LEO LITHIUM LTD

2023
ANNUAL REPORT

ABN 70 638 065 068

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mr Rick Crabb
Non-Executive Chairman

Mr Simon Hay
Managing Director &
Chief Executive Officer

Mr Brendan Borg
Non-Executive Director

Mr Rod Baxter
Non-Executive Director

Ms Amber Banfield
Non-Executive Director

Mr Alan Rule
Non-Executive Director

AUDITORS

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CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

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AUSTRALIAN COMPANY NUMBER

638 065 068
Leo Lithium Limited shares are listed on the Australian Securities Exchange (ASX).
ASX Code: LLL

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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LETTER FROM THE CHAIRMAN

Leo Lithium continued to work diligently in 2023 progressing the Goulamina Lithium Project towards first production in Q3, 2024. However, due to events in Mali, the decision was made to sell the Company's interest in Mali Lithium BV, subject to shareholder approval and other conditions.

2023 was a transformational year for Leo Lithium as we progressed towards our goal of being one of the next major lithium producers. Following our ASX listing, the appointment of key managers and the formalisation of the JV partnership with Ganfeng in 2022, Leo Lithium accelerated development of the Goulamina Project in 2023. On the construction front, we achieved several key milestones including first ore blast in June 2023 and advanced the installation of key processing and non-processing infrastructure on site. Progress on site has been significant with mining activities continuing to ramp-up over the year to build stockpiles ahead of plant commissioning. The Project remains on track to achieve first spodumene production in Q3, 2024.

Unfortunately, the second half of 2023 was also a most challenging period for Leo Lithium, as the Company's shares were suspended since July 2023 except for a brief period in September 2023, following correspondence received from the Mali Government on various matters.

We continued to actively engage with the Mali Government with the aim of reaching a positive resolution for all parties. After protracted negotiations with the relevant parties, being the Mali Government, JV partner Ganfeng and Firefinch Limited, a Memorandum of Understanding was signed on 6 May 2024 to settle the matters raised by the Government. Contemporaneously, Leo Lithium entered into a binding agreement with Ganfeng, to sell its remaining interest in Mali Lithium BV subject to Leo Lithium shareholder approval and Chinese regulatory approvals. Further details are set out in the Company's announcement on the ASX on 8 May. A notice of meeting and explanatory memorandum for shareholder approval will be dispatched in the near future, containing full details, including the proposed return of funds to shareholders.

The achievement of the Leo Lithium team in Perth and Mali to progress construction largely on schedule and budget, with an excellent safety record, as well as progressing important community projects, is all the more impressive given the uncertainty created by the challenges in Mali and the Company's suspension from trading on the ASX.

The final outcome, being the settlement with the Mali Government in conjunction with agreeing terms of sale to Ganfeng, is, in the Board's opinion, in the best interests of the Company and was achieved through considerable effort over many months by our Managing Director Simon Hay, his executive team and advisors. On behalf of the Board, I thank Simon and the Leo Lithium team in Perth and Mali for their dedicated work.

I would like to conclude by thanking our shareholders for your continued support during a busy but uncertain period for the Company. I assure shareholders that the Board of Directors and senior executives continue to work tirelessly to achieve the best outcome for shareholders in the circumstances.

Rick Crabb
Non-Executive Chairman
Leo Lithium Ltd

CHIEF EXECUTIVE OFFICER'S ADDRESS

During the year, we rapidly advanced the development of the Goulamina Project with excellent results in drilling and resource extension, project construction to 60% completion and mobilisation of our teams. However, this success was overshadowed by the dispute with the Mali Government which resulted in Leo Lithium's decision to exit the Project in 2024.

In the first half of 2023, we enhanced the mineral resource quality at Goulamina following a highly successful drilling campaign, resulting in the expansion of our Mineral Resource by over 48% from 142 Mt at 1.38% Li_2O to 211 Mt at 1.37% Li_2O. We also progressed from our first concrete pour in February to installing significant mechanical and electrical equipment, plus 1.2 million bulk cubic meters of material were mined at our starter pit. These are major operational milestones, and we are proud of our team's progress. The safety of our staff is an ongoing priority, and we were extremely pleased to record over 3 million hours of work completed without a lost time injury.

In July, we awarded a US$348 million contract to local mining services specialist Corica Mali. Corica Mali has a long history and strong presence in Mali, operating in West Africa for a number of ASX and TSX listed miners over the past 20 years. The five-year contract will bring substantial local employment and supplier opportunities to the region.

This contract reflected Leo Lithium's commitment to maximising Malian participation in the project. Leo Lithium is committed to sustainable initiatives, and we focused on providing opportunities to the local community and supporting the health and safety of locals. During the year, we led initiatives to support the development of local shea nut producers and commercial gardens to provide food for the site.

Looking at sustainability, we continued to build relationships with local communities, evident through a number of the initiatives already underway. In particular our recently completed water supply project to provide safe, clean and reliable drinking water to local communities, has already benefitted four nearby villages.

We have also completed extensive socio-economic surveys and health needs assessments in the region. The results from these studies will allow us to develop tailored community development programs to improve health outcomes in the local community.

While the Goulamina project has also become a large source of local and national employment, we continue working closely with our local communities to develop the skills base and to promote local business initiatives.

As our shareholders are well aware, we've been in the unfortunate position of our shares being suspended since July 2023 following correspondence received from the Mali Government. We actively engaged with the Mali Government throughout the second half of 2023 and into 2024 in the search for a constructive resolution.

After a long period of discussions together with our JV partner Ganfeng, we signed a Memorandum of understanding with the Mali Government, resolving all outstanding issues concerning the Goulamina Lithium Project.

Despite our best efforts to reach a viable agreement with the Mali Government and considering the increasing risks associated with operating in Mali, the impact of the new 2023 Mining Code and the Company's financial position for future funding, the Board of Leo Lithium has determined that a sale of the Company's remaining interest in the Goulamina holding company MLBV, is in the best interests of Leo Lithium shareholders. The Board believes the executed Sale and Purchase Agreement with Ganfeng provides our shareholders with certain value under highly challenging circumstances.

I would like to thank the Board of Leo Lithium, our Perth staff and all the LMSA staff in Mali for their efforts in 2023. Whilst it was never Leo Lithium's plan to exit the project, our staff can be proud of the project they have built and their tremendous safety outcomes in 2023.

Simon Hay
Managing Director
Leo Lithium Ltd

2023 SUMMARY OF KEY ACHIEVEMENTS

Construction at Goulamina Reached 60% Completion

The project remains mostly on time and budget with a peak, majority Malian, workforce of approximately 1,800. The project is expected to commence commissioning in H1 2024 with first spodumene production scheduled for Q3, 2024.

Early Operations Commenced

Corica Mali awarded a five-year mining contract. Mining commenced in June with first blast and develolpment of starter pit. Contract mining operations ramped up in H2 on plan.

Accelerated Local Community Support in Mali

An initial water supply project, delivering clean, safe and reliable drinking water, year-round was completed and is already benefitting four nearby villages.

- The commencement of a malaria prevention program where 5,000 mosquito nets were purchased for distribution in four impacted villages.
- An immediate donation of health kits and critical medicines to local clinics, based on feedback from an initial health assessment.
- Undertook local schools support project which included the repair of school equipment in three villages, provision of essential school supplies and back-to-school packs to all school aged children of five impacted communities.

Product Logistics Route Secured

Advanced primary logistics route through Abidjan and San Pedro in west of Cote d'Ivoire selected as a secondary port giving enhanced logistics flexibility and reduced cycle times.

Road inspections completed for both logistics routes confirming better than expected conditions allowing for larger payloads and reducing planned truck numbers.

Acquired Other Concessions

Binding agreement to acquire adjacent mineral concessions which nearly triple the Goulamina Project area.

Prioritising Local Employment

The construction workforce peaked at approximately 1800, 76% of whom were Malian.

Excellent Safety Record With 3 Million Hours Worked

The project remains mostly on time and budget with a peak, majority Malian, workforce of approximately 1,800. The project is expected to commence commissioning in H1 2024 with first spodumene production scheduled for Q3, 2024.

Successful Drilling Program

27,426 metres of exploration drilling was completed during the year, which resulted in a significant increase in mineral resources.

2024 Settlement and Sale of Project

- Reached a settlement with the Mali Government in May 2024 that saw an end to the dispute.
- Simultaneously reached agreement with Ganfeng for the sale of the Company's interest in the project with the sale to conclude in late 2024.

GOULAMINA PROJECT OVERVIEW

The Goulamina Lithium deposit will become West Africa's first operating lithium mine. Globally, it is one of the most advanced lithium projects under construction.

The Goulamina Lithium Project is located in southern Mali, approximately 150km south of the country's capital of Bamako, and is one of the world's largest undeveloped high grade spodumene deposits. Underpinned by its substantial scale and expected low production cost relative to other current operations and prospective projects, Goulamina is one of the world's leading hard rock lithium assets. The Project is set to have initial mine-life of at least 21 years.

Goulamina is owned in a joint venture between Leo Lithium and Ganfeng Lithium, one of the largest fully integrated lithium chemicals producers in the world. Leo Lithium owned 50% during 2023 and was the joint venture operator, with Ganfeng owning the remaining 50%.

Lithium du Mali S.A. (LMSA), the joint venture Malian subsidiary, currently employs approximately 1,800 employees and contractors during the construction phase, the majority of whom are Malian.

The Goulamina deposit has a relatively high reserve grade at 1.51% Li_2O and one of the lowest strip ratios of all hard rock lithium operations. The mining operation is a simple standard open pit drill and blast, truck and shovel operation and processing will be via standard crushing, grinding and flotation flowsheet and will produce a high quality spodumene concentrate.

When in full production, Goulamina will have an annual spodumene concentrate production rate of 500,000 tonnes.

2023 CONSTRUCTION AND DEVELOPMENT HIGHLIGHTS

Site activities in the 2023 financial year were focused on project development, engineering, procurement, construction and early mining activities. Solid progress was made on all fronts. Key operational highlights include:

Work on the process plant foundations commenced on site in January 2023 with the first concrete pour, earthworks and civils at the primary crushing area.

Ball mill, crushing equipment and construction/fabrication of other heavy plant equipment was completed in China and shipped to site. Major equipment has been erected, with the dry and wet plants on track for commissioning in Q2, 2024.

The product haulage route was validated from Goulamina to the Port of Abidjan and the San Pedro Port was selected as a secondary option – both located in Cote d'Ivoire. Road inspections confirmed higher nominal truck payloads are possible, reducing the total number of trucks on road, lowering costs and reducing truck movement impacts compared to initial plans.

Project capital was reviewed resulting in a modest increase in construction costs from US$255 million to US$285 million. Operational readiness activities estimated at US$33 million to cover ramp up of mining and plant commissioning activities bring total capital to complete the project to US$318m.

The Mineral Resource was upgraded by 48% from 142Mt to 211Mt @ 1.37% Li_2O with the Goulamina orebody remaining open along strike and at depth for further potential upside.

A five-year mining contract valued at US$348 million, was awarded to Corica Mali, a leading West African mining contractor with a 20-year track record of providing large scale mining services to a number of leading ASX and TSX listed mining companies.

Mining operations commenced in June 2023 with the first blast at the Stage 1 starter pit, which contains 1.57Mt of ore at a grade of 1.60% Li_2O. Significant progress was made on pre-strip and ore mining activities, and Corica Mali has ramped up mining operations over the second half of 2023.

Excellent safety performance with over three million hours completed on site without a lost time injury.

Installation of non-process infrastructure progressed over 2023, including haul roads, Run of Mine (ROM) pad, tailings storage facility, waste dump, processing plant, offices, warehouse, workshop, laboratory, overland pipeline, overhead power lines and the permanent accommodation facility.

395kt of ore from early mining activities has been stockpiled in preparation for processing once the processing plant is commissioned.

DRILLING AND RESOURCES

The Goulamina Lithium Project is entirely within the Torakoro Exploitation Permit PE 19/25 in Mali. PE 19/25 is 100% held by Lithium du Mali SA, our joint venture subsidiary. The Goulamina pegmatite deposit is almost entirely hosted in a granite located within the highly prospective West African Birimian greenstone belt.

Over the course of the year 136 (127 RC and 9 diamond) exploration and resource definition holes were drilled for a total of 27,426 m. The bulk of this drilling was undertaken in H1 2023 and resulted in the substantial resource increase detailed in the resource update in the June quarter.

The drilling identified several new pegmatite domains and extended existing domains along the northern strike extension and down dip. These dykes have been modelled over a 2.5km strike extent and individual true dyke widths of up to 100m.

The drilling results received in the June 2023 quarter were incorporated into a revised MRE which resulted in a significant Mineral Resource upgrade. The total Goulamina resource base was increased by 48% from 142 Mt to 211 Mt at 1.37 per cent Li_2O. This positions Goulamina presently as the world's 5th largest global spodumene deposit.

The Goulamina resource is characterised by moderately to steeply dipping pegmatites with a clearly defined contact boundary between spodumene bearing pegmatites and the granitic host material. This defined contact allows ease of mining from hanging wall through to footwall. Furthermore, mining the entire pegmatite rather than defining internal low-grade components results in improved economics.

The remainder of the drilling undertaken in the December quarter aimed to define the periphery of the orebody to inform future infrastructure locations. The resource remains open along strike and at depth.

Category	Tonnes (Mt)	Li_2O (Mt)	Li_2O (%)	Fe_2O_2 (%)	Density (t/m^2)
Measured	13.1	0.21	1.59	0.93	2.73
Measured	89.2	1.28	1.43	0.92	2.73
Inferred	108.6	1.41	1.30	0.83	2.73
Total	211.0	2.89	1.37	0.87	2.73

Table 1: Goulamina Mineral Resource Estimate summary (0.5% Li_2O reporting cut-off applied above a US$1,500 optimised pit shell) – June 2023.

Data is reported to significant figures and differences may occur due to rounding.

MALI CONCESSION ACQUISITION

Originally, Goulamina comprised a land holding of 101 square kilometres in the Bougouni Region of southern Mali.

However, in 2023 an agreement was reached between the Goulamina JV Co with Bambara Resources SARL and Kodal Minerals plc to acquire two adjacent mineral concessions. The two concessions, Mafele West and Nkemene West, are located immediately to the south and east of the Goulamina Project and once the lease transfer is ratified by the government, the Goulamina land holding will nearly triple to 287 square kilometres.

This increased land holding will enable the Project to optimise the location of infrastructure and mining stockpiles over the long term. The concessions have had minimal exploration to date.

OPERATIONS OVERVIEW

The engineering of the project is largely complete, and the engineering team has been redeployed to support construction efforts. Procurement activities remain focused on expediting the remaining minor supply packages.

The bulk earthworks in the plant and tailings storage facility (TSF) are materially complete.

Concrete works have progressed accordingly, allowing for the installation of steel in the facilities of primary, secondary and tertiary crushers, fine ore bin reclaim and conveyor transfer stations. In addition, the conveyor belting and initial pulley drives are all on site.

Final civil construction activities are approaching completion with buried services installation of conduits and pits well advanced. Structural, mechanical and piping installation has commenced on the majority of work fronts and the electrical and instrumentation installation teams have commenced work.

A significant portion of materials and major processing and non-process infrastructure was procured internationally and transported to site as it was not available locally. While some minor delays were experienced during fabrication, favourable shipping availability and shorter than expected shipping times minimised the overall impact on the schedule.

By year-end, the Goulamina Lithium Project team achieved an outstanding safety milestone of three million work hours without a lost time injury. This impressive result can be credited to the Company's diligent employees and contractors, the establishment of robust processes, training and effective site leadership.

In July, the Company awarded the full Open Pit Mining Services contract and early mining works to local mining contractor, Corica Mali, following a competitive tender process. The contract, worth approximately $US348 million (~$A520million), includes the early mining works across a five-year term once production commences.

OPERATIONS OVERVIEW CONTINUED

The scope also includes grade control, drill and blast, load and haul, and plant ore feed services. Corica Mali has over 2,000 employees and a long history of operating in Mali and West Africa over a 20-year period.

Mining operations at Goulamina focused on developing the starter pit, road networks, stockpiles, waste dump footprints and ROM pad construction during the reporting period. Operations involve conventional drill and blast followed by load and haul open pit methodology. Ore mined during the reporting period was stockpiled for use in commissioning and later operations. Total ore on the stockpile at the end of December was 395kt at an average grade of 1.41 per cent Li_2O.

A total material movement of approximately 2.8 million tonnes (or 1.2 million bank cubic meters) was mined during 2023. A summary of the material movement by quarter in 2023 is provided in the table below.

	Units	Q2	Q3	Q4	Total
Ore Mined	kt	39	139	216	395
Waste Mined	kt	282	972	1,148	2,402
Total Mined	kt	321	1,112	1,364	2,797
Total Volume	kbcm	139*	466	549	1,154

Table 2: CY2023 Total Ore and Material Mined

*Q2 reporting (31 Jul 2023) included 57m3 of topsoil which has been excluded from these totals.

PROCESSING

Metallurgy work over 2023 was focused on bulk flotation tests to generate the required concentrate for marketing and vendor testing. Bulk flotation testing confirmed a 6% spodumene concentrate product was achievable.

Various testing occurred on thickener, filter press and WHIMs (magnetic separation) vendor data to validate process design criteria.

TRANSPORTATION AND LOGISTICS

Transportation of equipment, materials and consumables to the site progressed via the Port of Abidjan in Cote d'Ivoire followed by trucking to site. More than 600 shipping containers and 11,000m^3 of bulk consignments were delivered and unloaded by local West African transport contractors.

In addition to the long-term access already secured at the Port of Abidjan in Cote d'Ivoire, preparations for the transport of concentrate from site to port continued during the year. Negotiations commenced with operators at the Port of San Pedro to provide a secondary port solution in Cote d'Ivoire while assessments of ports and haulage routes to Dakar in Senegal and other options in Guinea were completed.

APPROVALS AND PERMITS

The Project team continued to pursue several Mali Government approvals relating to the operational phase including power generation, airstrip, density gauges and exoneration application processes. The self-generation power permit was not secured in 2023. Until approved, power continues to be provided via smaller, standalone temporary units.

In relation to permitting, the Environmental and Social Impact Assessment (ESIA) was granted as part of the Exploitation Permit in 2019. An updated ESIA was submitted and approved which entailed extensive consultation with local community leaders. This is the last ESIA update prior to the planned commencement of production in 2024.

MINERAL RESOURCES STATEMENT

Leo Lithium's Exploration Results, Mineral Resources and Ore Reserves estimates are reported in accordance with the ASX Listing Rules and the requirements and guidelines of the 2012 edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves – the JORC Code.

The work undertaken to update the Mineral Resources as of 31 December 2023, involved operational depletion of the June 2023 Mineral Resource estimate, which was completed by ERM Perth (CSA Global). The Company's Mineral Resource inventory increased by 68.3 million tonnes during the reporting period. The Increase was due to an update of the Mineral Resource estimate which was a result of a successful exploration campaign in 2023 (refer to ASX Announcement *'Significant Goulamina Resource Upgrade 48% Increase to 211Mt'* released to ASX on 20 June 2023).

