequences are expected to arise for the Company from implementing the Proposed Capital Return.

### **4.5. Implications if not approved**

In the event that the Resolution is not approved, the Company intends to increase the amount of the Special Dividend by the amount that would otherwise have been distributed as the Proposed Capital Return. This may have different tax consequences for Shareholders as described further in section 5.

## 5. TAX IMPLICATIONS FOR SHAREHOLDERS

The Company has applied to the ATO for a Class Ruling to confirm the Australian income tax implications of the Proposed Capital Return and Special Dividend for Shareholders who hold their Shares on capital account for Australian tax purposes (**Class Ruling**). The discussions with the ATO are substantially progressed.

The expected outcomes outlined below must not be relied upon by Shareholders. Rather, Shareholders should refer to the final Class Ruling, which is anticipated to be issued by the ATO after payment of the Distribution. The Company will make the final Class Ruling available on its website as soon as it is issued.

The information included in this Section does not consider the individual circumstances of each Shareholder and it is important that Shareholders seek their own professional tax advice.

### 5.1. Capital return

The Class Ruling is expected to confirm that for Shareholders who are Australian residents for tax purposes:

- no part of the Proposed Capital Return is a dividend for income tax purposes;
- the Proposed Capital Return gives rise to capital gains tax (CGT) event G1<sup>6</sup> for Shareholders. The tax cost base of your Share is reduced by the amount of the Proposed Capital Return (but not below nil) and a capital gain will arise for Shareholders if the amount of the Proposed Capital Return for your Share was more than the cost base of your Share;
- if you ceased to own a Share in respect of which the Proposed Capital Return was payable after the Record Date but before the date the Proposed Capital Return is paid, the right to receive the Proposed Capital Return in respect of that Share is retained by you and is a separate CGT asset from the Share. CGT event C2 happens when the Proposed Capital Return occurs. A capital gain will arise under CGT event C2 if the capital proceeds from the ending of the right to receive the Proposed Capital Return is more than the cost base of the right; and
- Shareholders may treat capital gains arising under CGT event G1 and C2 as a discounted capital gain if the Shares were acquired at least 12 months before the date the Proposed Capital Return is paid provided the other conditions in Subdivision 115-A of the Income Tax Assessment Act 1997 are satisfied.

The Class Ruling is also expected to confirm that, for those Shareholders who are not tax residents of Australia, no Australian capital gain or loss should arise as a consequence of the Proposed Capital Return.

Non-Australian resident Shareholders should seek advice in relation to the specific tax consequences arising from the Proposed Capital Return under the laws of their country of residence.

### 5.2. Special Dividend

The Class Ruling is expected to confirm that:

- the entire Special Dividend will be unfranked and declared to be conduit foreign income;
- Australian tax resident Shareholders will include the Special Dividend as assessable income; and
- for non-Australian resident Shareholders, the Special Dividend will be non-assessable non-exempt income (i.e., not included as assessable income) and is not subject to Australian dividend withholding tax.

The Special Dividend is capped at the Company's conduit foreign income balance as at that date the Special Dividend is declared.

For tax exempt gains such as those which arose on the sale of the MLBV shares in 2024, the gain is only recognised in the Company's conduit foreign income balance as at the end of the income year in which they arose (i.e. 31 December 2024 for the Company).

Hence any dividends (including interim) declared by the Company on or before 31 December 2024 out of the MLBV tax exempt gains:

- cannot be declared as conduit foreign income; and
- will be subject to Australian dividend withholding tax.

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<sup>6</sup> CGT Event G1 and CGT Event C2 are defined in the Income Tax Assessment Act 1997

The Company intends to make a final determination to pay the Special Dividend in January 2025 and as a consequence (and subject to the Class Ruling), the MLBV Sale proceeds are anticipated to be recognised as conduit foreign income.

## 6. IMPACT ON CAPITAL STRUCTURE

As part of its incentive arrangements, the Company has awarded incentives in the form of Performance Rights to employees (including the Executive Chair), and in the form of Options to Directors (including the Executive Chair), of the Company. As at the date of this Notice, the Company has on issue 7,950,000 unlisted Options and 5,900,404 Performance Rights, all of which vested and became capable of exercise upon and as a consequence of Completion.

