



Quarterly Report

For the quarter ended 31 March 2025



Leo Lithium Limited (**Leo Lithium** or **Company**) provides its report for the quarter ended 31 March 2025.

Key events

- The Company presented its 2025 Corporate Update which outlined the strategic focus for the Company following divestment of the Goulamina Lithium Project.
- Extraordinary General Meeting held on 16 January 2025 where shareholders approved a return of capital to shareholders.
- Distribution to shareholders of 17.2 cents per share (**Distribution**) was completed on 31 January 2025, and the ATO Class Order confirming the tax treatment of the Distribution was subsequently released on ASX.
- Continued to actively pursue the Company's corporate strategy of acquiring a new asset and seeking re-quotations of the Company's securities on the ASX.

On the March quarter, Executive Chairman Simon Hay commented:

"During the quarter, we were pleased to return funds to Leo Lithium's shareholders, distributing 17.2 cents per share. Following the divestment of the Goulamina Lithium Project, we also rationalised our workforce, and one-off costs associated with the completion of the Project and exit from Goulamina have now been completed. We thank those who have departed the Company for their service and dedication throughout an intense and challenging time for the Company.

The Company's remaining team, which contains skills and experience that cover the full lithium mineral value chain, is focused on screening acquisition opportunities that meet the corporate strategy released to the market in January. We have completed detailed reviews on numerous lithium spodumene, brine and geothermal opportunities across Australia, North America, South America and Europe and are actively engaged in discussions with several prospective counterparties. This process is advanced, with further updates to be provided as opportunities mature."

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

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STRATEGY UPDATE

In January, the Company set out its strategic focus for 2025 to acquire an asset and seek re-quototation of the Company's shares on the ASX.

The Company believes this strategy will provide the most flexibility to shareholders as follows:

- Leo Lithium can only resume trading on the ASX if it acquires another business;
- Many shareholders would rather Leo Lithium deploy Tranche 2 funds¹ into other assets than receive further unfranked dividends;
- Resuming trading on the ASX will enable Leo Lithium shareholders to make personal decisions on their shareholding that suit their particular tax circumstances;
- Shareholders have the ultimate say in any major acquisition proposal that utilises any of the Tranche 2 funds; and
- Current lithium market conditions are conducive for potential acquirors with pricing of assets at cyclical lows.

Leo Lithium has a proven lithium development team and a solid balance sheet, supported by ongoing cash flow from the Goulamina royalty, with the potential for value creation when paired with the right opportunity.

Target screening criteria

When screening potential targets, the Company is focused on the following matters:

Screen	Considerations
Commodity	Focus on lithium - hard rock and brines
Jurisdiction	WA, USA, Canada, the lithium triangle in South America, and Europe
Project life stage	Development projects, pre-FID
Project scale	Projects capable of becoming a significant global lithium producer whilst maintaining financial discipline and balance sheet strength
Structure	Leo Lithium to be the operator and/or majority owner to enable resumption of trading on ASX
Timing	If no opportunities are significantly progressed by Q3 2025, return Tranche 2 funds to shareholders in H2 2025
Summary	Focus on assets where Leo Lithium can add significant value by applying lithium project development and operational expertise

Progress update

The Company has made solid progress against this strategy in the first quarter of 2025 with the team undertaking detailed reviews on multiple opportunities that span lithium spodumene, brine and geothermal assets across Australia, North and South America and Europe.

The Company has maintained a rigorous financial and technical approach to opportunity screening. Where initial screening demonstrated that a target met the Company's internal criteria, that target was progressed to the next stage which includes confidential engagement with the counterparty.

¹ Tranche 2 funds means the US\$171.2 million second installment of the Goulamina Lithium Project sale consideration payable to Leo Lithium by GFL International Co., Ltd by 30 June 2025.

There has been initial engagement with a number of lithium-related companies, particularly those requiring development team expertise and funding sources for their assets. The majority of these counterparties who recognise the team's capability, proven delivery record, cash position and other key attributes have responded positively.

A few of these opportunities have advanced to discussions aimed at determining whether a mutually beneficial transaction can be agreed. Whilst the primary focus is on securing a cornerstone asset for the Company, consideration is also being given to whether a moderate cost, multi-asset strategy across different lithium sources could present a better business case and outcome for shareholders. The company is also assessing the potential structure allowing for an acquisition combined with a partial return of Tranche 2 funds to shareholders.