The Mineral Resource statement as of 31 December 2023, consists of in-situ material only, with a total of 210.6 million tonnes grading at 1.37% Li_2O. This resource contains approximately 2.88 million tonnes of Li_2O in total. A cut-off grade of 0.5% Li_2O has been applied.

Table 1: Goulamina JORC 2012 Mineral Resource (in-situ Material) 31 December 2023.

Classification	Domain	Tonnes (Mt)	Li_2O (Mt)	Li_2O (%)	Fe_2O_3 (%)	Density (t/m³)
Measured	Main I	5.9	0.09	1.47	0.86	2.73
	West I	3.8	0.06	1.68	1.02	2.73
	Sangar I	3.0	0.05	1.70	0.96	2.73
	Subtotal	12.7	0.20	1.58	0.93	2.73
Indicated	Main I	4.7	0.05	1.13	0.97	2.73
	Main (other)	0.6	0.01	1.78	0.79	2.73
	West I	10.0	0.14	1.42	0.96	2.73
	West II	0.9	0.01	1.31	1.13	2.73
	West (other)	0.7	0.01	1.35	1.03	2.73
	Sangar I	15.2	0.24	1.55	0.89	2.73
	Sangar II	11.1	0.17	1.50	0.97	2.73
	Sangar III	6.1	0.09	1.46	0.77	2.73
	Sangar (other)	5.0	0.06	1.23	0.96	2.73
	Danaya	35.1	0.50	1.42	0.90	2.73
	Subtotal	89.2	1.28	1.43	0.92	2.73
Inferred	Main I	3.1	0.04	1.21	0.92	2.73
	Main (other)	7.0	0.10	1.48	1.00	2.73
	West I	7.9	0.10	1.32	0.66	2.73
	West II	1.3	0.01	1.00	0.94	2.73
	West (other)	3.3	0.04	1.28	0.95	2.73
	Sangar I	18.3	0.27	1.48	0.65	2.73
	Sangar II	11.3	0.14	1.24	0.68	2.73
	Sangar III	7.5	0.10	1.36	0.72	2.73
	Sangar (other)	6.3	0.09	1.36	0.85	2.73
	Danaya	42.6	0.51	1.19	0.95	2.73
	Subtotal	108.6	1.41	1.30	0.83	2.73
Total		210.6	2.88	1.37	0.88	2.73

Notes:

- Mineral Resources and Reserves are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code – JORC 2012 Edition).
- Data is reported to significant figures and differences may occur due to rounding.
- Mineral Resources have been reported at a 0.5% Li_2O cut-off grade above a US$1,500 optimised pit shell.

The in-situ Mineral Resource reported as of 17 January 2023, totalled 142.3 million tonnes grading 1.38% Li_2O. The net increase in the Mineral Resource from 17 January 2023 to 31 December 2023, is 68.3 million tonnes. The Goulamina Mineral Resource of 210.6 million tonnes grading 1.37% Li_2O includes operational depletion of 0.4 million tonnes grading 1.64% Li_2O (table 3). The depleted portion of the Mineral Resources have been reported above 0.5% Li_2O cut-off grade as per the June 2023 Mineral Resource estimate.

Table 2: Goulamina JORC 2012 Total Mineral Resource changes 31 December 2023.

Total Mineral Resource	Tonnes (Mt)	Li_2O (%)	Fe_2O_3 (%)	Li_2O (Mt)
Mineral Resource as at 17 January 2023 (0% Li_2O cut off)	142.3	1.38	0.87	1.97
Mineral Resource as at 31 December 2023 (0.5% Li_2O cut off)	210.6	1.37	0.88	2.88
Total change from 17 January 2023 to 31 December 2023	**68.3**	**0.01**	**0.01**	**0.91**

Notes:

- Mineral Resources and Reserves are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code – JORC 2012 Edition).
- Data is reported to significant figures and differences may occur due to rounding.

Table 3: Goulamina JORC 2012 Depleted material as of 31 December 2023.

Classification	Domain	Tonnes (Mt)	Li_2O (Mt)	Li_2O (%)	Fe_2O_3 (%)	Density (t/m^3)
Measured	Main I	0.4	0.01	1.67	0.68	2.73
	Subtotal	0.4	0.01	1.67	0.68	2.73
Indicated	Main (other)	0.0	0.00	1.63	0.90	2.73
	Subtotal	0.0	0.00	1.63	0.90	2.73
Inferred	Main (other)	0.0	0.00	1.03	1.26	2.73
	Subtotal	0.0	0.00	1.03	1.26	2.73
Total		0.4	0.01	1.64	0.71	2.73

Notes:

- Mineral Resources and Reserves are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code – JORC 2012 Edition).
- Data is reported to significant figures and differences may occur due to rounding.
- Depleted material reported above 0.5% Li2O cut-off grade and above the 31/12/2023 end of month as built open pit surface.

Refer to the ASX announcement titled “Significant Goulamina Resource Upgrade 48% Increase to 211 Mt” released to ASX on 20 June 2023 for the complete JORC Code compliant reports for the Mineral Resources.

ORE RESERVES STATEMENT

No new economic evaluations have been included in this Ore Reserve estimate. The 2020 ore reserves were optimised on a gross spodumene concentrate (SC6) price of $650 per tonne and this price is lower than both the current spot price outlook of $850 to $1,000 per tonne of SC6 and the long-term consensus pricing of approximately $1,500 per tonne of SC6. The reserves are economically viable at this price base and DFS cost assumptions.

The update to the Ore Reserve as of 31 December 2023 is the operational depletion of the as mined ore only. Pre-production mining has resulted in a small parcel of ore tonnes mined to stockpile, and due to rounding appear as net zero change. The resultant Ore Reserve as of 31 December 2023, including stockpiled material, remains at 52.0 Mt at 1.51% Li_2O and 0.8% Fe_2O_3 as shown in the table below. The relevant proportions of Ore Reserves classification are 16% Proved and 84% Probable Ore Reserves.

Table 4: Goulamina open pit Ore Reserve estimate – December 2023.

Ore Reserves at 31 December 2023						
Source	Ore Reserve Classification	Tonnes (Mt)	Li_2O (Mt)	Li_2O (%)	Fe_2O_3 (%)
Insitu	Proved	7.7	0.1	1.55	0.96
	Probable	43.9	0.7	1.50	0.77
	Total	51.6	0.8	1.51	0.80
Stockpile lithium ore	Proved	0.4	0.0	1.59	0.71
	Probable	0.0	0.0	0	0
	Total	0.4	0.0	1.59	0.71
Total	Proved	8.1	0.1	1.55	0.95
	Probable	43.9	0.7	1.50	0.77
	Total	52.0	0.8	1.51	0.80

Notes:

- Mineral Resources and Reserves are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code – JORC 2012 Edition).
- Apparent errors of summation are due to rounding.
- Ore Reserves have been reported at a 0% Li_2O cut-off grade consistent with whole of ore approach.
- Ore Reserves are the economically mineable part of the Measured and Indicated Resource. No additional ore losses, dilution or a mining call factor have been applied.
- All tonnes are dmt.

Table 5: Change in Goulamina Open Pit Ore Reserve estimate – from 17 January 2023 to 31 December 2023.

Total Ore Reserves	Tonnes (Mt)	Li_2O (Mt)	Li_2O (%)	Fe_2O_3 (%)
Ore Reserves as at 17 Jan 2023	52.1	0.786	1.51	0.8
Ore Reserves as at 31 Dec 2023	51.7	0.780	1.51	0.8
Total Change from 31 Dec 2022 to 31 Dec 2023 (Stockpile)	0.4	0.006	0	0

Notes:

- Apparent errors of summation are due to rounding.
- Ore Reserves have been reported at a 0% Li_2O cut-off grade, consistent with whole of ore approach.
- Includes in-situ reserves only and the difference is now on stockpile, resulting in a net reserve that remains unchanged at 52Mt and 1.51%Li_2O

COMPETENT PERSON STATEMENTS

The Information in this report that relates to Exploration results, Mineral Resources and Ore Reserves is based on information compiled by the Competent Persons listed in the table below. Each competent person:

- Is a Member or Fellow of The Australasian Institute of Mining and Metallurgy, or a Member or a Fellow of the Australian Institute of Geoscientists.
- Has sufficient experience that is relevant to the style of mineralisation and type of deposits under their consideration and to the reporting activity being undertaken, to qualify as a Competent Person as defined in the JORC Code.
- Consents to the inclusion in this statement of matters based on their information in the form and context in which it appears.

Competent Person	Activity	Employer	Membership	Competent Person
Sebastian Kneer	Exploration results	Leo Lithium, full-time employee	Australian Institute of Geoscientists	Exploration results
Matt Clark	Mineral Resources	ERM Perth (CSA Global)	Australasian Institute of Mining and Metallurgy	Mineral Resources
Quinton de Klerk	Ore Reserves	Cube Consulting	Australasian Institute of Mining and Metallurgy	Ore Reserves

LEO LITHIUM'S MINERAL RESOURCES AND ORE RESERVES GOVERNANCE

Leo Lithium's Mineral Resource and Ore Reserve Governance approach includes formal, documented systems and procedures. A summary of Leo Lithium's governance and procedures applicable to Mineral Resources and Ore Reserves estimates is as follows:

Mineral Resources

- Review and validation of drilling and sampling methodology and data spacing, geological logging, data collection and storage, sampling and analytical quality control.
- Geological interpretation – review of interpretation of Pegmatite dykes, structures and weathering surfaces.
- Mineral Resource Estimation – estimates are prepared using accepted industry methods which are relevant to the style of mineralisation and proposed open pit mining methodology.
- Comparison and validation of estimation results with results using alternate modelling methodologies.
- Visual validation of block model against raw sample composites.
- Use of external Competent Persons to assist in preparation of Mineral Resources estimate updates.

Ore Reserves

- Review of the open pit mining methodology to suit the pegmatite deposit and its mineralogical characteristics.
- Collation of input parameters, open pit optimisation studies on the Measured and Indicated Mineral Resources of the deposit, open pit designs and pit production scheduling
- Ore Reserves estimate updates initiated following material changes in the relevant Modifying Factor assumptions. Ore Reserve Estimates are in accordance with the guidelines in the JORC Code (2012 Edition). Proved Ore Reserves are derived from the Measured Mineral Resources and the Probable Ore Reserves have been derived from the Indicated Mineral Resources contained within the optimised pit design and scheduled to be processed through the planned processing facility.
- Use of external Competent Persons to assist in preparation of Ore Reserves Estimates.

2023 SUSTAINABILITY REPORT

Leo Lithium has an important role to play in improving the standard of living of current and future generations by meeting the global demand for lithium in a responsible and sustainable way. Our ESG goals are essential in creating a positive social change in the communities we operate in. We strive to ensure that our activities minimise environmental harm, create positive social impacts and improve the lives of our employees, stakeholders and the livelihoods of those in the communities which we operate. We are committed to making a difference in the lives of employees and the local communities by focusing on local employment, health, education and contributing to Government initiatives at the local, regional and national level.

Over the past year we have adopted a measured and pragmatic approach to identifying, analysing and understanding the social and environmental impacts of the Goulamina Lithium Project and the risks posed by our activities on the environments and communities in which we operate. As evidence of this a number of socio-economic studies of our nearby communities were undertaken in 2023. The data obtained from these studies has provided the company with crucial information on what the most acute social needs are and what programs are required to address these needs in a sustainable and meaningful way.

In 2023, we established a Sustainability Committee at the Board level to guide, champion and measure our ESG activities. In 2023 the company developed and implemented several key corporate policies designed to ensure that the business conducts itself in an open and transparent manner. This includes the Environmental, Health and Safety, Sustainability and Risk Management Policies, a Community Engagement Plan, a Sponsorship and Donations Procedure and a Grievance and Dispute Resolution Procedure.

The health, safety and security of all our employees and contractors is of utmost importance to the company. Therefore, the establishment of a robust safety management system and adherence to the principle that all injuries are preventable was a key priority for the business in 2023. The success of our approach to health, safety and security is supported by our record of zero medical treatment or lost time injuries during 2023. Whilst we acknowledge and celebrate this success, we are acutely aware of the need to continually evolve, improve and remain proactive in the management of safety across the business especially as we transition from project construction to operations.

In a short space of time, we have established a track record of working closely with our local communities to provide employment opportunities. As of 31 December 2023, LMSA had a total workforce, including contractors, of approximately 1,800 with 76 percent of the workforce Malian nationals. As we ramp up towards operations in 2024, the total workforce numbers are expected to decline as many contractors, engaged as part of the construction phase demobilise from site.

OUR VALUES

At Leo Lithium success is achieved through shared goals and shared values.

Our values guide us in the way we work together and with our partners.

Respect
We will always show respect to others including the communities we work in.

Unity
We deliver on our commitments through teamwork and collaboration.

Honesty
We say what needs to be said and do the right thing every time.

Excellence
We set and strive to achieve stretch targets for our stakeholders.

The company's current approach, with regards to its community development initiatives is to first understand what the most acute socio-economic issues within the nearby communities are and, to gain critical baseline information to facilitate a better understanding of local issues. This will allow us to prioritise and target support to specific groups in the most effective and sustainable way. To facilitate this a number of studies were commissioned in 2023 to obtain this information including:

- A comprehensive Health Needs assessment on local communities that provides invaluable information on the most acute health needs within nearby communities and the best approach to addressing these issues.
- An agronomy study that has evaluated the agricultural condition of local soils and farming practices, what inputs are required to improve crop yields and what other efficiencies can be created to generate increased revenue for local farmers.
- A socio-economic study which provides a robust baseline information on local community demographics that are benchmarked to national Malian standards. The findings from this study will be crucial in informing the company's overall community development strategy which is due for Malian endorsement prior to first production.

In 2023, the company spent USD$918,000 on community projects, with the highlight being the development of a water supply system in the 4 villages closest to the project. This project was completed in late 2023 and now means that over 12,000 residents of local villages have year-round access to safe, clean and reliable drinking water.

Malaria is the most acute health concern within the communities closest to our project site. As part of the company's long-term plan to reduce instances of malaria, 5,000 mosquito nets were distributed to local communities along with training and education on their use. An entomology study was undertaken to determine the types of malaria carried by mosquitos within the area and the effective ways to prevent infection, based on these results.

The company undertook extensive upgrades to local roads in the area throughout 2023, particularly following the end of the wet season.

A hunter's hut was also constructed in the village of Goulamina. The company used a local company to build the hut with this donation part of an ongoing alignment between the company and the village of Goulamina.

The company is cognisant of the importance that cultural celebrations play in Mali, with, the company making donations to local communities to celebrate days of national importance throughout 2023. This included donations on Malian Independence Day, International Women's Day, the commencement of Ramadan, Tabaski and International Children's Day. In addition, as part of Solidarity Month the company provided a donation of grain to the Bougouni grain bank to support the elderly and widowed women and their families.

To coincide with the commencement of the school year in October, the company arranged and donated 1,200 back-to-school packs for all school-aged children within its impacted communities. These packs included a backpack and school equipment and were designed to assist families and take away some of the financial burden of educating their children. Basic, but essential teaching equipment was also provided for teachers in each of the schools as part of the company's support. The company worked with the Bougouni Education authority on this initiative with the Bougouni Director of Education assisting with the distribution.

The company acknowledges that the environmental challenges for mining companies are significant, yet excellence in environmental management is an essential component of success. The Company is, therefore, committed to minimising its impact on the natural landscape, waterways and flora and fauna in a manner consistent with international leading practice. In 2023, the Company finalised the development of its Environmental Management System, using risk management processes to identify and prioritise key environmental risks and opportunities. Additionally, an extensive environmental monitoring program was established in 2023 which includes monitoring key metrics such as water quality, noise, dust, vibration and carbon usage.

We are proud of our achievements towards sustainability in 2023, whilst recognising that the project is in its early stages and that there is much work to be done.

SUMMARY

ORDINARY SHARE CAPITAL
1,198,176,519 fully paid ordinary shares (Shares) on issue, held by 13,816 holders.

PERFORMANCE RIGHTS
There are currently 20 holders of performance rights, holding 6,866,262 performance rights.

OPTION HOLDERS
There are currently 6 holders of unquoted options, holding 7,950,000 options.

VOTING RIGHTS
The voting rights attached to each class of equity security are as follows:

- Shares: Each Share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.
- Unlisted Options/performance rights: Options/performance rights do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, when declared, until such time as the options are exercised or performance shares convert and subsequently registered as Shares.

SUBSTANTIAL HOLDERS
Details of substantial shareholders disclosed in substantial holder notices given to the Company are as follows:

Holder	Number of Shares	% Issued Capital	Date of Notice
Firefinch Limited	210,941,543	17.61%	7/07/2022

DISTRIBUTION SCHEDULE OF SHARES

Range	Total holders	Shares	% Shares
1 - 1,000	2,323	1,492,273	0.12
1,001 - 5,000	4,296	11,535,337	0.96
5,001 - 10,000	2,170	16,588,347	1.38
10,001 - 100,000	4,063	137,038,544	11.44
100,001 Over	964	1,031,521,978	86.09
Rounding			0.01
Total	13,816	1,198,176,519	100.00

Unmarketable Parcels	Minimum Parcel Size	Holders	Shares
Minimum $ 500.00 parcel at $ 0.5050 per unit	991	2,042	1,211,331

ON-MARKET BUY-BACK AND PURCHASE

There is no current on-market buy-back and there were no securities purchased on market for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

ITEM 7 OF SECTION 611 CORPORATIONS ACT

There are no securities approved for the purposes of Item 7 of section 611 Corporations Act which have not yet completed.

20 LARGEST HOLDERS

Rank	Name	Shares	% Held of Shares
1	FIREFINCH LIMITED	210,941,543	17.61
2	HSBC CUSTODY NOMINEES <AUSTRALIA> LIMITED	99,323,941	8.29
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	83,341,632	6.96
4	CITICORP NOMINEES PTY LIMITED	83,128,602	6.94
5	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAIL CLIENT>	48,301,933	4.03
6	BNP PARIBAS NOMS PTY LTD	38,238,230	3.19
7	BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	29,656,803	2.48
8	UBS NOMINEES PTY LTD	20,372,817	1.70
9	NATIONAL NOMINEES LIMITED	15,213,981	1.27
10	MR PHILLIP RICHARD PERRY	10,694,962	0.89
11	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	8,740,698	0.73
12	CAPITAL DI LIMITED	8,000,000	0.67
13	LCL VENTURE PTY LTD	7,430,000	0.62
14	MR ZENG YANG	7,276,127	0.61
15	MACQUARIE BANK LIMITED <METALS MINING AND AG A/C>	5,330,490	0.44
16	BPM INVESTMENTS LIMITED	5,000,000	0.42
17	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	4,690,992	0.39
18	MR BRENDAN JAMES BORG + MRS ERIN BELINDA BORG <BORG FAMILY SUPER FUND A/C>	4,461,000	0.37
18	TREASURY SERVICES GROUP PTY LTD <NERO RESOURCE FUND A/C>	4,371,000	0.36
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	4,366,567	0.36
Totals: Top 20 holders of Shares (Total)		698,881,318	58.33
Total Remaining Holders Balance		499,295,201	41.67

RESTRICTED SECURITIES

Security	Restriction Period	Number
Shares	24 months from the date of quotation of the Shares, being 23 June 2024	210,941,543
Unquoted Options	24 months from the date of quotation of the Shares, being 23 June 2024	6,770,000

USE OF CASH CONSISTENT WITH BUSINESS OBJECTIVES

The Company has used its cash and assets in a form readily convertible to cash in accordance with its business objectives as outlined in the Company's Replacement Prospectus.