Holders of unexercised Performance Rights and Options will not be eligible to participate in the Proposed Capital Return or Special Dividend in respect of those unexercised Performance Rights and Options.

However, holders of vested but unexercised Performance Rights and Options will be eligible to participate in the Proposed Capital Return and Special Dividend where those Performance Rights and Options are exercised prior to the Record Date.

Therefore, in accordance with:

- Listing Rule 7.21, the holders of unexercised Performance Rights (as at the Record Date) will not receive a benefit as a result of the Distribution; and
- Listing Rule 7.22.3, the number of Options on issue following the Distribution will remain the same, but the exercise price of each Option will be reduced by the amount of capital returned in relation to each Share. The table below shows the likely reduced exercise price of the Options following the Distribution, calculated in accordance with Listing Rule 7.22.3 and on the assumption that none of the Options are exercised prior to the Record Date.

For the purpose of calculating the estimated cents per share value of the Proposed Capital Return and Special Dividend, it has been assumed that:

- all Performance Rights will be exercised prior to the Record Date and the resulting Shares will be entitled to participate in the Distribution; and
- no Options will be exercised prior to the Record Date.

It should be noted that this is an assumption only and it is possible that some or all of the vested Performance Rights are not exercised, or that some or all of the vested Options are exercised, prior to the Record Date following the accelerated vesting of those Performance Rights and Options as a consequence of Completion.

| Number of Options | Current Exercise Price | Post Distribution Exercise Price | Expiration Date |
|-------------------|------------------------|----------------------------------|-----------------|
| 590,000           | 0.763                  | 0.749                            | 31/10/2025      |
| 590,000           | 0.643                  | 0.629                            | 1/01/2026       |
| 6,770,000         | 0.644                  | 0.63                             | 16/06/2025      |

## 7. DIRECTORS' INTERESTS

The number of securities in which each Director has a direct or indirect interest as at the date of this Notice is set out in the table below:

| Director       | Options / Performance Rights                      | Shares           |
|----------------|---------------------------------------------------|------------------|
| Amber Banfield | 590,000 Options                                   | 873,737 Shares   |
| Brendan Borg   | 590,000 Options                                   | 8,000,000 Shares |
| Alan Rule      | 590,000 Options                                   | 204,839 Shares   |
| Simon Hay      | 5,000,000 Options<br>1,315,316 Performance Rights | 1,438,383 Shares |

No Director will receive a payment or benefit of any kind as a result of the Distribution, other than as a securityholder of the Company.

## **8. PRIOR NOTICE TO ASIC**

As required by section 256C(5) of the Corporations Act, copies of the Notice of Meeting and this Explanatory Statement were lodged with ASIC before being sent to Shareholders.

## **9. NO OTHER MATERIAL INFORMATION**

Other than as set out in this Notice and information previously disclosed to Shareholders, there is no other information that is known to the Directors which may reasonably be considered material to a Shareholder's decision as to whether or not to vote in favour of the Resolution.

For personal use only

## GLOSSARY

**A\$ or \$** means Australian dollars.

**US\$** means United States dollars.

**ASX** means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**ASX Listing Rules** or **Listing Rules** means the official ASX Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

**ATO** means the Australian Taxation Office.

**AWST** means western standard time as recognised in Perth, Western Australia.

**Board** means the current board of Directors of the Company.

**CGT** means capital gains tax.

**Chair** means the individual elected to chair any meeting of the Company from time to time in accordance with rule 5.7 of the Constitution.

**Class Ruling** has the meaning set out in Section 5.

**Company** or **Leo Lithium** means Leo Lithium Limited ACN 638 065 068.

**Completion** means completion of the MLBV Sale in accordance with the Share Sale Agreement, and Complete has the corresponding meaning.

**Completion Date** means the date on which Completion occurs.

**Constitution** means the Company's constitution, as amended from time to time.

**Corporations Act** means the Corporations Act 2001 (Cth) as amended or replaced from time to time.

**Deposit** means the US\$10.5 million non-refundable deposit paid by Ganfeng under the Share Sale Agreement.

**Director** means a current director of the Company as at the date of this Notice.

**Distribution** has the meaning set out in section 1 of the Explanatory Memorandum.

**EFT** means electronic funds transfer.

**Explanatory Memorandum** means the explanatory memorandum accompanying this Notice of Meeting.

**Firefinch** means Firefinch Limited ACN 113 931 105.

**Firefinch Payment** means the A\$11.5 million paid by Firefinch to Leo under the Deed of Covenant and Release entered into between Leo Lithium, Firefinch and Ganfeng dated 7 May 2024.