At this stage, all opportunities remain incomplete and confidential, and none have progressed to a point where commercial terms have been agreed or finalised. There is no guarantee that any transaction will be agreed or completed.

CORPORATE UPDATE

Distribution of Goulamina sale proceeds

The Company completed the Distribution of Tranche 1 net proceeds to shareholders on 31 January 2025 and published the ATO Class Ruling confirming the tax treatment for the Distribution on 19 February 2025.

If no acquisition opportunities are significantly progressed by the third quarter of 2025, Tranche 2 funds will be returned to shareholders. It is expected this will take place in the second half of CY25. Given the dynamic nature of these ongoing discussions, it is not possible to be prescriptive as to if, or when, any or all of the Tranche 2 proceeds will be distributed to shareholders. The Company has committed that any acquisition that will use Tranche 2 funds will be put to Leo Lithium shareholders for a vote.

Organisational changes

The rationalisation of the Company's staff following the divestment of the Goulamina Lithium Project was completed during the quarter. All one-off costs associated with that rationalisation have now been completed.

Change in officeholders

Mr Ron Chamberlain, the Company's Chief Financial Officer (**CFO**) and Company Secretary, departed the Company with effect from 28 February 2025. Given that the Company is in a transitional phase, the Company will not replace the CFO role at this time. This position will be revisited should the Company acquire a new asset.

The Company appointed Mr John Sanders as Company Secretary with the appointment effective from 28 February 2025.

Shareholder engagement

The Company held an Extraordinary General Meeting of shareholders on 16 January 2025 at which approval was obtained for a return of capital to shareholders. The Company's 2024 Annual Report and Corporate Governance Statement were also released during the quarter.

Listing rule disclosures

Leo Lithium did not undertake any mining exploration, mining production or development activity during the quarter. Leo Lithium did not acquire or dispose of any mining tenements during the quarter and did not hold any mining tenements at the end of the quarter.

FINANCE & FUNDING UPDATE

The Company's closing cash balance as at 31 March 2025 was A\$57.6 million, compared to A\$269.3 million as at 31 December 2024. The major cash flow movements during the quarter were:

- Cash distribution to shareholders of A\$207.2 million, comprising an unfranked dividend of A\$189.9 million and a capital return of A\$17.3 million.
- An advisory fee of A\$1.3 million incurred in connection with the Goulamina sale, which became due upon receipt of the Tranche 1 proceeds and was paid in January 2025.
- One-off staff-related payments of A\$2.0 million to staff who departed the company after completion of the Goulamina sale. This included salary, incentive, retention and redundancy payments. Of this total amount, A\$0.8 million had previously been paid to the Company by Ganfeng as its joint venture contribution towards these costs. Accordingly, the net cost to the Company was A\$1.2 million.
- Costs for remaining staff of A\$2.7 million comprising:
 - 2024 short-term incentive and retention payments to remaining staff of A\$1.8 million, of which A\$0.3 million had previously been contributed by Ganfeng; and
 - ongoing salaries and related costs of A\$0.9 million.
- Administration and corporate costs of A\$0.9 million, including A\$0.5 million of costs associated with the shareholder distribution and business development activities.
- Interest received of A\$2.4 million, of which A\$1.3 million was earned on the net Tranche 1 amount, prior to the distribution to shareholders.

Pursuant to ASX Listing Rule 5.3.5, payments of A\$558,737 were made to related parties during the quarter, being the payment of the Executive Chairman's 2024 short-term incentive bonus, 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 2024 Annual Report released on 27 February 2025.

Post quarter end, the Company:

- purchased an AUD:USD call option to lock in a worst-case AUD:USD exchange rate of 0.6282, inclusive of the option premium, for the Tranche 2 funds plus accrued interest (spot prices lower than 0.6282 are unhedged); and
- announced that, subject to receipt of shareholder approval, a change of external auditor from PricewaterhouseCoopers to BDO Audit Pty Ltd will take effect from the close of the Company's 2025 Annual General Meeting to be held on 28 May 2025.

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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Statements made in this announcement are made only as at the date of this announcement.