TENEMENTS

Type and Name of Licence	Licence Number	DNGM Number	Area	Holder	Date Issued	First Renewal
Goulamina	PE 19/25	Mali 10,067.8 ha	Lithium du Mali S.A. (registered number MA.BKO.2020.B.3252). the mining tenement was transferred to LMSA pursuant to a Prime Ministerial Decree made on 24 March 2022	23 August 2019	22/08/2019	23 August 2029

DIRECTORS' REPORT

Your Directors present their report together with the financial report of the Group consisting of Leo Lithium Limited (**Leo Lithium** or **Company**) and the entities it controlled (**Group**) during the year ended 31 December 2023 (**financial year**).

Leo Lithium is a lithium-focussed company with joint venture ownership in one of the world's largest undeveloped high-quality spodumene (lithium) deposits which is anticipated to enter production in the September quarter 2024. On 8 May 2024 the Company announced the proposed sale of its main undertaking which is subject to several conditions including shareholder and regulatory approvals (refer Note1: "*Significant Events After The Reporting Period*").

DIRECTORS

The following persons were Directors of Leo Lithium during the whole of the financial year and up to the date of this report, unless otherwise stated:

Current Directors

Rick Crabb	Non-Executive Chairman
Simon Hay	Managing Director and Chief Executive Officer
Brendan Borg	Non-Executive Director
Rod Baxter	Non-Executive Director
Amber Banfield	Non-Executive Director
Alan Rule	Non-Executive Director

Board Profile

The names, qualifications, experience and special responsibilities of the Directors in office during or since the end of the financial year are as follows.

Name:	**Rick Crabb**
Title:	Non-Executive Chairman
Term:	Chairman since 1 November 2022
Qualifications:	Bachelor of Jurisprudence (Honours), Bachelor of Laws and Master of Business Administration from the University of Western Australia.
Experience and expertise:	Mr Crabb has been involved over the last 30 years as a director and strategic shareholder in many public listed companies involved in exploration and production operations in Australia, Asia and Africa. Mr Crabb's executive level mining experience is strengthened by his extensive legal background which has centred on mining, corporate and commercial law. Mr Crabb has been a WA Councillor of the Australian Institute of Company Directors (**AICD**). He was awarded the AICD Gold Medal in 2021 for services to the business community and AICD.
Other current directorships:	Eagle Mountain Mining Limited Ora Gold Limited
Former directorships (last 3 years):	None
Board Committees:	Remuneration and Nomination Committee member

Name:	**Simon Hay**
Title:	Managing Director and Chief Executive Officer
Term	Director and Chief Executive Officer since 10 January 2022
Qualifications:	Bachelor of Science with Honours (Chemistry), a Master of Applied Science (Metallurgy) from the University of Melbourne and a Graduate Diploma of Business from the Australian Graduate School of Management.
Experience and expertise:	Mr Hay has extensive management and technical experience built up over a career spanning more than 30 years in the Australian and international mining industry. Prior to joining Leo Lithium in January 2022, Mr Hay was Chief Executive Officer of ASX-listed lithium company, Galaxy Resources Limited. In addition to his broad functional experience in executive and management roles, Mr Hay's technical experience covers functions of minerals processing, project commissioning and the life cycle of capital works across various mineral commodities.
Other current directorships:	None
Former directorships (last 3 years):	Battery Future Acquisition Corp (ceased 16 January 2024)
Board Committees:	None

Name:	**Brendan Borg**
Title:	Non-Executive Director
Term	Director since 13 October 2021
Qualifications:	Master of Science in Hydrogeology and Groundwater Management (University of Technology Sydney), a Bachelor of Science in Geology/Environmental Science (Monash University) and is a member of AusIMM and IAH.
Experience and expertise:	Mr Borg is a consultant geologist who has specialised in the "battery materials" sector including lithium, graphite and cobalt mineralisation, participating in numerous successful projects, in an investment and/or operational capacity. Mr Borg has more than 20 years' experience gained working in management, operational and project development roles in the exploration and mining industries, with companies including Rio Tinto Iron Ore, Magnis Resources Limited, IronClad Mining Limited, Lithex Resources Limited and Sibelco Australia Limited. Brendan operates a geological consulting business Borg Geoscience Pty Ltd.
Other current directorships:	Kuniko Limited Sarytogan Graphite Limited
Former directorships (last 3 years):	Firefinch Limited (14 November 2018 – 31 May 2022)
Board Committees:	Remuneration and Nomination Committee member Sustainability Committee member

Name:	**Rod Baxter**
Title:	Non-Executive Director
Term	Director since 21 April 2022
Qualifications:	Bachelor of Science (Hons) and a PhD (Thermodynamics) from Rhodes University and a Master of Business Administration from University of the Witwatersrand.
Experience and expertise:	Mr Baxter is an experienced Director and Business Executive with extensive international and multi-sector experience in the mining and resources, engineering and construction, and manufacturing sectors in Australia and overseas. He brings valuable global business experience, strong commercial acumen, and a wide contact network. He has been Managing Director of listed and private companies, and he has operated and led businesses across a number of different industry sectors, in Australia and internationally. Mr Baxter's career has delivered substantial company growth and transformation strategies and overseen IPO's and a number of transactions including acquisitions, takeovers, JV's and strategic investments.
Other current directorships:	Podium Minerals Limited
Former directorships (last 3 years):	WA Kaolin Limited (15 March 2022 - 20 September 2022) Trigg Mining Limited (17 March 2021 - 20 June 2023)
Board Committees:	Remuneration and Nomination Committee – Chairman Audit & Risk Committee member

Name:	**Amber Banfield**
Title:	Non-Executive Director
Term	Director since 21 April 2022
Qualifications:	Bachelor of Engineering (Environmental) degree and a Master of Business Administration, both from the University of Western Australia.
Experience and expertise:	Ms Banfield has been involved in the resource and energy sectors for over 25 years. She held operations, management and advisory positions with several ASX-listed entities, including Worley Limited (ASX: WOR) supporting the company's growth to become the world's largest energy and resources engineering service provider. Her roles related to strategy, commercial, sustainability, mergers and acquisitions, servicing the sectors of mining, renewable power, gas and infrastructure. More recently, Ms Banfield has supported companies relating to ESG, decarbonisation and sustainable investments.
Other current directorships:	Perseus Mining Ltd SRG Global Limited
Former directorships (last 3 years):	None
Board Committees:	Sustainability Committee - Chairman Audit & Risk Committee member

Name:	**Alan Rule**
Title:	Non-Executive Director
Term	Director since 1 January 2023
Qualifications:	Bachelor of Commerce, Bachelor of Accounting and a Fellowship of the Institute of Chartered Accountants Australia New Zealand (FCA)
Experience and expertise:	Mr Rule has extensive mining industry financial and commercial experience gained as a non-executive director since 2016 and as CFO of listed mining companies over 25 years across multiple commodities in multiple jurisdictions including Africa. Mr Rule has considerable experience in international debt and equity financing of mining projects, implementation of accounting controls and systems, governance and regulatory requirements, and in mergers and acquisitions. Mr Rule was the CFO at Galaxy Resources Limited, an ASX listed lithium company, for 4 years until it merged with Orocobre Limited in August 2021 to form Allkem Limited. Mr Rule's previous positions have also included CFO of Sundance Resources Limited, Paladin Energy Limited, Mount Gibson Limited, Western Metals Limited and St Barbara Mines Limited.
Other current directorships:	Yellow Cake plc Ora Banda Mining Limited
Former directorships (last 3 years):	None
Board Committees:	Audit and Risk Committee – Chairman Sustainability Committee member

Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Ron Chamberlain
Company Secretary

Mr Chamberlain was appointed as Chief Financial Officer and joint Company Secretary on 6 February 2023. Following Mr Nathan Bartrop's resignation on 30 October 2023, Mr Chamberlain is now the sole Company Secretary. Mr Chamberlain is a seasoned Perth based ASX 100 and 200 resources-based CFO and Company Secretary. He has extensive offshore experience including the US, Africa (South Africa, Namibia, Malawi) in both operating and project environments. He has a strong background in finance including tax, treasury, risk, legal and regulatory reporting and compliance in an international environment. Ron has experience in off market commodities including uranium and lithium, having worked for two years most recently, as CFO and Company Secretary for Peninsula Energy. Ron spent three years with Vimy Resources and four years at Paladin Energy as CFO. Prior to Paladin Ron was VP Finance, US Operations at Iluka Resources. Ron holds a Bachelor of Commerce degree from the University of Western Australia and is a Fellow of the Institute of Chartered Accountants Australia and New Zealand.

Nathan Bartrop (resigned 30 October 2023)
Joint Company Secretary

Mr Nathan Bartrop is a corporate governance professional with over 10 years' experience in ASX Listing Rules compliance, corporate advisory and corporate governance.

Meetings of Directors

The number of meetings of the company's Board of Directors (**Board**) and of each Board committee held during the year ended 31 December 2023, and the number of meetings attended by each director were:

	Directors' Meetings		Remuneration and Nomination Committee		Audit and Risk Committee		Sustainability Committee *	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Rick Crabb	12	12	4	4	-	-	-	-
Simon Hay	12	12	-	-	-	-	-	-
Brendan Borg	12	12	4	4	-	-	1	1
Rod Baxter	12	12	4	4	4	4	-	-
Amber Banfield	12	12	-	-	4	4	1	1
Alan Rule	12	12	-	-	4	4	1	1

* New committee established in October 2023.

PRINCIPAL ACTIVITIES

The principal activities of the entities within the Group are:

- Exploration for lithium minerals in Mali; and
- Development of the Goulamina lithium project in Mali in joint venture with GFL International Co, Ltd (**Ganfeng**).

On 8 May 2024, Leo Lithium announced the proposed sale to Ganfeng of its remaining 40% interest in Mali Lithium BV (a company incorporated in the Netherlands) (**MLBV**) which, via its wholly owned subsidiary Lithium du Mali SA (a company incorporated in Mali) (**LMSA**), owns the Goulamina Lithium Project (**Goulamina Project**). The sale is subject to several conditions including approval from the Company's shareholders and Chinese regulatory approvals. (refer to Note 1: "*Significant Events After The Reporting Period*").

OPERATING AND FINANCIAL REVIEW

The Goulamina Project is one of the world's largest undeveloped high-quality spodumene (lithium) deposits which is anticipated to enter production in the September quarter 2024.

The Goulamina Joint Venture arrangement is a joint venture between Leo Lithium and Ganfeng to develop and operate Goulamina in Mali (**Goulamina JV**).

MLBV is the Goulamina JV company that currently owns 100% of LMSA which in turn owns 100% of the Goulamina Project. Pursuant to Malian law, the State of Mali is entitled to a free carried 10% equity interest in LMSA with an option to acquire an additional equity interest. To date, the 10% free carry interest has not been issued but the process has commenced, and the Government has not yet exercised its option for the additional interest.

During the year Leo Lithium was the manager of the Goulamina JV, with initial development activities commencing in 2022 to bring the Goulamina Project into production in 2024.

The Goulamina Project comprises a land holding of 100 square kilometres in the Bougouni Region of southern Mali, approximately 150km by road from Mali's capital, Bamako. The land holding encompasses the Goulamina mineral deposit and is sparsely populated.

Information on the operating review of the Group is set out in the Operations and Project Review on pages 6 to 11 of this Annual Report.

Information on sustainability of the Group is set out in the Sustainability Report on pages 17 to 18 of this Annual Report.

Information on the resources and reserves of the Group is set out in the Resources and Reserves Statement on pages 12 to 16 of this Annual Report.

Ganfeng Investment

On 29 May 2023 the Company announced a placement for $106 million with Ganfeng subject to conditions precedent (**Placement**) to continue to fully fund Stage 1 to first product and a Cooperation Agreement that included several long-term strategic benefits including:

- To increase Stage 2 capacity to 500ktpa, for the total capacity in stages 1 and 2 to reach 1Mtpa[1].
- Jointly studying the concept of co-investing in a downstream conversion facility in Europe or other suitable regions within a reasonable distance of West Africa;
- Amending the offtake agreement for Goulamina Stage 2 with Leo Lithium to control 30% of the offtake and for Ganfeng to toll treat this amount of spodumene into lithium hydroxide prior to the potential future downstream conversion facility being available to process this material; and
- Establishing and jointly funding an exploration joint venture to focus on opportunities in Australia.

On 4 September 2023, the Company announced that it had terminated the Placement and replaced it with an agreement with Ganfeng for a direct equity investment by Ganfeng of US$137.2 million into MLBV (the Goulamina JV holding company) whereby Ganfeng will increase its equity in MLBV to 55% and Leo Lithium's equity stake will reduce to 45% (**Equity Investment**) and had also executed the Cooperation Agreement with Ganfeng.

The Equity Investment is structured such that Ganfeng fund the US$137.2 million in several tranches over a period of time until the final payment in April 2024. The first tranche of (US$12.4 million) was received on 8 December 2023 after receipt of required regulatory approvals and 10 MLBV shares were issued to Ganfeng, representing 0.5% shareholding. This resulted in Leo Lithium's interest in MLBV diluting to 49.5% (from 50%) and Ganfeng's interest increasing to 50.5% as at 31 December 2023. Refer to "*Significant Events After The Reporting Period*" for further details on Equity Investment payments since 31 December 2023.

Mali Government dispute

The Company received correspondence from the Malian Ministry of Mines on 17 July 2023, covering several topics including direct shipping ore (**DSO**), the status of the Mali Government free carry stake and the overall status of progress at the Goulamina Project. The Government formed a commission to examine these items as well as issues surrounding the Morila Gold Mine in Mali (**Commission**), which is the subject of announcements by Firefinch Limited (**Firefinch**). Leo Lithium's senior management attended the Commission in person and addressed the issues raised in the correspondence by the Mali Government, as follows:

- immediately stopping DSO operations as directed by the Mali Government;
- confirmed the joint venture partners had provided initial documents to the Government to effect the 10% project free carry stake; and
- proved that there was no corporate relationship between Leo Lithium and Firefinch, other than Firefinch holding a 17.6% shareholding in Leo Lithium.

Because of the correspondence on 18 July 2023, the Company entered into a trading halt of its ordinary shares on Australian Securities Exchange (**ASX**) and was in a voluntary suspension from trading from 20 July 2023 to 4 September 2023. The Company resumed trading on the ASX on 4 September 2023 after release of an announcement titled "*Goulamina on Schedule Post Discussions with Mali Government*" as it believed it was appropriate to commence trading.

LMSA has an Establishment Agreement with the Mali Government dated 27 October 2016 (**Establishment Agreement**) which provides exemptions from, among other things, duties and taxes on petroleum products and a three-year exemption from import duties and taxes for the importation of Goulamina Project equipment. Since mid-July 2023, the Government's actions have not been consistent with the Goulamina Project's exemptions from import duties and taxes. To the end of April 2024, the Project has paid approximately $23.3 million in additional duties and taxes. The Mali Government has committed to a resumption of exemptions on a prospective basis as part of the Memorandum of Understanding discussed in "*Significant Events After The Reporting Period*".

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[1] *65% of the Stage 2 Capacity is a production target as detailed in the Replacement Prospectus dated 6 May 2022 available at leolithium.com. The remainder is not a production target pursuant to the ASX Listing Rules, as it is an aspirational statement and Leo Lithium does not yet have reasonable grounds to believe the statement can be achieved.*

On 15 September 2023, the Company received further correspondence from the Mali Government that raised for the first time the following matters:

- an allegation that the transfer of the mining permit from a Firefinch entity to the Malian company which owns the Goulamina Project, LMSA, had not followed the relevant regulatory procedure and was therefore irregular;
- invited the parties to apply for a new exploitation permit for Goulamina Project; and
- to migrate the Goulamina Project to the 2023 Mining Code.

Leo Lithium entered a trading halt on 15 September 2023, a voluntary suspension on 19 September 2023 and has been suspended from trading by the ASX since 3 October 2023 whilst it dealt with these matters. The Company remains suspended at the date of this report.

From receipt of the correspondence, Leo Lithium and Ganfeng engaged in good faith with the Mali Government and provided information to the Commission and Government Ministers at a number of meetings in Bamako, Mali, during the second half of 2023 and first half of 2024. The Company also had a team of experienced Malian and international advisors assisting on this matter.

The allegations of an irregular licence transfer and demand to reapply for a new exploitation permit under the 2023 Mining Code were a surprise and disappointment to Leo Lithium. The Company's position that the licence was validly transferred and legally held meant, in the Company's view that the request to migrate to the 2023 Mining Code was not relevant or enforceable. Despite this, the Mali Government continued to insist that the Goulamina Project migrate to the 2023 Mining Code.

Over the course of these protracted discussions, the Mali Government also renewed its contention that Leo Lithium and Firefinch were related and attempted to draw Leo Lithium into Firefinch's dispute with the Government over the Morila gold mine. The Company reiterated its position repeatedly that, following the demerger, there is no corporate relationship or common control between Leo Lithium and Firefinch and that Leo Lithium has nothing to do with the Morila dispute. This did not sway the Government's position.

As the dispute progressed in late 2023 and into 2024, it became apparent that regular permits required for the operational phase of the Project were not being progressed and without these permits, production could not commence. Despite these challenges, the Leo Lithium and Project team in Perth and Mali supported by hundreds of Mali employees and contractors continued to advance construction.

As set out in the section below, on 8 May 2024 Leo Lithium announced that it had entered into a Memorandum of Understanding (**MOU**) with the Mali Government including a US$60 million settlement.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Other than as stated below, no matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years:

a) Ganfeng Equity Investment Agreement (Equity Investment). Issue of 111 Mali Lithium BV (MLBV) shares

On 22 January 2024, Ganfeng was issued 101 MLBV shares under the Equity Investment whereby Ganfeng would sole fund US$137.2 million of Goulamina Project capital costs (refer to note 2 of the Financial Statements for further details). After the share issue to Ganfeng on 22 January 2024, the Company's interest in MLBV reduced from 49.5% to 45% and Ganfeng's interest increased to 55%. Total receipts under the Equity Investment since 31 December 2023 totalled US$124.8 million with the final tranche of US$19.8 million received on 29 April 2024. Completion of the second share issuance on 13 May 2024 will result in a pre-tax gain on dilution of $75.9 million in the Company's 2024 income statement.

b) Memorandum of Understanding (MoU) signed with the Mali Government

On 8 May 2024, the Company announced that Leo Lithium, Ganfeng, Firefinch and the Mali Government had signed an MoU to settle all disputed matters between the parties whereby:

- Leo Lithium will pay, or procure the payment of, US$60 million to the Mali Government;
- The Goulamina Project title is assured and the dispute over the irregularity of the transfer has been settled;
- The Government will facilitate the granting of any permit and authorisation necessary for the Goulamina Project;
- The Government will immediately resume exempting the Goulamina Project from customs duties and fees for the remaining construction phase of the project; and
- The Goulamina Project will migrate to the 2023 Mining Code with some variations to be formalised between Ganfeng and the Government, lifting potential Government project interest from the previous 20% up to 30%, plus a further 5% local stake.

b) Memorandum of Understanding (MoU) signed with the Mali Government (continued)

Pursuant to the MoU, Firefinch will transfer its shares in Morila SA to the Mali State owned mining company. Firefinch will seek shareholder approval for this transfer.