**Ganfeng** means GFL International Co., Ltd.

**GLG** means Ganfeng Lithium Group Co., Ltd.

**Goulamina Project** means the project known as the Goulamina Lithium Project, which comprises and includes the Permit and which is managed and operated by LMSA.

**LMSA** means Lithium du Mali S.A., the wholly owned subsidiary of MLBV which owns the Goulamina Project.

**Meeting** means the Shareholder meeting convened by the Notice.

**MLBV** means Mali Lithium BV, the company which owns all of the shares in LMSA.

**MLBV Sale** means the sale by Leo Lithium to Ganfeng of its remaining 40% equity interest in MLBV, and therefore its remaining interest in the Goulamina Project, in accordance with the terms and conditions of the Share Sale Agreement.

**Net Proceeds** means the amount of US\$116.3 million, being the remaining proceeds after deducting applicable taxes of US\$44.7 million from the Tranche 1 Cash Consideration.

**Notice of Meeting** or **Notice** means this Notice of Meeting, including the Explanatory Memorandum.

**Option** means an option to acquire a Share.

**Payment Date** has the meaning set out in section 1 of the Explanatory Memorandum.

**Performance Rights** means a right to acquire Shares in accordance with the Plan Rules.

**Permit** means PE19/25 (Exploitation Permit located in the Bougouni region of southern Mali), granted by Decree N°2019-0642/PM-RM of 23 August 2019, for lithium and Group 2 mineral substances, transferred by Decree N°2022-0199/PM-RM dated 24 March 2022 in relation to the formal transfer of the Exploitation Licence from Timbuktu Resources SARL to LMSA.

**Plan Rules** means the Leo Employee Awards Plan Rules which govern the operation of Leo Lithium's equity awards.

**Pro Forma Statements** means the pro forma statements of financial position for the Company before and after the Distribution set out in Annexure A to the Explanatory Memorandum.

**Proposed Capital Return** means the equal capital return of up to A\$17.3 million to Shareholders (up to approximately A\$0.014 per Share) the subject of the Resolution, as described in Section 1 of the Explanatory Statement.

**Proxy Form** means the proxy form accompanying this Notice of Meeting.

**Record Date** has the meaning set out in section 1 of the Explanatory Memorandum.

**Resolution** means the resolution set out in this Notice of Meeting.

**Regulations** means *Corporations Regulations 2001* (Cth).

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Sale Agreement** means the Share Sale Agreement dated 7 May 2024 between Leo Lithium, Ganfeng, GLG and MLBV.

**Shareholder** means the holder of a Share.

**SOFR** means the Secured Overnight Financing Rate.

**Special Dividend** has the meaning set out in section 1 of the Explanatory Memorandum.

**Tranche 1 Cash Consideration** means the US\$161.0 million payable upon Completion of the MLBV Sale.

**Tranche 2 Cash Consideration** means the balance of the cash consideration payable by no later than 30 June 2025, comprising US\$171.2 million plus interest on that amount at the rate of SOFR +2% from the Completion Date until the date of payment.