On 13 May 2024, the US$60 million settlement payment was received by the Mali Government.

The Company believes that this settlement will end the long running dispute with the Mali Government and allow the Goulamina Project construction phase to be completed and for operations to commence as planned in Q3 2024.

The Mali Government has yet to take an equity position in LMSA, which is a wholly owned subsidiary of MLBV, and holds title to the exploitation permit for the Goulamina Project.

c) Deed of Covenant and Release with Firefinch

On 7 May 2024, Leo Lithium, Ganfeng and Firefinch entered into a Deed of Covenant and release whereby Firefinch agreed to make an A$11.5 million contribution to Leo Lithium when the Firefinch shareholders approve the transfer of Firefinch's shares in Morila SA to the Mali State owned mining company. This deed includes an unconditional release by Firefinch in favour of Leo Lithium and its associates from all claims in relation to the Demerger Deed signed as part of the IPO in 2022.

d) Sale of 5% of MLBV for US$65 million

On 7 May 2024, the Company entered into a Deed of Amendment and Restatement to sell 5% of MLBV to Ganfeng for US$65 million (**5% Sale**). The sale agreement was conditional (amongst other matters) upon a settlement being reached with the Mali Government.

The 5% Sale was completed on 13 May 2024 and is estimated to result in a pre-tax gain on sale of $78.4 million in the Company's 2024 income statement.

As a result, Leo Lithium's interest in MLBV reduced from 45% to 40% and Ganfeng's interest increased from 55% to 60%.

e) Sale of remaining 40% interest in MLBV

On 8 May 2024, the Company announced that it had entered into a binding share sale agreement (**SSA**) with Ganfeng to sell its remaining 40% interest in MLBV which, via its wholly owned subsidiary LMSA, owns the Goulamina Project for a total cash consideration of US$342.7 million. The transaction is subject to several conditions including approval from Leo Lithium's shareholders and Chinese regulatory approvals. A Notice of General Meeting and Explanatory Statement with further details in relation to the transaction will be sent to Leo Lithium shareholders in due course.

The US$342.7 million cash consideration is payable by Ganfeng in three instalments structured as follows:

- US$10.5 million non-refundable deposit to be paid within 10 business days of executing the SSA;
- US$161.0 million payable on completion of the transaction, following satisfaction (or waiver) of the conditions precedent for the SSA (**Tranche 1 Consideration**); and
- US$171.2 million payable by 30 June 2025 or an earlier date (**Tranche 2 Cash Consideration**). Interest to accrue on the unpaid balance of the Tranche 2 Cash Consideration at a rate equal to SOFR + 2%, commencing from the completion date until the Tranche 2 Cash Consideration is paid in full to Leo Lithium.

The US$10.5 million non-refundable deposit was received on 17 May 2024.

f) Sale of Goulamina Project Offtake Rights

On 8 May 2024, the Company also announced that subject to completion under the SSA, it will be terminating the Cooperation Agreement (announced on 29 May 2023) with Ganfeng, including giving up the Company's contractual rights to offtake from the future expansions at Goulamina of Stage 2 and Stage 3. Ganfeng has agreed to pay the Company a trailing product sales fee (**TPSF**) in respect to the termination of the Cooperation Agreement .

The TPSF will be paid to the Company upon commencement of first commercial production at the Goulamina Project and is structured as follows:

- 1.5% of the gross revenue received from the sale of lithium products from Goulamina Stage 1, by reference to the Ganfeng offtake agreement, subject to a volume cap of 500,000 tonnes of spodumene concentrate per annum; and
- applies for a 20 year period.

g) Ganfeng Goulamina Project Funding

On 31 May 2024 the Company announced that LMSA had entered into a new funding arrangement with Ganfeng for the Goulamina Project. LMSA has established a US$150 million prepayment funding agreement whereby Ganfeng will sole fund all cash requirements for the Project irrespective of the Company completing the sale of its remaining 40% interest in the Project to Ganfeng. Under the agreement Ganfeng will prepay for future product shipments under Ganfeng's existing offtake agreement with the facility's limit currently expected to be sufficient to fund the commissioning and ramp up of the Project.

Under the prepayment funding agreement , repayments are to be made by LMSA by delivering product under the offtake agreement, with Ganfeng able to specify the percentage of product from shipments to be applied to the repayment.

Operating Results for the Year

The Group's loss after tax for the financial year was $1.7 million (31 December 2022: profit $66.3 million) including the following key items:

- The first tranche of the Equity Investment Agreement in December 2023 reduced Leo's ownership to 49.5% and resulted in the recognition of a profit on dilution of $7.9 million – refer to note 1;
- Joint Venture management and administration fees of $0.7 million received as per the Joint Venture Agreement for management of the JV;
- Interest received of $2.0 million;
- Administration expenses of $4.1 million;
- Share-based payment expenses of $2.5 million; and
- Share in Joint Venture Loss of $0.7 million.

Cash Flow – Leo Lithium

Operating Cash Flows

Operating cash outflows for the financial year were $5.4 million (31 December 2022: $8.4 million) including payment of employees and suppliers of $8.2 million, partially offset by interest received and Goulamina JV management and administration fees received of $2.8 million.

Investment Cash Flows

Net payments made on behalf of the Goulamina JV not yet reimbursed of $31.6 million. This amount has been received in full during the first quarter of 2024.

Closing Cash

The Group's closing cash (excluding the Goulamina JV closing cash) at 31 December 2023 was $33.6 million (31 December 2022: $70.8 million).

Cash Flow – Goulamina JV

As the Goulamina JV is not consolidated in Leo Lithium's financial statements, the cash impacts of the Goulamina JV are not included in Leo Lithium's cash flows apart from any equity or loan funds provided by Leo Lithium to the Goulamina JV. The Goulamina JV arrangement at formation in 2022 was a 50:50 joint venture between Leo Lithium and Ganfeng. In December 2023 the ownership has changed to a 49.5:50.5 joint venture between Leo Lithium and Ganfeng as a consequence of receipt of the first tranche of funding from Ganfeng under the Equity Investment. The terms of the Joint Venture Agreement signed on formation of the JV have not changed with unanimous consent of both parties required for all major decisions. The arrangement remains accounted for as a joint venture as the parties have joint control of the arrangement. Interests in the joint venture is accounted for using the equity method of accounting (refer to note 1).

The Goulamina JV's closing cash at 31 December 2023 was US$9.2 million (31 December 2022 US$ 108.5 million).

Cash Flow – Goulamina JV (continued)

The Goulamina JV's major cash flow items during the full year were:

- *Cash Inflows*:
  - Receipt of US$40.0 million by way of an interest bearing loan from Ganfeng; and
  - Receipt of US$12.4 million equity injection from Ganfeng under the Equity Investment representing 10 MLBV shares. The remaining shares representing 4.5% interest were issued in January 2024 (refer to Note 1: "*Significant Events After The Reporting Period*") although the funding will be made in several tranches over a period of time until the final payment in April 2024.
- *Cash Outflows*:
  - Project development costs of US$123.3 million (31 December 2022: US$19.97 million);
  - Mine development and operating cost of US$17.1 million (31 December 2022: Nil);
  - Exploration and evaluation expenditure of US$4.9 million (31 December 2022: US$5.5 million); and
  - Bank guarantee of US$3.5 million for securing long term power supply.

BUSINESS RISKS AND EXTERNAL FACTORS AFFECTING THE GROUP'S RESULTS

Leo Lithium's business, operating and financial performance are subject to various risks and uncertainties, some of which are beyond Leo Lithium's reasonable control. The identification and, where possible, mitigation and management of these risks is central to achieving the objectives of the Company.

In 2023 the Company established a risk management framework that articulates and mitigates the adverse impact these risks have on the business. The risk management framework included the formal adoption of a Risk Policy, drafting a Risk Standard and the development of a Corporate Risk Register.

The Corporate Risk Register is substantially complete and includes the following risks that have been identified as capable of having a material adverse impact on the Company's business, results and future prospects. These factors are not listed in order of importance and are not intended as an exhaustive list of all the risks and uncertainties associated with Leo Lithium's business and the Goulamina Project. However, they do represent the top risks identified by the management of Leo Lithium in 2023.

Sovereign Risk

The Goulamina Project's properties in Mali may be subject to the effects of political changes, war and civil conflict, changes in government policy, lack of law enforcement, labour unrest and the creation of new laws. These changes may impact the profitability and viability of the project. The effect of unrest and instability on political, social or economic conditions in Mali could result in the impairment of exploration, development and mining operations.

Security Risk

Due to the jurisdictions within which the Goulamina Project operates, there is an underlying risk of a security incident occurring involving one or more employees and contractors. If a security event were to materialise, the Goulamina Project may experience theft of assets, loss of access to site, the inability to operate, the inability to transport required supplies to mine sites, inability to recruit staff and/or perform exploration activities. In addition to the operational disruption caused, such events may impact the underlying value of the Goulamina Project assets.

Project Delivery

Currently Leo Lithium is a single asset Company with the Goulamina Project still in the development phase. Whilst substantial work has already been completed and the project timelines remain on schedule, there remains a risk that unexpected issues or challenges, outside of the Goulamina Project's control may arise that impact the timeline for delivery and consequently the ability to meet forecasted financial targets.

Commodity Prices

When in production, the Goulamina Project generates its revenue primarily from the sale of spodumene concentrate through customer offtakes and sales agreements. Commodity prices are determined by external market factors, outside the control of the Goulamina Project, making it susceptible to adverse price movements.

Supply and Logistics

The Goulamina Project relies on an uninterrupted flow of goods, services, materials and finished product in order to meet schedules, honour contractual commitments and financial stability. The Goulamina Project is dependent on third parties for the provision of trucking, port, shipping and transport services. In addition, the Goulamina Project's supply chains are sensitive to disruption due to a combination of geopolitical factors and microeconomic and macroeconomic factors, outside of the control of the Goulamina Project. These factors could have material adverse effects on the business unless managed appropriately.

Travel

Currently employee and contractor movement on and off site involves the use of public roads in Mali. Due to a variety of factors including poor road conditions, the driving practices of road users, traffic congestion and poorly maintained vehicles on the roads, there is an ongoing risk of a significant road incident occurring involving a Goulamina Project passenger vehicle. This presents an acute health and safety risk for the business if not managed appropriately.

Community Relations

Through its activities, the Goulamina Project has the potential to deliver significant and positive contributions to the local communities closest to our project. The Goulamina Project must monitor and manage its impacts, on these communities, to ensure the Goulamina Project can continue to develop and operate with their support. Failure to do so could result in adverse community relations, which in turn impact on costs, profitability, safety and security of the Goulamina Project workforce and assets. Indeed, localised events may escalate to disputes with local, regional and/or national government and other external stakeholders, resulting in damage to Goulamina Project reputation and the real value of the business.

Joint Venture Relationship

The development of the Goulamina Project is an incorporated joint venture between Leo Lithium and Jiangxi Ganfeng. Like any joint venture, the relationship between both parties needs to be managed and negotiated. This does not come without risk and there is potential for the relationship to deteriorate, potentially impacting adversely on the Company.

Tailings Storage Facility (**TSF**) Management

As the Goulamina Project transitions from the development phase into an operating asset, responsible management of the TSF, both during construction and whilst in operations is of utmost importance to the Goulamina Project. Therefore designing, building and operating the TSF to address failure risk is a key consideration for the Goulamina Project.

2022 Company Prospectus

In addition to the key risks identified above, the prospectus published by the Company in 2022 contained comprehensive disclosure of the potential risk factors associated with the Company and Goulamina JV's business and the industry and markets in which it operates.

DIVIDENDS

No dividends have been paid during the financial year and no dividend is recommended for the current year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no other significant changes in the state of affairs of the Group that occurred during the financial year, other than those described in this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Further comments on likely developments and expected results of operations of the Group are included in this report under 'Operational and Financial Review' and 'Significant Events after the Reporting Period'.

ENVIRONMENTAL REGULATION

The Group's site activities under the Exploitation Permit are governed by the Mining Code and environmental regulation. To the best of the Directors' knowledge the Group believes it has adequate systems in place to ensure the compliance with the requirements of applicable environmental legislation and is not aware of any material breach of those requirements during the year and up to the date of the Directors' Report.

DIRECTORS' INTEREST IN SHARES OF THE COMPANY

Name	Ordinary Fully Paid Shares
Rick Crabb	350,000
Simon Hay	1,153,475
Brendan Borg	8,000,000
Rod Baxter	41,536
Amber Banfield	873,737
Alan Rule	204,839
	10,623,587

SHARE OPTIONS

Unissued Shares under options

The outstanding balance of Options at the date of this report are:

Grant date	Exercisable date	Expiry date	Fair value	Exercise price	Number
16-Jun-22	16-Jun-25	16-Jun-25	$0.455	$0.644	6,770,000
1-Nov-22	29-Apr-25	29-Oct-25	$0.339	$0.763	590,000
18-May-23	18-Nov-25	1-Jan-26	$0.412	$0.643	590,000
Total					**7,950,000**

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

PERFORMANCE RIGHTS

Unissued shares under performance rights

The outstanding balance of Performance Rights at the date of this report are:

Grant date	Exercisable date	Expiry date	Fair value	Exercise price	Incentive Plan	Number
01-Sep-2022	31-Dec-2024	30-Jun-2025	$0.499	$0.00	2022-2024 LTI	1,260,391
10-Mar-2023	01-Sep-2024	31-Aug-2026	$0.505	$0.00	2023-2025 LTI	1,217,990
10-Mar-2023	30-Sep-2025	31-Aug-2026	$0.505	$0.00	2023-2025 LTI	521,996
10-Mar-2023	31-Dec-2025	31-Aug-2026	$0.380	$0.00	2023-2025 LTI	1,739,984
10-Mar-2023	15-Feb-2024	31-Aug-2024	$0.505	$0.00	2023 STI	525,677
18-May-2023	01-Feb-2024	31-Aug-2024	$0.675	$0.00	2023 STI	284,908
18-May-2023	01-Sep-2024	31-Aug-2026	$0.675	$0.00	2023-2025 LTI	460,361
18-May-2023	30-Sep-2025	31-Aug-2026	$0.675	$0.00	2023-2025 LTI	197,297
18-May-2023	31-Dec-2025	31-Aug-2026	$0.525	$0.00	2023-2025 LTI	657,658
Total						**6,866,262**

No person entitled to exercise the performance rights had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

REMUNERATION REPORT (AUDITED)

Key Management Personnel (**KMP**) of the Group are detailed in the table below and are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, either directly or indirectly, including any Director, whether executive or otherwise of the Company.

Section 1 Remuneration at Leo	Section 1 provides an overview of key elements of the Company's remuneration governance and philosophy.	
Section 2 Executive KMP Remuneration	Section 2 details remuneration arrangements in the financial year for the following Executive KMP:	
	Simon Hay	Managing Director and Chief Executive Officer (appointed 10 January 2022)
	Tom Blackwell	Project Director (appointed 6 June 2022)
	Tim Richards	Chief Operating Officer (appointed 30 January 2023)
	Ron Chamberlain	Chief Financial Officer and Company Secretary (appointed 6 February 2023)
Section 3 Non-executive Director Remuneration	Section 3 details remuneration and benefits for the Company's Non-Executive Directors (refer to pages 22 to 24 for details about each Director) including:	
	Rick Crabb	Non-Executive Chairman (appointed 1 November 2022)
	Brendan Borg	Non-Executive Director (appointed 13 October 2021)
	Rod Baxter	Non-Executive Director (appointed 21 April 2022)
	Amber Banfield	Non-Executive Director (appointed 21 April 2022)
	Alan Rule	Non-Executive Director (appointed 1 January 2023)
Section 4 Statutory Remuneration Disclosures	Section 4 provides an update for all relevant statutory remuneration disclosures as required by the Corporations Act 2001.	

SECTION 1

Remuneration at Leo Lithium

Outline of Remuneration Framework

a) Introduction

The remuneration report details the KMP remuneration arrangements for the group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP of the Group are defined, in accordance with AASB 124 Related Party Disclosures, as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all Directors.

KMPs of the Company during the financial year ended 31 December 2023:

Non-Executive Directors

Name	Role	Term
Rick Crabb	Non-Executive Chairman	Full year
Brendan Borg	Non-Executive Director	Full year
Rod Baxter	Non-Executive Director	Full year
Amber Banfield	Non-Executive Director	Full year
Alan Rule	Non-Executive Director	Appointed 1 January 2023

Executive Director

Name	Role	Commenced / Resigned
Simon Hay	Managing Director and Chief Executive Officer	Full year

Other Executive KMP

Name	Role	Commenced / Resigned
Tom Blackwell	Project Director	Full year
Tim Richards	Chief Operating Officer	Appointed 30 January 2023
Ron Chamberlain	Chief Financial Officer and Company Secretary	Appointed 6 February 2023

b) Overview of executive remuneration policy and remuneration framework

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors (**Board**) ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- fair, consistent and inclusive
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Remuneration and Nomination Committee (**RNC**) is primarily responsible for making decisions and recommendations on the remuneration policy to enable the Company to attract and retain KMP's who will create value for shareholders, having consideration to the amount considered to be commensurate for a company of its size and level of activity.

The reward framework is designed to align executive reward to shareholders' interests. Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration are separate.

c) Use of remuneration consultants

The RNC has access to adequate resources to perform its duties and responsibilities including the authority to seek and consider advice from independent remuneration professionals to ensure that they have all the relevant information at their disposal to determine KMP remuneration. The RNC has established protocols to ensure that if remuneration recommendations, as defined by the Corporates Act 2001, are made by independent remuneration consultants they are free from bias and undue influence by members of the KMP to whom the recommendations relate.

During 2023, the RNC engaged the services of The Reward Practice to review the Company's Non-Executive Director individual and committee fees, KMP remuneration benchmarking information regarding incentive outcomes. The fees paid to The Reward Practice for remuneration recommendations in 2023 was $21,050 (excluding GST).

During 2023 Leo subscribed to the BDO Rewards remuneration benchmarking report for the energy and resources sector. The fee paid to BDO Rewards was $2,300 (excluding GST).

SECTION 2

Executive KMP Remuneration

The Board aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has the following components:

- Total Fixed Remuneration (**TFR**) comprising base pay and superannuation;
- at-risk share-based and cash short-term incentive (**STI**); and
- at-risk share-based long-term incentive (**LTI**).

The combination of these comprises the executive's total remuneration.

Remuneration element	Description	Performance metrics	Potential opportunity
Fixed remuneration	Inclusive of base pay, Superannuation and allowances.	Nil	Positioned against Market peers
Short Term Incentive (**STI**)	Award is a combination of cash bonus and performance rights on achievement of individual and Company key performance indicators (**KPIs**)	KPIs used span across key focus areas of the business (sustainability, capacity, value and growth.)	30% to 50% of fixed remuneration
Long Term Incentive (**LTI**)	Performance Rights and Options	Achievement of project schedule, achievement of project budget and relative TSR over a 3-year period measured against a custom peer group consisting of 15 companies	60% to 100% of fixed remuneration

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the RNC. Fixed remuneration is linked to the market rate of the role and is intended to compensate for fulfilling the scope of the employees' roles and responsibilities and the employees' skills, experience, and qualifications.

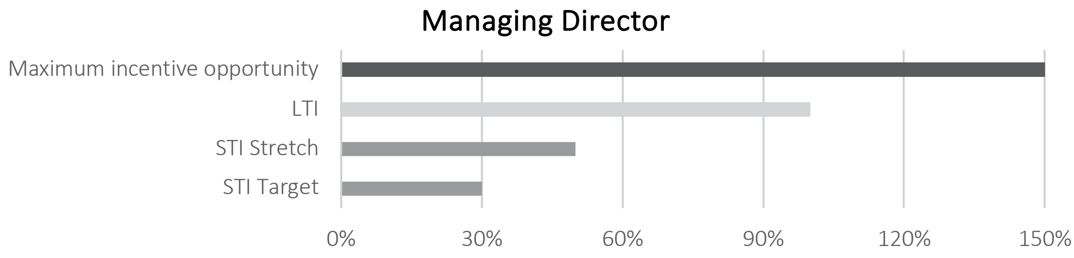
The primary purpose of the STI is to incentivise executives to achieve the annual STI performance KPIs set in the annual Corporate Scorecard and individual performance objectives for the year. The STI corporate performance KPIs and individual KPIs clearly set out the annual performance targets required from executives. Achievement of the corporate scorecard KPIs and MD's individual KPIs is determined by the Board at the end of the annual period. The STI comprises an annual award which is measured over a 12-month performance period and is payable in 100% equity to the MD and 50% cash and 50% equity to the KMPs. The performance targets are contained in a balanced scorecard with financial and non-financial measures, as well as a mixture between corporate and individual measures. At the Boards' absolute discretion, in the event of a major incident which results in a fatality, significant injury or reputational damage, the Board may decide to make no or partial payment under the STI plan.

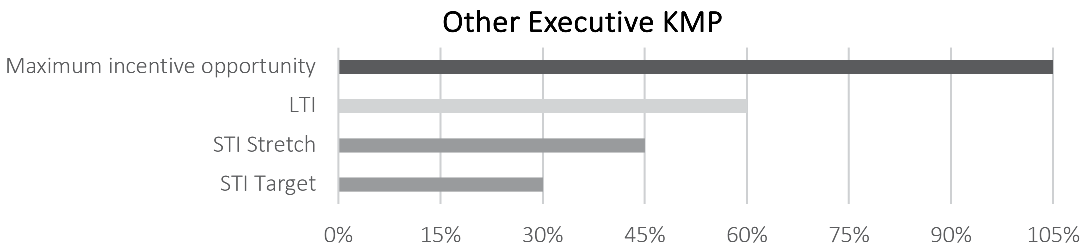
The LTI – share-based payments, is designed to incentivise executives in the creation of long-term shareholder value as evidenced by market and non-market measures, by rewarding executives for the achievement of long-term performance targets set by the Board at the beginning of the performance period. The long-term targets are set out by the Board to provide clear and measurable direction as to what the Board and shareholders require from executives.

Remuneration incentive opportunity

The remuneration mix and incentive opportunity includes a fixed remuneration component, an STI and LTI.

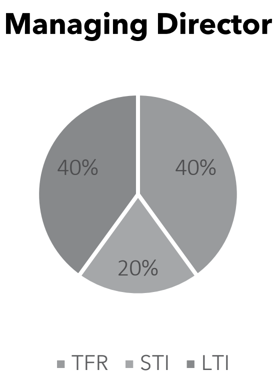
The incentive opportunity as a percentage of fixed remuneration is outlined below.

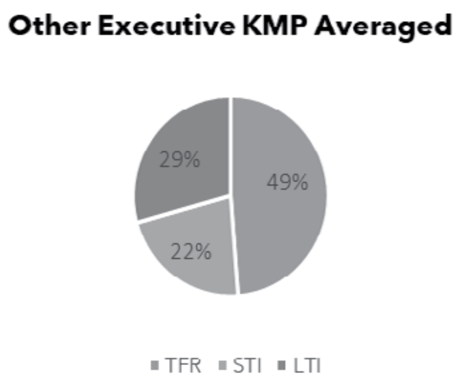




Remuneration mix

The remuneration mix when maximum 'at risk' remuneration is earned for both the MD and Other Executive KMPs under the incentive plan is outlined below.





Additional one off individual STI

Tim Richards was offered an additional one off individual STI upon joining the Company which was applied:

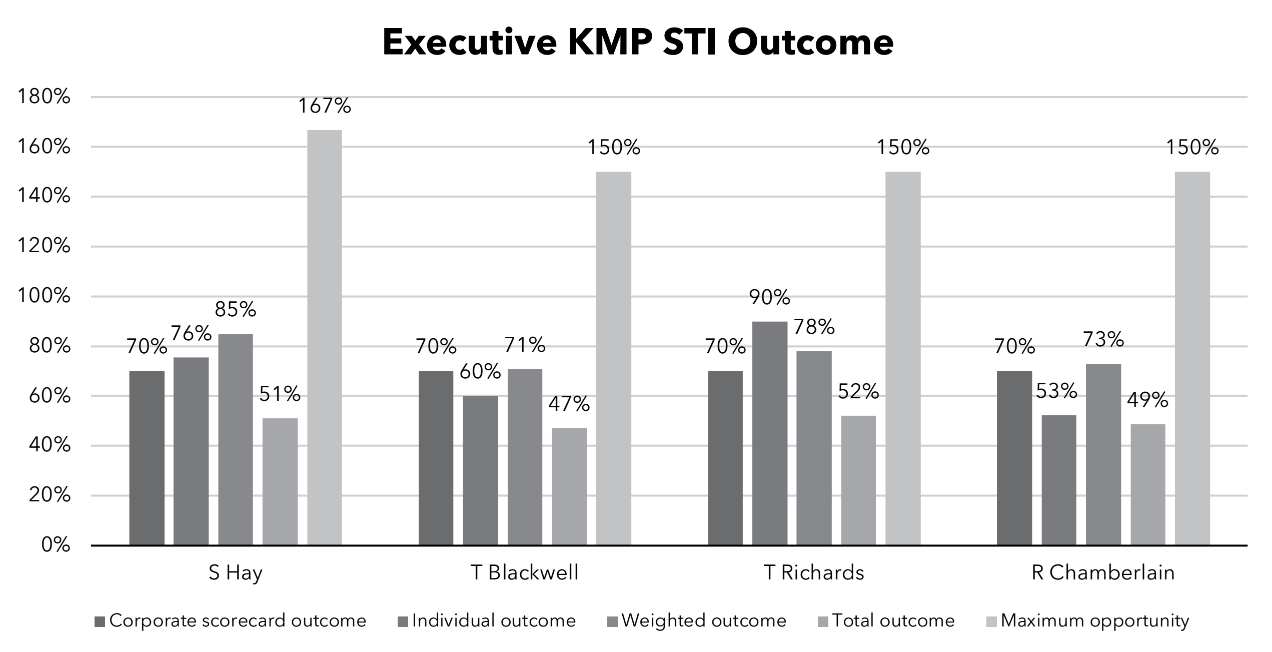
- at three months from commencement; and
- at six months from commencement

The award opportunity for achievement of these KPIs is $35,000 for the achievement of the three-month KPIs and $35,000 for the achievement of the six-month KPIs as detailed in his 2023 Individual Scorecard.

An outcome of 87.5% of these KPIs was achieved and a cash award payment of $61,250 was received.

This award is excluded from the Executive overall STI outcome.

Executive KMP overall STI outcome



- Additional Board discretion cash award has been applied to the weighted scores of the executive KMP (Simon Hay: plus 12.8% ($25,052), Tom Blackwell: plus 5% ($6,597), Tim Richards: Nil, Ron Chamberlain: plus 10% ($12,372)).
- Simon Hay has elected to have 100% of his STI outcome issued as equity (excluding the discretionary cash award).
- Other Executive KMP STI mix is 50% cash and 50% equity (excluding the discretionary cash award). The equity portion is subject to Board approval in early 2024.

The following table presents the outcomes of the STI award attributed to the performance for 2023.

Executive KMP	Maximum STI Opportunity	% of maximum STI earned	% of maximum STI forfeited	Cash STI outcome inclusive of superannuation *	Equity STI outcome	Total STI outcome inclusive of superannuation
Simon Hay	$326,199	51%	49%	$25,052	$141,310	$166,362
Tom Blackwell	$197,920	47%	53%	$50,140	$43,542	$93,682
Tim Richards	$214,429	52%	48%	$55,856	$55,855	$111,711
Ron Chamberlain	$185,580	49%	51%	$51,344	$38,971	$90,315

* *Includes discretionary Board cash award. Excludes Tim Richards one-off individual STI cash payment of $61,250.*

Statutory performance indicators

The Group aims to align executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's financial performance for 2023 and 2022 as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. Consequently, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

		Year ended 31 December 2023	Year ended 31 December 2022
(Loss)/Profit for the period	$M	(1,685)	66,278
Dividends paid	$M	Nil	Nil
Net assets	$M	184,123	183,171
Listing share price	$	N/A	0.520
Closing share price	$*	0.505	0.485

* *At 31 December 2023, as the Company securities are suspended from trading on ASX, the closing share price quoted relates to 14 September 2023*

Executive KMP overall STI scorecard

STI outcomes are based off a weighted average of 60% of the Corporate scorecard and 40% off the Individual scorecard.

Corporate Scorecard

	Sustainability	Project	Operations	Growth
Objective	Develop and implement plans to maintain social licence to operate	Execute 2023 project activities on budget and schedule	Prepare for the operational phase and complete Direct Shipped Ore (**DSO**) shipments	Establish a foundation for future growth at Goulamina and beyond
Weighting	15%	45%	25%	15%

Individual Scorecard
Simon Hay

	Sustainability	Project	Operations	Growth
Objective	Develop and implement plans to maintain social licence to operate	Execute 2023 project activities on budget and schedule	Prepare for the operational phase and complete DSO shipments	Establish a foundation for future growth at Goulamina and beyond
Weighting	15%	45%	25%	15%

Tom Blackwell

	Sustainability	Project	Operations	Growth
Objective	Enhance the sustainability credential of LMSA through the delivery of the Goulamina Project), by keeping all people safe and enhancing the relationship with the community	Execute the Goulamina Project project activities on approved budget and schedule	Integrate the Goulamina Project delivery operational readiness and DSO activities, to execute as early as possible, with minimal impact to GLP1 mineral commissioning	Progress non Goulamina Project projects that create additional value
Weighting	15%	60%	20%	5%

Tim Richards

	Direct Shipping Ore (DSO)	Safety	Operational Readiness	Sustainability	Growth
Objective	Planning and execution to provide direct shipment of ore of 3 x 30,000 tonne shipments by Q4, 2023	Enhance the sustainability credentials of LMSA through the project by keeping all people safe and enhancing the relationship with the community	Ensure operational readiness plans in place for mining contractor, port agreements, haulage contracts. Additionally, leadership team, HSEC plan, training framework, consumable contracts and maintenance plan in place.	Social licence, local stakeholder engagement and community development	Updated multi element model and increase Ore Reserve Estimate by 30Mt or total Mineral Resource Estimate to 160Mt
Weighting	30%	10%	30%	20%	10%
Additional one-off Incentive	3 month: Preferred mining contractor, sufficient, mobilised to site by end of April to commence early works mining May 2023		6 month: Updated reserves and resources completed and internally verified by end of July 2023		
Weighting	50%		50%		

Ron Chamberlain

	Funding	Internal funding structure	Financial systems implementation	ERP Implementation
Objective	Plan, gain approval and implement a funding solution package using structured scenario planning	Plan, gain approval and implement optimal internal funding structure for Mali and Cote d'Ivoire entity	Develop and operationalise three financial systems and functions.	Select and successfully implement ERP and other applications to support BI and workflow management reporting
Weighting	40%	15%	20%	25%

2023 INCENTIVE PLANS

STI plan terms

Performance Rights

The STI 2023 remains similar in structure to the STI 2022. Rights vest based on achievement of the following conditions:

i. Satisfactory completion of the corporate scorecard objectives and the personal performance objectives set by the board;
ii. The relevant person must be employed by the Company or its subsidiary in order for STI Rights to vest; and
iii. Participants must meet the requirements of the role and adhere to Leo Lithium core values as a minimum.

LTI plan terms

Options

Company Options

Company Options are issued to the Non-Executive Directors of the Company. The Company Options held by a holder of Company Options will vest on the date that represents 30 months of continuous service by the relevant holder of Company Options following the date of issue of the Company Options (**Vesting Date**).

Performance Rights

The number of Tranche 1 LTI Rights that vest is based on the achievement of the approved project schedule for first production from the Goulamina Project. Should the vesting condition be achieved on a date that is between performance levels, the award outcome will be determined on a linear basis. The vesting schedule is as follows:

Weighting	**20% of the total number of Performance Rights granted to the employee**	
Performance Level	**Date**	**Award Outcome**
Maximum	If on or before 28 February 2024	100%
Target	If on or before 30 April 2024	75%
Threshold	If on or before 30 June 2024	50%
Below Threshold	If after 1 September 2024	Nil

The number of Tranche 2 LTI Rights that vest is based upon the ramp up of the Goulamina Project production on schedule. Goulamina Project production rate to achieve nameplate across a 30-day period. Should the performance measure be between performance levels, the award outcome will be determined on a linear basis. The vesting schedule is as follows:

Weighting	**30% of the total number of Performance Rights granted to the employee**	
Performance Level	**Date**	**Award Outcome**
Maximum	by 28 February 2025	100%
Target	by 31 May 2025	75%
Threshold	by 30 September 2025	50%
Below Threshold	if later than September 2025	Nil

The number of Tranche 3 LTI Rights that vest is based on the relative Total Shareholder Return (**TSR**) ranking of Leo Lithium over the performance period, relative to the TSR performance of the Peer Group, whereby TSR will be determined based on the 20-day VWAP of Leo Lithium shares following its listing on the Australian Securities Exchange. A minimum share price appreciation of 40% over the performance period must be achieved. The Tranche 3 LTI Rights will vest according to the following schedule:

Weighting	**50% of the total number of Performance Rights granted to the employee**
Company's TSR performance relative to the Peer Group	**Percentage of Rights eligible to vest**
At or above the 75th percentile	100%
Between the 50th percentile and 75th percentile	Progressive pro-rate vesting between 50% to 100%
Below the 50th percentile	Nil
Peer group	
Lithium Americas Corp	Ioneer Limited
Sigma Lithium Corp	Vulcan Energy Resources Limited
Liontown Resources Limited	Piedmont Lithium Incorporated
Global Lithium Limited	Galan Lithium Limited
Core Lithium Limited	Atlantic Lithium Limited
Sayona Mining Limited	Argosy Minerals Limited
Lake Resources NL	Critical Elements Lithium Corp
Frontier Lithium Inc	

Change of Control

If a Change of Control Event occurs, all Unvested Shares, Unvested Options or Unvested Performance Rights will vest and become immediately exercisable with such vesting deemed to have taken place immediately prior to the effective date of the Change of Control Event, regardless of whether or not the employment, engagement or office of the Participant is terminated or ceases in connection with the Change of Control Event.

2022 INCENTIVE PLANS

STI plan terms

Performance Rights

The STI Rights vest based on achievement of the following conditions:

i. Satisfactory completion of the corporate scorecard objectives and the personal performance objectives set by the board;
ii. The relevant person must be employed by the Company or its subsidiary in order for STI Rights to vest; and
iii. Participants must meet the requirements of the role and adhere to Leo Lithium core values as a minimum.

LTI plan terms

Options

Managing Director Options

The Managing Director Options are capable of vesting on the date that represents 30 months of continuous service by the Managing Director following the date of issue of the Managing Director Options and will vest on satisfaction of the following:

i. 3,000,000 Managing Director Options vest on declaration of commercial production at the Goulamina Project, with project delivery in accordance with Board approved budget and schedule. Board discretion of external factors;
ii. 1,000,000 Managing Director Options vest if there are no fatalities and Leo Lithium's total recordable injury frequency rate is in the lowest quartile for similar construction operations in Africa; and
iii. 1,000,000 Managing Director Options vest if the Board approves production growth or associated opportunity beyond Stage 1 of the Goulamina Project,

Company Options

Company Options are issued to the Directors of the company other than the Managing Director. The Company Options held by a holder of Company Options will vest on the date that represents 30 months of continuous service by the relevant holder of Company Options following the date of issue of the Company Options (**Vesting Date**).

Performance Rights

The number of Tranche 1 LTI Rights that vest is based on the achievement of the approved project schedule for first production from Goulamina Project. Should the vesting condition be achieved on a date that is between performance levels, the award outcome will be determined on a linear basis. The vesting schedule is as follows:

Weighting	**35% of the total number of Performance Rights granted to the employee**	
Performance Level	**Date**	**Award Outcome**
Maximum	If on or before 28 February 2024	100%
Target	If on or before 30 April 2024	75%
Threshold	If on or before 30 June 2024	50%
Below Threshold	If after 1 September 2024	Nil

The number of Tranche 2 LTI Rights that vest is based upon the achievement of the project budget for the Goulamina Project. Should the performance measure be between performance levels, the award outcome will be determined on a linear basis. The vesting schedule is as follows:

Weighting	15% of the total number of Performance Rights granted to the employee	
Performance Level	**Date**	**Award Outcome**
Maximum	5% below budget	100%
Target	2% below budget	75%
Threshold	If on budget	50%
Below Threshold	Over budget	Nil

The number of Tranche 3 LTI Rights that vest is based on the relative TSR ranking of Leo Lithium over the performance period, relative to the TSR performance of the Peer Group, whereby TSR will be determined based on the 20-day VWAP of Leo Lithium shares following its listing on the Australian Securities Exchange. A minimum share price appreciation of 40% over the performance period must be achieved. The Tranche 3 LTI Rights will vest according to the following schedule:

Weighting	50% of the total number of Performance Rights granted to the employee
Company's TSR performance relative to the Peer Group	**Percentage of Rights eligible to vest**
At or above the 75th percentile	100%
Between the 50th percentile and 75th percentile	Progressive pro-rate vesting between 50% to 100%
Below the 50th percentile	Nil

Peer group	
Argosy Minerals Limited	Lake Resources NL
Atlantic Lithium Limited	Liontown Resources Limited
AVZ Minerals Limited	Lithium Americas Corp.
Core Lithium Limited	Piedmont Lithium Inc.
Critical Elements Lithium Corp.	Sayona Mining Limited
Frontier Lithium Inc	Sigma Lithium Corp.
Galan Lithium Limited	Vulcan Energy Resources Limited
Ioneer Limited	

SECTION 3

Non-Executive Directors' remuneration

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the RNC. The RNC may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently of the fees of other Non-Executive Directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate Non-executive Directors' remuneration be determined periodically by a general meeting. Until a different amount is determined by shareholders at a general meeting, the maximum aggregate Non-Executive Directors' fee pool approved by shareholders is $800,000 per annum, pursuant to the Company's Constitution.