## ANNEXURE A

### Pro Forma Statements of Financial Position

|                                      | 30 June 2024<br>A\$'000 | Pro Forma<br>Pre-Distribution<br>A\$'000 | Pro Forma<br>Post-Distribution<br>A\$'000 |
|--------------------------------------|-------------------------|------------------------------------------|-------------------------------------------|
| <b>ASSETS</b>                        |                         |                                          |                                           |
| <b>Current Assets</b>                |                         |                                          |                                           |
| Cash and cash equivalents            | 77,585                  | 267,299                                  | 60,069                                    |
| Receivables                          | 3,815                   | 259,394                                  | 259,394                                   |
| Other current assets                 | 902                     | 902                                      | 902                                       |
| Assets classified as held for sale   | 168,688                 | 0                                        | 0                                         |
| <b>Total Current Assets</b>          | <b>250,990</b>          | <b>527,595</b>                           | <b>320,365</b>                            |
| <b>Non-Current Assets</b>            |                         |                                          |                                           |
| Property, plant and equipment        | 77                      | 77                                       | 77                                        |
| Right-of-use assets                  | 1,146                   | 1,146                                    | 1,146                                     |
| <b>Total Non-Current Assets</b>      | <b>1,223</b>            | <b>1,223</b>                             | <b>1,223</b>                              |
| <b>Total Assets</b>                  | <b>252,213</b>          | <b>528,818</b>                           | <b>321,588</b>                            |
| <b>LIABILITIES</b>                   |                         |                                          |                                           |
| <b>Current Liabilities</b>           |                         |                                          |                                           |
| Trade and other payables             | 1,088                   | 1,088                                    | 1,088                                     |
| Lease liabilities                    | 213                     | 213                                      | 213                                       |
| Employee benefits                    | 310                     | 310                                      | 310                                       |
| Deferred income                      | 15,712                  | 15,712                                   | 15,712                                    |
| Deferred tax liability               | 15,245                  | 15,245                                   | 15,245                                    |
| <b>Total Current Liabilities</b>     | <b>32,568</b>           | <b>32,568</b>                            | <b>32,568</b>                             |
| <b>Non-Current Liabilities</b>       |                         |                                          |                                           |
| Lease liabilities                    | 1,023                   | 1,023                                    | 1,023                                     |
| Employee benefits                    | 18                      | 18                                       | 18                                        |
| <b>Total Non-Current Liabilities</b> | <b>1,041</b>            | <b>1,041</b>                             | <b>1,041</b>                              |
| <b>Total Liabilities</b>             | <b>33,609</b>           | <b>33,609</b>                            | <b>33,609</b>                             |
| <b>Net Assets</b>                    | <b>218,604</b>          | <b>495,209</b>                           | <b>287,979</b>                            |
| <b>EQUITY</b>                        |                         |                                          |                                           |
| Contributed equity                   | 105,813                 | 105,813                                  | 88,513                                    |
| Reserves                             | 14,799                  | 7,215                                    | 7,215                                     |
| Retained earnings                    | 97,992                  | 382,181                                  | 192,251                                   |
| <b>Total Equity</b>                  | <b>218,604</b>          | <b>495,209</b>                           | <b>287,979</b>                            |

The unaudited Pro-Forma Statement of Financial Position prior to distribution (3rd column) is based on the audit reviewed 30 June 2024 Statement of Financial Position (2nd column) that has been reviewed by the auditor, but not audited, after incorporating the following adjustments:

- Receipt of A\$3.8 million from MLBV as repayment in full for amounts owing to Leo Lithium outstanding at 30 June 2024.
- Reduction of Assets classified as held for sale by A\$168,688,000 reflecting the sale of the Company's shareholding in MLBV.
- Receipt of US\$161.0 million Tranche 1 Cash Consideration from Ganfeng.
- Inclusion of the US\$171.2 million Tranche 2 Cash Consideration as a Receivable.
- Receipt of A\$11.5 million Firefinch contribution towards settlement with Government of Mali.
- Payment of:
  - US\$44.7 million for tax associated with the sale of the interest in MLBV; and
  - A\$4.8 million in costs arising from the MLBV Sale such as legal fees and advisory fees.
- No adjustments for:
  - Trailing Fee or associated tax; or
  - Leo Lithium corporate costs, employee benefits, etc.

The FX rate used to convert the US\$ Tranche 1 Cash Consideration and the US\$ tax associated with the sale into A\$ is 0.649  
The FX rate used to convert all other US\$ into A\$ is 0.66.

The unaudited Pro-Forma Statement of Financial Position post-distribution (4th column) is based on the Pro-Forma Statement of Financial Position pre-distribution (3rd column) but incorporating the following adjustments:

- A reduction in cash and cash equivalents of A\$207.2 million, reflecting the maximum Distribution to Shareholders.
- A reduction in Contributed Equity of A\$17.3 million, reflecting the Proposed Capital Return.
- A reduction in Retained Earnings of A\$189.9 million, reflecting the proposed Special Dividend.