The following fees applied during the year:

Position	Base salary
Chairman	$160,000
Other Non-Executive Directors	$95,000
Additional fees	
Committee chairman	$10,000
Committee member	$5,000

All Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

SECTION 4

Statutory Remuneration Disclosures

Service agreements
Remuneration and other terms of employment for KMP are formalised in service agreements. Details of these agreements are as follows:

Executive KMP	Agreement commenced	Fixed remuneration [1]	Other benefits	Notice required
Simon Hay MD/CEO	10 January 2022	$652,399	STI comprising 30% of fixed annual remuneration with a stretch target of 50% of fixed annual remuneration. LTI comprising 100% of fixed annual remuneration	Termination by either party by giving six months' notice
Tom Blackwell Project Director	10 June 2022	$439,822	STI comprising 30% of fixed annual remuneration with a stretch target of 45% of fixed annual remuneration. LTI comprising 60% of fixed annual remuneration.	Termination by either party by giving six months' notice
Tim Richards COO	30 January 2023	$477,399	STI comprising 30% of fixed annual remuneration with a stretch target of 45% of fixed annual remuneration. LTI comprising 60% of fixed annual remuneration.	Termination by either party by giving three months' notice
Ron Chamberlain CFO	6 February 2023	$412,399	STI comprising 30% of fixed annual remuneration with a stretch target of 45% of fixed annual remuneration. LTI comprising 60% of fixed annual remuneration.	Termination by either party by giving three months' notice

[1] *This amount is the executive KMP's contractual annual fixed remuneration, inclusive of superannuation contributions.*

KMP have no entitlement to termination payments in the event of removal for misconduct.

Executive KMP Statutory Remuneration

Details of the remuneration of KMP's are set out in the following tables:

		Short-term benefits		Post-employment benefits	Equity-settled share-based payments		Total remuneration
	Year	Salary and fees (ii) $	Cash bonus $	Superannuation (iii) $	Options $	Rights (iv) $	$
Non-Executive Directors:							
Rick Crabb	**2023**	**165,000**	**-**	**17,738**	**80,224**	**-**	**262,962**
	2022	27,500	-	2,888	13,187	-	43,575
Brendan Borg	**2023**	**101,667**	**-**	**10,931**	**101,538**	**-**	**214,136**
	2022	75,000	-	7,750	71,772	-	154,522
Rod Baxter	**2023**	**110,000**	**-**	**11,825**	**101,538**	**-**	**223,363**
	2022	82,500	-	8,525	71,772	-	162,797
Amber Banfield	**2023**	**106,250**	**-**	**11,425**	**101,538**	**-**	**219,213**
	2022	78,750	-	8,137	71,772	-	158,659
Alan Rule(1)	**2023**	**102,500**	**-**	**11,025**	**60,305**	**-**	**173,830**
Alistair Cowden(2)	2022	96,250	-	9,900	-	-	106,150
Mark Hepburn(3)	2022	66,667	-	6,875	-	-	73,542
Michael Anderson(4)	2022	-	-	-	-	-	-
Executive Directors:							
Simon Hay (i)	**2023**	**639,435**	**25,052**	**40,802**	**860,492**	**380,865**	**1,946,646**
	2022	627,976	-	24,430	608,238	151,672	1,412,316
***Other Executive KMP*:**							
Tom Blackwell	**2023**	**426,417**	**50,140**	**35,646**	**-**	**215,916**	**728,119**
	2022	215,545	34,909	14,610	-	57,873	322,937
Tim Richards(5)	**2023**	**436,309**	**117,106**	**44,674**	**-**	**120,503**	**718,592**
Ron Chamberlain	**2023**	**370,152**	**51,344**	**37,412**	**-**	**95,862**	**554,770**
Joseph Belladonna(6)	2022	159,653	-	8,431	-	-	168,084
Alan Rule(7)	2022	177,301	-	12,954	-	-	190,255
TOTAL	**2023**	**2,457,730**	**243,642**	**221,478**	**1,305,635**	**813,146**	**5,041,631**
	2022	1,607,142	34,909	104,500	836,741	209,545	2,792,837

Notes to the Compensation Tables

(1) *Mr Rule was appointed as a non-executive director on 1 January 2023.*
(2) *Mr Cowden resigned on 1 November 2022.*
(3) *Mr Hepburn resigned on 15 November 2022.*
(4) *Mr Anderson resigned on 15 April 2022.*
(5) *Mr Richards cash bonus includes a one-off individual STI payment of $61,250.*
(6) *Mr Belladonna was appointed as CFO on 1 August 2022 and resigned on 30 November 2022.*
(7) *Mr Rule was appointed as interim CFO on 8 May 2022 and resigned on 8 September 2022.*
(i) *The STI equity award for 2022 for the MD & CEO was approved at the 2023 Annual General Meeting. Any differences between the estimated fair value at 31 December 2022 and the final fair value was trued-up in the 2023 financial year.*
(ii) *Included within the Salaries and Fees column is the annual leave benefit which is expected to be wholly utilised within 12 months from the reporting date.*
(iii) *Superannuation is capped at the statutory allowance of $27,398.80 for the Financial Year ending 30 June. Due to the KMP employment commencement dates, their superannuation contributions fall over two Financial Years, reaching the cap in each financial year for the reporting calendar year ending 31 December 2023.*
(iv) *Tranche 1 LTI Rights for FY22 and FY23 have not yet been performance tested however 100% of the value of the performance rights have been included based on the proposed sale of the remaining interest in the Goulamina Project, announced 8 May 2024, which is considered a change of control under the LTI plan.*

Share-based compensation

Issue of shares

There were no shares issued to Directors and other KMP as part of compensation during the year ended 31 December 2023.

Options

The below details the award and conditions of a long-term incentive award made to Directors and KMP's during 2023 and 2022. The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other KMP in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
31 December 2023						
Alan Rule	590,000	18 May 2023	18 Nov 2025	1 Jan 2026	$0.643	$0.412
31 December 2022						
Rick Crabb	590,000	1 Nov 2022	29 Apr 2025	31 Oct 2025	$0.763	$0.339
Simon Hay	5,000,000	16 Jun 2022	21 Dec 2024	16 Jun 2025	$0.644	$0.455
Brendan Borg	590,000	16 Jun 2022	21 Dec 2024	16 Jun 2025	$0.644	$0.455
Rod Baxter	590,000	16 Jun 2022	21 Dec 2024	16 Jun 2025	$0.644	$0.455
Amber Banfield	590,000	16 Jun 2022	21 Dec 2024	16 Jun 2025	$0.644	$0.455
Alistair Cowden	1,000,000	16 Jun 2022	21 Dec 2024	16 Jun 2025	$0.644	$0.455
Mark Hepburn	590,000	16 Jun 2022	21 Dec 2024	16 Jun 2025	$0.644	$0.455

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by Directors and other KMP as part of compensation during the years ended 31 December 2023 and 2022 are set out below:

31 December 2023

Name	Balance at 1 January 2023	Granted	Exercised	Expired/ Forfeited/ Other	Balance at 31 December 2023
Rick Crabb	590,000	-	-	-	590,000
Simon Hay	5,000,000	-	-	-	5,000,000
Brendan Borg	590,000	-	-	-	590,000
Rod Baxter	590,000	-	-	-	590,000
Amber Banfield	590,000	-	-	-	590,000
Alan Rule	-	590,000	-	-	590,000
	7,360,000	**590,000**	**-**	**-**	**7,950,000**

31 December 2022

Name	Balance at 1 January 2022	Granted	Exercised	Expired/ Forfeited/ Other	Balance at 31 December 2022
Rick Crabb	-	590,000	-	-	590,000
Simon Hay	-	5,000,000	-	-	5,000,000
Brendan Borg	-	590,000	-	-	590,000
Rod Baxter	-	590,000	-	-	590,000
Amber Banfield	-	590,000	-	-	590,000
Alistair Cowden *	-	1,000,000	-	(1,000,000)	-
Mark Hepburn *	-	590,000	-	(590,000)	-
	-	**8,950,000**	**-**	**(1,590,000)**	**7,360,000**

** Represents KMP who has resigned and balance of options on last day of employment.*

Share-based compensation (continued)

Values of options over ordinary shares granted, exercised and lapsed for Directors and other KMP as part of compensation during the years ended 31 December 2023 and 2022 are set out below:

Name	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed/cancelled during the year $	Value of options at the end of the year $
31 December 2023				
Alan Rule	243,080	-	-	243,080
	243,080	-	**-**	**243,080**
31 December 2022				
Rick Crabb	200,010	-	-	200,010
Simon Hay	2,275,000	-	-	2,275,000
Brendan Borg	268,450	-	-	268,450
Rod Baxter	268,450	-	-	268,450
Amber Banfield	268,450	-	-	268,450
Alistair Cowden	455,000	-	(455,000)	-
Mark Hepburn	268,450	-	(268,450)	-
	4,003,810	-	**(723,450)**	**3,280,360**

Performance Rights

STI's – Performance Rights

The below details the award and conditions of a STI award made to KMP's during 2022 and 2023. The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other KMP in this financial year or future reporting years are as follows:

	Number of Performance Rights granted	Grant date	Testing date	Vesting date	Expiry date	Fair value per Right at grant date	Fair value of Rights granted	Maximum value yet to vest
STIs issued in 2023 #								
Simon Hay	284,908	18-May-23	31-Dec-23	15-Feb-24	31-Aug-24	$0.675	$192,313	$32,404
Tom Blackwell	87,649	10-Mar-23	31-Dec-23	15-Feb-24	31-Aug-24	$0.505	$44,263	$5,953
Tim Richards	112,478	10-Mar-23	31-Dec-23	15-Feb-24	31-Aug-24	$0.505	$56,801	$7,640
Ron Chamberlain	78,423	10-Mar-23	31-Dec-23	15-Feb-24	31-Aug-24	$0.505	$39,604	$5,327
STIs issued in 2022								
Simon Hay *	426,885	-	31-Dec-22	-	30-Jun-23	$0.490	$209,174	$57,502
Tom Blackwell	71,121	01-Sep-22	31-Dec-22	22-Mar-23	30-Jun-23	$0.725	$51,563	$20,676

 # STI rights for KMP will vest upon Board approval in early 2024.

** STI rights for Simon Hay were granted and vested upon approval by shareholders at the 2023 Annual General Meeting. Indicatively, 426,885 has been valued to be granted based on remuneration mix for 2022.*

For eligibility, KMP's need to be employed with the Company until the approval of the STI. Performance Rights granted carry no dividend or voting rights.

Share-based compensation (continued)

The number of STI performance rights over ordinary shares granted to and vested by Directors and other KMP as part of compensation during the years ended 31 December 2022 and 2023 are set out below:

Name	Number of Rights granted	Number of Rights vested	Number of Rights lapsed
31 December 2023			
Simon Hay *	1,084,543	426,885	372,750
Tom Blackwell	199,203	71,121	145,352
Tim Richards	216,304	-	103,826
Ron Chamberlain	186,723	-	108,300
	1,686,773	**498,006**	**730,228**
31 December 2022			
Simon Hay	-	-	-
Tom Blackwell	104,919	-	-
	104,919	**-**	**-**

* *Number of STI rights granted for Mr Hay includes 426,886 performance rights relating to 2022 approved at the 2023 Annual General Meeting.*

Values of STI performance rights over ordinary shares granted, exercised and lapsed for Directors and other KMP as part of compensation during the years ended 31 December 2022 and 2023 are set out below:

Name	Value of Rights granted $	Value of Rights exercised $	Value of Rights lapsed $
31 December 2023			
Simon Hay *	653,093	209,174	251,606
Tom Blackwell	100,598	51,563	56,335
Tim Richards	109,234	-	52,432
Ron Chamberlain	94,295	-	54,692
	957,046	**260,737**	**415,065**
31 December 2022			
Simon Hay	-	-	-
Tom Blackwell	76,066	-	-
	76,066	**-**	**-**

* *The value of STI rights granted for Mr Hay includes $209,174 included in his 2022 remuneration mix.*

Long Term Incentives – Performance Rights

The below details the award and conditions of a long-term incentive award made to Directors and KMP's during 2022 and 2023. The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other KMP in this financial year or future reporting years are as follows:

31 December 2023 LTIs

Type	Grant date	Vesting date	Expiry date	Number of shares issued	Fair value at grant date	Total fair value at grant date	Maximum value yet to vest
Simon Hay							
Tranche 1	18-May-23	31-Dec-25	31-Aug-26	460,361	$0.675	$310,743	$246,383
Tranche 2	18-May-23	31-Dec-25	31-Aug-26	197,297	$0.675	$133,176	$105,593
Tranche 3	18-May-23	31-Dec-25	31-Aug-26	657,658	$0.525	$345,270	$273,759

Share-based compensation (continued)

31 December 2023 LTIs

Type	Grant date	Vesting date	Expiry date	Number of shares issued	Fair value at grant date	Total fair value at grant date	Maximum value yet to vest
Tom Blackwell							
Tranche 1	10-Mar-23	31-Dec-25	31-Aug-26	185,923	$0.505	$93,891	$67,648
Tranche 2	10-Mar-23	31-Dec-25	31-Aug-26	79,681	$0.505	$40,239	$28,992
Tranche 3	10-Mar-23	31-Dec-25	31-Aug-26	265,604	$0.380	$100,930	$72,719
Tim Richards							
Tranche 1	10-Mar-23	31-Dec-25	31-Aug-26	201,884	$0.505	$101,951	$73,455
Tranche 2	10-Mar-23	31-Dec-25	31-Aug-26	86,522	$0.505	$43,693	$31,481
Tranche 3	10-Mar-23	31-Dec-25	31-Aug-26	288,405	$0.380	$109,594	$78,962
Ron Chamberlain							
Tranche 1	10-Mar-23	31-Dec-25	31-Aug-26	174,274	$0.505	$88,009	$63,409
Tranche 2	10-Mar-23	31-Dec-25	31-Aug-26	74,689	$0.505	$37,718	$27,175
Tranche 3	10-Mar-23	31-Dec-25	31-Aug-26	248,964	$0.380	$94,606	$68,163

31 December 2022 LTIs

Type	Grant date	Vesting date	Expiry date	Number of shares issued	Fair value at grant date	Total fair value at grant date	Maximum value yet to vest
Tom Blackwell							
Tranche 1	07-Sep-22	31-Dec-24	30-Jun-25	147,357	$0.585	$86,204	$75,131
Tranche 2	07-Sep-22	31-Dec-24	30-Jun-25	63,153	$0.585	$36,945	$32,199
Tranche 3	07-Sep-22	31-Dec-24	30-Jun-25	210,510	$0.413	$86,941	$75,773

Performance Rights granted carry no dividend or voting rights.

The number of LTI performance rights over ordinary shares granted to and vested by KMP as part of compensation during the years ended 31 December 2023 and 2022 are set out below:

Name	Number of Rights granted in 2023	Number of Rights granted in 2022	Number of Rights vested in 2023	Number of Rights vested in 2022
Simon Hay	1,315,316	-	-	-
Tom Blackwell	531,208	421,020	-	-
Tim Richards	576,811	-	-	-
Ron Chamberlain	497,927	-	-	-
	2,921,262	**421,020**	**-**	**-**

Share-based compensation (continued)

Values of LTI performance rights over ordinary shares granted, exercised and lapsed for KMP as part of compensation during the year ended 31 December 2023 and 2022 are set out below:

Name	Value of Rights granted $	Value of Rights exercised $	Value of Rights lapsed $	Maximum Value of Rights yet to vest $
31 December 2023				
Simon Hay	789,190	-	-	625,735
Tom Blackwell	235,060	-	-	169,358
Tim Richards	255,239	-	-	183,897
Ron Chamberlain	220,333	-	-	158,748
	1,499,822	**-**	**-**	**1,137,739**
31 December 2022				
Simon Hay	-	-	-	-
Tom Blackwell	210,089	-	-	180,252
	210,089	**-**	**-**	**180,252**

Additional information

Loans to Directors and KMP

There were no loans outstanding at the reporting date to Directors or other KMP.

Other transactions with KMP and or their related parties

There were no other related party transactions with KMP for the year ended 31 December 2023 (2022: Nil).

Additional disclosures relating to KMP

Shareholding

The number of shares in the company held during the financial years ended 31 December 2022 and 2023 by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

31 December 2023

Name	Balance at 1 January 2023	Received as part of remuneration	Additions	Disposals/ Other	Balance at 31 December 2023
Rick Crabb	160,000	-	190,000	-	350,000
Simon Hay	726,590	426,885	-	-	1,153,475
Brendan Borg	10,100,000	-	-	(2,100,000)	8,000,000
Rod Baxter	41,536	-	-	-	41,536
Amber Banfield	873,737	-	-	-	873,737
Alan Rule*	-	-	100,000	104,839	204,839
Tom Blackwell	95,760	71,121	-	-	166,881
	11,997,623	**498,006**	**290,000**	**(1,995,161)**	**10,790,468**

* *Other represents balance held at date of appointment.*

Additional disclosures relating to KMP (continued)

Shareholding (continued)

31 December 2022

Name	Balance at 1 January 2022	Received as part of remuneration	Additions	Disposals/ other	Balance at 31 December 2022
Rick Crabb	-	-	160,000	-	160,000
Simon Hay	-	-	726,590	-	726,590
Brendan Borg	-	-	10,100,000	-	10,100,000
Rod Baxter	-	-	41,536	-	41,536
Amber Banfield	-	-	873,737	-	873,737
Tom Blackwell	-	-	95,760	-	95,760
Alistair Cowden *	-	-	7,228,180	(1,135,110)	6,093,070
Mark Hepburn *	-	-	1,273,675	-	1,273,675
	-	**-**	**20,499,478**	**(1,135,110)**	**19,364,368**

** Represents KMP who has resigned and balance of shares on last day of employment.*

Option holding

The number of options over ordinary shares in the Company held during 2023 and 2022 by each director and other members of KMP of the Group, including their personally related parties, is set out below:

31 December 2023

Name	Balance at 1 January 2023	Granted	Exercised	Expired/ forfeited/ other	Balance at 31 December 2023
Rick Crabb	590,000	-	-	-	590,000
Simon Hay	5,000,000	-	-	-	5,000,000
Brendan Borg	590,000	-	-	-	590,000
Rod Baxter	590,000	-	-	-	590,000
Amber Banfield	590,000	-	-	-	590,000
Alan Rule	-	590,000	-	-	590,000
	7,360,000	**590,000**	**-**	**-**	**7,950,000**

31 December 2022

Name	Balance at 1 January 2022	Granted	Exercised	Expired/ forfeited/ other	Balance at 31 December 2022
Rick Crabb	-	590,000	-	-	590,000
Simon Hay	-	5,000,000	-	-	5,000,000
Brendan Borg	-	590,000	-	-	590,000
Rod Baxter	-	590,000	-	-	590,000
Amber Banfield	-	590,000	-	-	590,000
Alistair Cowden	-	1,000,000	-	(1,000,000)	-
Mark Hepburn	-	590,000	-	(590,000)	-
	-	**8,950,000**	**-**	**(1,590,000)**	**7,360,000**

Additional disclosures relating to KMP (continued)

Performance Rights holding - STI

The number of performance rights over ordinary shares in the Company held during 2023 and 2022 by each director and other members of KMP's of the Group, including their personally related parties, is set out below:

31 December 2023

Name	Balance at 1 January 2023	Granted	Exercised	Expired/ forfeited/ other	Balance at 31 December 2023
Simon Hay *	-	1,084,543	(426,885)	(372,750)	284,908
Tom Blackwell	104,919	199,203	(71,121)	(145,352)	87,649
Tim Richards	-	216,304	-	(103,826)	112,478
Ron Chamberlain	-	186,723	-	(108,300)	78,423
	104,919	**1,686,773**	**(498,006)**	**(730,228)**	**563,458**

* *Number of STI rights granted for Simon Hay includes 426,886 performance rights relating to 2022 approved at the 2023 Annual General Meeting.*

31 December 2022

Name	Balance at 1 January 2022	Granted	Exercised	Expired/ forfeited/ other	Balance at 31 December 2022
Simon Hay	-	-	-	-	-
Tom Blackwell	-	104,919	-	-	104,919
	-	**104,919**	**-**	**-**	**104,919**

Performance Rights holding - LTI

The number of performance rights over ordinary shares in the Company held during 2023 and 2022 by each director and other members of KMP's of the Group, including their personally related parties, is set out below:

31 December 2023

Name	Balance at 1 January 2023	Granted	Exercised	Expired/ forfeited/ other	Balance at 31 December 2023
Simon Hay	-	1,315,316	-	-	1,315,316
Tom Blackwell	421,020	531,208	-	-	952,228
Tim Richards	-	576,811	-	-	576,811
Ron Chamberlain	-	497,927	-	-	497,927
	421,020	**2,921,262**	**-**	**-**	**3,342,282**

31 December 2022

Name	Balance at 1 January 2021	Granted	Exercised	Expired/ forfeited/ other	Balance at 31 December 2022
Tom Blackwell	-	421,020	-	-	421,020
	-	**421,020**	**-**	**-**	**421,020**

END OF AUDITED REMUNERATION REPORT

SHARES UNDER OPTION

There were no ordinary shares of the Company issued on the exercise of options during the year ended 31 December 2023 and up to the date of this report.

INDEMINITY AND INSURANCE OF OFFICERS

The Company has indemnified the Directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the Directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company's auditor is PricewaterhouseCoopers (**PwC**). The terms of engagement of PwC includes an indemnity in favour of the external auditor. This indemnity is in accordance with PwC's standard terms of business and is conditional upon PwC acting as external auditor. No payment has been made to PwC by the Company pursuant to this indemnity, either during or since the end of the financial year. The Company has not otherwise indemnified or agreed to indemnify PwC at any time during the financial year.

NON-AUDIT SERVICES

No amounts were paid or payable to the auditor for non-audit services during the financial year.

The Directors therefore have no requirement to satisfy themselves that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

ROUNDING

The amounts contained in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) pursuant to the option available to the Company under ASIC Class Order 2016/191. The Company is an entity to which the class order applies.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Simon Hay
Managing Director
14 June 2024

Auditor's Independence Declaration

As lead auditor for the audit of Leo Lithium Limited for the year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Leo Lithium Limited and the entities it controlled during the period.

Ian Campbell
Partner
PricewaterhouseCoopers

Perth
14 June 2024

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T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 $'000	2022 $'000
Income			
Gain on dilution of investment in the Goulamina Project	*2*	7,938	-
Gain on formation of the Goulamina Project	*2*	-	77,098
Goulamina Project management and administrative fees		680	450
Other income	*5*	1,985	129
Expenses			
Administration expenses	*5*	(4,120)	(7,113)
Employee benefits expense	*5*	(4,336)	(2,143)
Share-based payments expense	*13*	(2,525)	(1,262)
Finance costs	*5*	(76)	(308)
Net foreign exchange loss		(540)	(490)
Share of Goulamina Project loss	*2*	(691)	(83)
(Loss)/profit before income tax expense		(1,685)	66,278
Income tax benefit/(expense)	*6*	-	-
(Loss)/profit after income tax expense for the year		**(1,685)**	**66,278**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gain - investment in the Goulamina Project		112	9,684
Other comprehensive income for the year		112	9,684
Total comprehensive (loss)/income for the year		**(1,573)**	**75,962**
Earnings per share attributable to the ordinary equity holders of the parent		**Cents**	**Cents**
Basic (loss)/earnings per share (cents per share)	*7*	(0.14)	6.37
Diluted (loss)/earnings per share (cents per share)	*7*	(0.14)	6.36

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023 $'000	2022 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	*3*	33,561	70,834
Receivables	*11*	38,622	6,953
Other current assets		738	1,026
Total Current Assets		**72,921**	**78,813**
Non-Current Assets			
Interest in Joint Venture	*2*	113,275	105,916
Property, plant and equipment		97	36
Right-of-use assets		1,280	-
Total Non-Current Assets		**114,652**	**105,952**
Total Assets		**187,573**	**184,765**
LIABILITIES			
Current Liabilities			
Trade and other payables		1,800	1,491
Lease liabilities		201	-
Employee benefits		283	103
Total Current Liabilities		**2,284**	**1,594**
Non-Current Liabilities			
Lease liabilities		1,149	-
Employee benefits		17	-
Total Non-Current Liabilities		**1,166**	**-**
Total Liabilities		**3,450**	**1,594**
Net Assets		**184,123**	**183,171**
EQUITY			
Contributed equity	*9*	105,924	105,924
Reserves	*9*	13,583	10,946
Retained earnings		64,616	66,301
Total Equity		**184,123**	**183,171**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Contributed Equity $'000	Foreign Currency Translation Reserve $'000	Share Based Payment Reserve $'000	Retained Earnings $'000	Total Equity U'000
Balance at 1 January 2022	**-**	**-**	**-**	**23**	**23**
Profit for the year	-	-	-	66,278	**66,278**
Other comprehensive income for the year	-	9,684	-	-	**9,684**
Total comprehensive income	**-**	**9,684**	**-**	**66,278**	**75,962**
Shares issued	109,313	-	-	-	**109,313**
Share issue costs	(3,389)	-	-	-	**(3,389)**
Share-based payments	-	-	1,262	-	**1,262**
Balance at 31 December 2022	**105,924**	**9,684**	**1,262**	**66,301**	**183,171**
Balance at 1 January 2023	**105,924**	**9,684**	**1,262**	**66,301**	**183,171**
Loss for the year	-	-	-	(1,685)	**(1,685)**
Other comprehensive income for the year	-	112	-	-	**112**
Total comprehensive loss	-	**112**	-	**(1,685)**	**(1,573)**
Share-based payments	-	-	2,525	-	**2,525**
Balance at 31 December 2023	**105,924**	**9,796**	**3,787**	**64,616**	**184,123**

The above Consolidated Statement Of Changes In Equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 $'000	2022 $'000
Cash flow from operating activities			
Payments to suppliers and employees		(8,236)	(8,633)
Interest received		1,985	129
Goulamina Project management and administrative fees		837	110
Net cash used in operating activities	*8*	**(5,414)**	**(8,394)**
Cash flows from investing activities			
Payments for property, plant and equipment		(87)	(36)
Payments made on behalf of Goulamina Project		(68,987)	(14,674)
Receipt of reimbursements from Goulamina Project		37,364	8,061
Payment for security deposit		(206)	-
Net cash used in investing activities		**(31,916)**	**(6,649)**
Cash flows from financing activities			
Proceeds from issue of shares		-	100,042
Transaction costs related to share issue		-	(3,389)
Proceeds of loan from Firefinch Limited		-	350
Repayment of loan from Firefinch Limited		-	(10,296)
Interest and other finance costs paid		-	(308)
Net cash inflow from financing activities		**-**	**86,399**
Net (decrease)/increase in cash and cash equivalents		**(37,330)**	**71,356**
Cash and cash equivalents at the beginning of the year		70,834	23
Effects of foreign exchange rate changes		57	(545)
Cash and cash equivalents at the end of the year	*3*	**33,561**	**70,834**

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ABOUT THIS REPORT

Leo Lithium Limited (**Leo Lithium** or **Company**) is a for-profit company limited by shares, incorporated and domiciled in Australia, whose shares are traded on ASX.

The consolidated financial statements of the Company for the financial year ended 31 December 2023 (**Consolidated Financial Statements**) comprise the Company and the entities it controlled (**Group**).

The nature of operations and principal activities of the Group are described in the Operating and Financial Review within the Directors' Report.

The Consolidated Financial Statements were authorised for issue by the Board of Directors on 14 June 2024.

STRUCTURE OF NOTES

The notes to the Consolidated Financial Statements have been grouped into five key categories, which are summarised below:

1) ***Significant Events After the Reporting Period***
   This section discloses the significant events after 31 December 2023 relating to the Group including the proposed sale of its remaining interest in the Goulamina Project to Ganfeng. The sale is subject to several conditions including approval from the Company's shareholders and Chinese regulatory approvals.

2) ***Interest in Goulamina Project and Cash***
   This section shows the Group's major assets used to generate the Group's trading performance: Interest in the Goulamina Project and Cash and Cash Equivalents.

3) ***Performance for the Year***
   This section focuses on the results and performance of the Group. This covers both profitability and the resultant return to shareholders via earnings per share combined with cash generation.

4) ***Capital Structure***
   This section outlines how the Group manages its capital and related financing costs.

5) ***Operating Assets and Liabilities***
   This section shows the other assets used to generate the Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in the Capital Structure section.

6) ***Other Notes***
   This section deals with the remaining notes that do not fall into any of the other categories.

BASIS OF PREPARATION

(a) Introduction and Statement of Compliance

The Consolidated Financial Statements are a general-purpose Financial Report, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**). The Consolidated Financial Statements comply with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

The Consolidated Financial Statements have been prepared on a historical cost basis unless otherwise stated in the notes to the financial statements. Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

The Consolidated Financial Statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (A$1,000) unless otherwise stated under the option available to the Company under Australian Securities and Investments Commission (**ASIC**) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

Where a material accounting policy is specific to one note, the policy is described in the note to which it relates. Only material accounting policies are included in the financial statements.

(b) Going Concern

The Consolidated Financial Statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

On 8 May 2024, the Company announced that it had:

- Entered into a Memorandum of Understanding (**MoU**) with the Mali Government including a settlement payment of US$60 million to end the long running dispute. This allows the Goulamina Project construction phase to be completed and for operations to commence as planned in Q3 2024;
- Completed the previously announced 5% sale of its interest in MLBV for US$65 million; and
- Entered into a binding share sale agreement (**SSA**) to sell its remaining 40% interest in MLBV which, via its wholly owned subsidiary LMSA, owns the Goulamina Project to Ganfeng for US$342.7 million, subject to several conditions precedent including Leo Lithium shareholder approval and Chinese regulatory approval.

(for more details refer Note 1 "*Significant Events After the Reporting Period*")

At 31 December 2023:

- The Company had $33.6 million in cash and cash equivalent assets, US$25.5 million ($38.6 million) in receivables owing from MLBV and no borrowings; and
- The Goulamina JV had US$9.2 million in cash and cash equivalent assets and outstanding funding of US$124.8 million to be received under the Equity Investment with Ganfeng.

Since 31 December 2023:

- Ganfeng has provided the remaining instalment payments to MLBV pursuant to the Equity Investment of US$124.8 million;
- MLBV has repaid US$25.5 million owing to the Company at 31 December 2023 and continues to reimburse the Company for monthly costs incurred on MLBV's behalf;
- The sale of 5% of MLBV to Ganfeng for US$65 million has completed;
- The Company procured the payment of US$60 million to the Mali Government to settle the dispute;
- The Company received the US$10.5 million non-refundable deposit in relation to the sale of its remaining 40% interest in MLBV which, via its wholly owned subsidiary LMSA, owns the Goulamina Project to Ganfeng; and
- Ganfeng has provided LMSA with a new funding arrangement for up to US$150 million. This funding is available to the project until the end of October 2025 for both construction and operating expenditure. The funding is provided as a prepayment for future sales and can be redrawn if required. This arrangement is not conditional on completion of the sale of 40% to Ganfeng.

  (for more details refer Note 1 "*Significant Events After the Reporting Period*").

At 31 March 2024:

- The Company had $69.3 million in cash and cash equivalent assets, US$2.0 million ($3.4 million) in receivables owing from MLBV and no borrowings; and
- The Goulamina JV had US$21.8 million in cash and cash equivalent assets and outstanding funding of US$19.8 million to be received under the Equity Investment, all of which was received on 29 April 2024.

Management has prepared cashflow forecasts for the period covering at least 12 months from the date of the financial statements to support the going concern assessment. Completing the sale of the Company's remaining 40% interest in MLBV to Ganfeng is subject to several conditions outside the control of both parties. In the event the sale of its remaining interest in the Project is not completed, the Company will retain its 40% project interest. Given this, cashflow forecasts have been prepared considering scenarios for both the sale completing and the retention of an interest in the Project.

The financial statements have been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business. This assessment includes the following assumptions:

- the Ganfeng prepayment funding will be sufficient to cover any remaining Goulamina Project expenditure for the forecast period, including completion of project construction and delivery of operational readiness plans, with realisation of first production and initial shipments;
- the Mali Government abides by the terms of the MoU, including the issuance of the remaining permits required by the Project, and no material disputes arise; and
- the Company's operating expenditures are expected to be consistent with the forecast which can be funded from the Company's available cash and cash equivalents.

(b) Going Concern (continued)

The Directors are confident these assumptions are achievable and so the going concern basis of preparation is appropriate.

The Consolidated Financial Statements therefore do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

(c) Currency of Presentation

The functional currency of each of the consolidated group's entities is measured using the currency of the primary economic environment in which that entity operates. The functional currency of the parent entity, Leo Lithium Ltd, is Australian dollars. The Consolidated Financial Statements are presented in Australian dollars which is the Groups' presentation currency.

(d) Key Estimates and Judgements

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events.

The preparation of the Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.
Judgements and estimates which are material to the Consolidated Financial Statements are found in the following notes:

Note 2	Interest in Joint Venture Accounting for dilution of interest in Goulamina joint venture
Note 13	Share-based payments
Note 15	Commitments and Contingencies
Note 18	Summary of material accounting policies

31 DECEMBER 2023

CONTENTS OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

NOTE 1. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Other than as stated below, no matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years:

a) Ganfeng Equity Investment Agreement (Equity Investment). Issue of 111 Mali Lithium BV (MLBV) shares

On 22 January 2024, Ganfeng was issued 101 MLBV shares under the Equity Investment whereby Ganfeng would sole fund US$137.2 million of Goulamina Project capital costs (refer to note 2 of the Financial Statements for further details). After the share issue to Ganfeng on 22 January 2024, the Company's interest in MLBV reduced from 49.5% to 45% and Ganfeng's interest increased to 55%. Total receipts under the Equity Investment since 31 December 2023 totalled US$124.8 million with the final tranche of US$19.8 million received on 29 April 2024. Completion of the second share issuance on 13 May 2024 will result in a pre-tax gain on dilution of $75.9 million in the Company's 2024 income statement.

b) Memorandum of Understanding (MoU) signed with the Mali Government

On 8 May 2024 the Company announced that Leo Lithium, Ganfeng, Firefinch and the Mali Government had signed a MoU to settle all disputed matters between the parties whereby:

- Leo Lithium will pay, or procure the payment of, US$60 million to the Mali Government;
- The Goulamina Project title is assured and the dispute over the irregularity of the transfer has been settled;
- The Government will facilitate the granting of any permit and authorisation necessary for the Goulamina Project;
- The Government will immediately resume exempting the Goulamina Project from customs duties and fees for the remaining construction phase of the project; and
- The Goulamina Project will migrate to the 2023 Mining Code with some variations to be formalised between Ganfeng and the Government.

Pursuant to the MoU, Firefinch will transfer its shares in Morila SA to the Mali State owned mining company. Firefinch will seek shareholder approval for this transfer.

On 13 May 2024, the US$60 million settlement payment was received by the Mali Government. The settlement payment will be recognised as an expense in the Company's 2024 income statement.

The Company believes that this settlement will end the long running dispute with the Mali Government and allow the Goulamina Project construction phase to be completed and for operations to commence as planned in Q3 2024.

The Mali Government has yet to take an equity position in LMSA, which is a wholly owned subsidiary of MLBV, and holds title to the exploitation permit for the Goulamina Project.

c) Deed of Covenant and Release with Firefinch

On 7 May 2024, Leo Lithium, Ganfeng and Firefinch entered into a Deed of Covenant and release whereby Firefinch agreed to make an A$11.5 million contribution to Leo Lithium when the Firefinch shareholders approve the transfer of Firefinch's shares in Morila SA to the Mali State owned mining company. This deed includes an unconditional release by Firefinch in favour of Leo Lithium and its associates from all claims in relation to the Demerger Deed signed as part of the IPO in 2022.

d) Sale of 5% of MLBV for US$65 million

On 7 May 2024, the Company entered into a Deed of Amendment and Restatement to sell 5% of MLBV to Ganfeng for US$65 million (**5% Sale**). The sale agreement was conditional (amongst other matters) upon a settlement being reached with the Mali Government.

The 5% sale was completed on 13 May 2024 and is estimated to result in a pre-tax gain on sale of $78.4 million in the Company's 2024 income statement.

As a result, Leo Lithium's interest in MLBV reduced from 45% to 40% and Ganfeng's interest increased from 55% to 60%.

NOTE 1. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

e) Sale of remaining 40% interest in MLBV

On 8 May 2024, the Company announced that it had entered into a binding share sale agreement (**SSA**) with Ganfeng to sell its remaining 40% interest in MLBV which, via its wholly owned subsidiary LMSA, owns the Goulamina Project for a total cash consideration of US$342.7 million. The transaction is subject to several conditions including approval from Leo Lithium's shareholders and Chinese regulatory approvals. A Notice of General Meeting and Explanatory Statement with further details in relation to the transaction will be sent to Leo Lithium shareholders in due course.

The US$342.7 million cash consideration is payable by Ganfeng in three instalments structured as follows:

- US$10.5 million non-refundable deposit to be paid within 10 business days of executing the SSA;
- US$161.0 million payable on completion of the transaction, following satisfaction (or waiver) of the conditions precedent for the SSA (**Tranche 1 Consideration**); and
- accrue interest on the unpaid balance of the Tranche 2 Cash Consideration at a rate equal to SOFR + 2%, commencing from the completion date until the Tranche 2 Cash Consideration is paid in full to Leo Lithium.

The US$10.5 million non-refundable deposit was received on 17 May 2024.

f) Sale of Goulamina Project Offtake Rights

On 8 May 2024, the Company also announced that subject to completion under the SSA, it will be terminating the Cooperation Agreement (announced on 29 May 2023) with Ganfeng, including giving up the Company's contractual rights to offtake from the future expansions at Goulamina of Stage 2 and Stage 3. Ganfeng has agreed to pay the Company a trailing product sales fee (**TPSF**) in respect to the termination of the Cooperation Agreement .

The TPSF will be paid to the Company upon commencement of first commercial production at the Goulamina Project and is structured as follows:

- 1.5% of the gross revenue received from the sale of lithium products from Goulamina Stage 1, by reference to the Ganfeng offtake agreement, subject to a volume cap of 500,000 tonnes of spodumene concentrate per annum; and
- applies for a 20 year period.

g) Ganfeng Goulamina Project Funding

On 31 May 2024 the Company announced that LMSA had entered into a new funding arrangement with Ganfeng for the Goulamina Project. LMSA has established a US$150 million prepayment funding agreement whereby Ganfeng will sole fund all cash requirements for the Project irrespective of the Company completing the sale of its remaining 40% interest in the Project to Ganfeng. Under the agreement Ganfeng will prepay for future product shipments under Ganfeng's existing offtake agreement with the facility limit currently expected to be sufficient to fund the commissioning and ramp up of the Project.

Under the prepayment funding agreement , repayments are to be made by LMSA by delivering product under the offtake agreement, with Ganfeng able to specify the percentage of product from shipments to be applied to the repayment.

INTEREST IN GOULAMINA PROJECT AND CASH

NOTE 2. INTEREST IN JOINT VENTURE

At 31 December 2023 the Goulamina Project is a 49.5%:50.5% interest between Leo Lithium and GFL International Co, Ltd (**Ganfeng**) via an incorporated joint venture entity, Mali Lithium BV (**MLBV**) (a company registered in the Netherlands). MLBV owns 100% of Lithium du Mali SA (**LMSA**) (a company registered in Mali) which owns 100% of the Goulamina Lithium Project. All agreements with Ganfeng to form the Goulamina Project were executed in August 2021 with all conditions precedent satisfied on 28 March 2022 whereby Ganfeng earned a 50% interest in MLBV. In the absence of a liquid market, the Group considered the purchase price of US$130.0 million paid by Ganfeng to be the best indicator of fair value of the exploration assets and of a 50% interest in the entity. The gain of US$0.1 million on the formation of the Goulamina Project JV in 2022 reflected the value of the Group's 50% interest in the entity implied by Ganfeng, less the total cost base of the joint venture. The gain was recognised only to the extent of the 50% ownership.

NOTE 2. INTEREST IN JOINT VENTURE (CONTINUED)

On 4 September 2023 the Company announced it has entered into an Equity Investment Agreement (**Equity Investment**) whereby Ganfeng agreed to sole fund US$137.2 million of Goulamina Project capital costs, via MLBV and be issued new shares in MLBV, earning up to a 55% economic interest in MLBV, with Leo Lithium owning the remaining 45%. The Equity Investment was signed on 12 September 2023 and conditions precedent satisfied in December 2023. It was agreed that Ganfeng would fund the US$137.2 million in a number of tranches over a period of time until the final payment in April 2024. The first tranche of US$12.4 million was received on 8 December and the equivalent 10 MLBV shares were issued to Ganfeng, representing 0.5% shareholding. This resulted in Leo's interest in the joint venture diluting to 49.5% and Ganfeng's interest increasing to 50.5% at 31 December 2023.

The remaining shares representing 4.5% interest were issued in January 2024 (Refer to Note 1 "*Significant Events After the Reporting Period*") although the funding was made in a number of tranches over a period of time until the final payment was received in April 2024.

Refer to Note 1 "*Significant Events After The Reporting Period*" for disclosure of both the completed sale in May 2024 of 5% of MLBV and the proposed sale to Ganfeng of the remaining 40% interest in MLBV which, via its wholly owned subsidiary LMSA, owns the Goulamina Project. The proposed sale is subject to several conditions including approval from the Company's shareholders and Chinese regulatory approvals.

Principles of consolidation and equity accounting

Joint Arrangements

Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Leo Lithium has an investment in a joint venture which is accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet. A joint venture (**JV**) is a type of joint arrangement in which the parties with joint control of the arrangement have rights to the net assets of the arrangement. A separate vehicle (not the parties) will have the rights to the assets and obligations for the liabilities, relating to the arrangement.

Equity method

Investments in JV's are accounted for using the equity method. Under the equity method, the share of the profits or losses of the JV is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in JV's are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the JV. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

The Group's share of the JV post-acquisition profits or losses is recognised in the Consolidated Profit or Loss and Statement of Other Comprehensive Income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a JV equals or exceeds its interest in the JV, including any unsecured long-term receivable, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the JV.

Goodwill relating to the JV is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from the JV reduce the carrying amount of the investment. After the application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the JV. The Group discontinues the use of the equity method upon the loss of joint control over the JV and recognises any retained investment at its fair value.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company. When the Group ceases to consolidate or equity account for an investment because of a loss joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a JV. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

NOTE 2. INTEREST IN JOINT VENTURE (CONTINUED)

Changes in ownership interests (continued)
If the ownership interest in a JV is reduced via dilution by issuing new shares to the joint venture partner but joint control is retained, an in-substance sale of shares occurs and the profit or loss on the in-substance sale is recognised through the Statement of Profit or Loss. If the ownership interest in a JV is reduced via a sale of shares by the owner but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Accounting of Goulamina joint venture
Key estimates and judgements
A decrease in interest while an investment continues to be classified as an associate or joint venture can result from a dilution. A dilution of an interest in an equity accounted investee may happen when the investee issues shares to other parties. The dilution gain or loss is the difference between the carrying amounts of the investment in the equity accounted investee, immediately before and after the transaction that resulted in the dilution. The gain or loss on dilution is recognised in profit or loss. The amount of profit or loss arises from the new (reduced) ownership interest in the assets subscribed for the new shares- e.g. the cash paid by the other party – compared with the reduction in ownership interest in the previous carrying amount on the investment in the equity accounted investee. Such a transaction is not a transaction with equity holders in their capacity as equity holders, and therefore any resulting gain or loss is recognised in profit or loss.

The investee, MLBV, has in terms of the Equity Investment with Ganfeng, issued 10 additional shares to Ganfeng, increasing their ownership to 50.5% and diluting Leo's ownership to 49.5% at 31 December 2023. Ganfeng paid US$18.4 million in cash for the additional shares. Leo Lithium calculated the difference in its investment before and after the transaction resulting in a profit on dilution of AU$7.9 million.

The terms of the Joint Venture Agreement signed on formation of the JV has not changed)with unanimous consent of both parties required). The arrangement remains to be accounted for as a joint venture as the parties have joint control of the arrangement. Interests in the joint venture are accounted for using the equity method of accounting.

Information relating to the joint venture that is material to the Group is set out below:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2023 %**	**2022 %**
Goulamina Project entity Mali Lithium BV	Netherlands	49.50%	50.00%

	Leo Lithium Limited	
Reconciliation of the carrying amount in joint venture investment	**2023 $'000**	**2022 $'000**
Opening carrying amount	105,916	-
Gain on dilution of investment in Goulamina Project	7,938	-
Gain on foreign currency translation recognised in other comprehensive income	112	9,684
Share of Goulamina Project loss	(691)	(83)
Receipt of MLBV shares from Firefinch	-	13,817
Transfer of Original DFS and Updated DFS to MLBV from Firefinch	-	5,400
Gain on formation of the Goulamina Project	-	77,098
Closing carrying amount of interest in joint venture	**113,275**	**105,916**

NOTE 2. INTEREST IN JOINT VENTURE (CONTINUED)

Summarised financial information

Summarised Consolidated Statement Of Financial Position	Goulamina Project 2023 U$'000	Goulamina Project 2022 U$'000
ASSETS		
Current assets		
Cash and cash equivalents	9,188	108,455
Other current assets	4,915	908
Inventory	12,667	-
Total current assets	**26,770**	**109,363**
Non-current assets		
Property, plant and equipment	211,466	18,515
Exploration and evaluation expenditure	-	20,671
Mine properties	44,637	6,170
Right of use assets	9,621	-
Security deposit	3,500	-
Total non-current assets	**269,224**	**45,356**
	295,994	**154,719**
LIABILITIES		
Current liabilities		
Trade and other payables	80,126	11,147
Other current liabilities	623	212
Provisions	274	-
Lease liabilities	1,311	-
Total current liabilities	**82,334**	**11,359**
Non-current liabilities		
Loan	40,000	-
Provisions	9,477	-
Lease liabilities	9,399	-
Total non-current liabilities	**58,876**	**-**
Total liabilities	**141,210**	**11,359**
Net assets	**154,784**	**143,360**

Summarised Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

	2023	2022
Interest revenue	834	64
Other revenue	-	17
Net foreign exchange (loss)/gain	(1,147)	262
Management fees	-	(338)
Overheads and other expenses	(459)	(116)
Finance costs	(4)	(1)
Loss before income tax	**(776)**	**(112)**
Income tax expense	(160)	-
Loss after income tax	**(936)**	**(112)**
Other comprehensive income	-	-
Total comprehensive loss in US$	**(936)**	**(112)**
Share in Goulamina Project joint venture loss in US$ (50%)	**(468)**	**(56)**
Total comprehensive loss in A$ (fx rate: 0.677) (2022 : 0.681)	**(1,383)**	**(164)**
Share in Goulamina Project joint venture loss in A$ (50%)	**(691)**	**(83)**

NOTE 2. INTEREST IN JOINT VENTURE (CONTINUED)

Commitments	Goulamina Project 2023 U$'000	Goulamina Project 2022 U$'000
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	65,179	82,073
Exploration expenditure	-	-
	65,179	**82,073**

To maintain current rights of tenure to mining tenements, the Goulamina Project is required to perform minimum exploration work to meet the minimum expenditure requirements. This expenditure will only be incurred should the Goulamina Project retain its existing level of interest in its various exploration areas and provided access to mining tenements is not restricted. These obligations will be fulfilled in the normal course of operations, which may include exploration and evaluation activities. The Goulamina Project has sufficient funds to meet these obligations and is not expected to require any financial support from the Group for these obligations.

NOTE 3. CASH AND CASH EQUIVALENTS

	2023 $'000	2022 $'000
Cash at bank and on hand	33,561	55,834
Short-term bank deposits	-	15,000
	33,561	**70,834**

Recognition and measurement
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

PERFORMANCE FOR THE YEAR

NOTE 4. OPERATING SEGMENTS

Identification of reportable operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (**CODM**). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

During the year the Group has managed its businesses by geographic location, which resulted in two operating and reportable segments which consist of its Corporate and Mali operations as set out below. This is consistent with the way in which information is reported internally to the Group's Chief Executive Officer who is the CODM for the purposes of resource allocation and performance assessment:

- The Corporate operation includes the Perth Head Office and Project Team; and
- The Mali operation includes the development of the Goulamina Project and exploration for minerals.

For the purposes of resource allocation and performance assessment, the Group's Chief Executive Officer monitors the results and assets attributable to each reportable segment on the following basis:
- Segment results are measured by allocating EBIT to the reportable segments according to the geographic location in which they arose or relate to; and
- Segment assets include the Investment in the Goulamina Project, receivables and other assets. The geographical location of the segment assets is based on the physical location of the assets.

Intersegment transactions
Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

NOTE 4. OPERATING SEGMENTS (CONTINUED)

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

	Corporate $'000	Mali $'000	Total $'000
31 December 2023			
Income			
Segment income	680	-	**680**
Total income	680	-	**680**
EBIT	(11,532)	7,938	**(3,594)**
Net Finance income	1,909	-	**1,909**
(Loss)/Profit before income tax expense	(9,623)	7,938	**(1,685)**
Income tax expense			**-**
Loss after income tax expense			**(1,685)**
Assets			
Segment assets	2,115	151,897	**154,012**
Unallocated assets:			
Cash and cash equivalents			**33,561**
Total assets			**187,573**
Total assets includes:			
Interest in joint venture	-	113,275	**113,275**
Liabilities			
Segment liabilities	(3,450)	-	**(3,450)**
Total liabilities			**(3,450)**

	Corporate $'000	Mali $'000	Total $'000
31 December 2022			
Income			
Segment income	450	-	**450**
Total income	450	-	**450**
EBIT	(10,641)	77,098	**66,457**
Net finance costs	(179)	-	**(179)**
(Loss)/Profit before income tax expense	(10,820)	77,098	**66,278**
Income tax expense			**-**
Profit after income tax expense			**66,278**
Assets			
Segment assets	1,062	112,869	**113,931**
Unallocated assets:			
Cash and cash equivalents			**70,834**
Total assets			**184,765**
Total assets includes:			
Interest in joint venture	-	105,916	**105,916**
Liabilities			
Segment liabilities	(1,594)	-	**(1,594)**
Total liabilities			**(1,594)**

NOTE 5. REVENUE AND EXPENSES

	2023 $'000	2022 $'000
Other income		
Interest received	**1,985**	**129**
Administration expenses		
Corporate and administration	3,911	2,517
Depreciation	209	-
Costs assigned by Firefinch Ltd to the Company including corporate administration and other pre-demerger activities	-	1,750
Costs of the demerger	-	1,350
Debt facility fee	-	869
Costs of the offer not directly attributable to the capital raising	-	377
Transition fee	-	250
	4,120	**7,113**
Employee benefits expense		
Salaries and wages	4,015	2,025
Superannuation	321	118
	4,336	**2,143**
Finance cost		
Interest and finance charges paid/payable on borrowings	**76**	**308**

NOTE 6. INCOME TAX EXPENSE

	2023 $'000	2022 $'000
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	(1,685)	66,278
Tax at the statutory tax rate of 30%	(506)	19,883
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments and other permanent differences	773	442
Formation of the joint venture for the Goulamina Project	-	(23,129)
Temporary differences relating to foreign operations	(2,473)	300
Deferred tax assets not brought to account	2,206	2,504
Income tax expense	**-**	**-**
Deferred tax assets not recognised:		
Deferred tax assets not recognised comprises:		
Carry forward losses	3,655	1,821
Business related costs	419	646
Other temporary differences	636	37
Total deferred tax assets not recognised	**4,710**	**2,504**

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Deferred tax liabilities not recognised:		
Deferred tax liabilities not recognised comprises:		
Interest in joint venture	16,991	15,888
Total deferred tax liabilities not recognised	**16,991**	**15,888**

The above potential tax liability has not been recognised in the statement of financial position as it was probable at 31December 2023 that the temporary difference relating to the Interest in Joint Venture would not reverse in the foreseeable future.

NOTE 6. INCOME TAX EXPENSE (CONTINUED)

Recognition and measurement

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

NOTE 7. EARNINGS PER SHARE

	2023 $'000	2022 $'000
(Loss)/profit after income tax	(1,685)	66,278
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	1,197,893,320	1,039,743,827
Adjustments for calculation of diluted earnings per share:		
Options and rights over ordinary shares	-	2,585,391
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,197,893,320	1,042,329,218
	A Cents	**A Cents**
Basic (loss)/earnings per share	(0.14)	6.37
Diluted (loss)/earnings per share	(0.14)	6.36

Diluted (loss)/earnings per share is the same as basic earnings per share in 2023 as the number of potentially dilutive shares does not change the result of earnings per share.

Recognition and measurement

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Leo Lithium, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

NOTE 7. EARNINGS PER SHARE (CONTINUED)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 8. RECONCILIATION OF (LOSS)/PROFIT AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	2023 $'000	2022 $'000
(Loss)/Profit after income tax expense for the year	(1,685)	66,278
Adjustments for:		
Share-based payments	2,525	1,262
Depreciation	209	-
Finance costs – lease liability interest expense	76	-
Loss on foreign exchange differences	540	490
Other	-	(7)
Gain on formation of the Goulamina Project	-	(77,098)
Gain on dilution of investment in the Goulamina Project	(7,938)	-
Share of Goulamina Project loss	691	83
Change in operating assets and liabilities:		
Increase /(Decrease) in trade debtors and receivables	157	(340)
Increase in prepayments	(119)	(360)
(Decrease)/increase in trade and other payables	(67)	1,195
Increase in employee benefits	197	103
Net cash used in operating activities	**(5,414)**	**(8,394)**

CAPITAL STRUCTURE

NOTE 9. CONTRIBUTED EQUITY AND RESERVES

	2023 Shares	2022 Shares	2023 $'000	2022 $'000
Ordinary shares - fully paid	1,198,176,519	1,197,598,455	105,924	105,924

Movements in ordinary share capital

Details	**Shares**	**$'000**
31 December 2022		
Opening Balance	1	-
Issue of shares to Firefinch Ltd for transfer of Original and Updated DFS and shares in MLBV	4,635,540	9,271
Share capital reorganisation [a) & (b)]	1,050,045,906	-
Issue of shares pursuant to the Offer at A$0.70 per share [c)]	142,917,008	100,042
Costs of the Offer directly attributable to the capital raising [d)]	-	(3,389)
Closing Balance	**1,197,598,455**	**105,924**
31 December 2023		
Opening Balance	1,197,598,455	105,924
Issued pursuant to the exercise of performance rights	578,064	-
Closing Balance	**1,198,176,519**	**105,924**

a) Prior to the Demerger on 1 June 2022, the Company underwent a share split such that the 4,635,541 shares on issue following the transfer by Firefinch to Leo Lithium of the ownership and intellectual property of both the Original DFS and the Updated DFS and the shares the Company held in MLBV increased to 1,054,681,447 shares (inclusive of the 1 share on issue at 31 December 2021).

b) The Firefinch shareholders voted in favour of the Demerger on 31 May 2022 and the Demerger became effective on 1 June 2022. The in-specie distribution of Leo Lithium shares to eligible Firefinch shareholders was completed on 9 June 2022.

c) On 29 April 2022, Leo Lithium lodged a Prospectus with ASX for an IPO of Shares to raise up to $100 million, comprising:
   i. a pro-rata priority offer to Eligible Firefinch Shareholders of up to 114.35 million fully paid ordinary shares in Leo Lithium on the basis of 1 Leo Lithium Share for every 10.33 Firefinch Shares held by Eligible Firefinch Shareholders on 5 May 2022, at an issue price of A$0.70 per Share to raise up to $80.0 million (before expenses);
   ii. an additional offer to Eligible Firefinch Shareholders and Eligible Institutional Investors of Shares from any Shortfall under the Pro-rata Offer at an issue price of $0.70 per Share; and
   iii. an offer to Firefinch of up to 28.57 million Shares at an issue price of A$0.70 per Share to Firefinch to raise up to $20.0 million.

   The IPO was successfully completed in June with the Offer raising $100 million (before costs of $3.4 million) and the 142,917,008 Offer shares were issued and allotted on 16 June 2022.

d) The Company commenced trading on ASX on 23 June 2022.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

NOTE 9. CONTRIBUTED EQUITY AND RESERVES (CONTINUED)

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position. Due to the nature of the Group's activities, being mineral exploration and development on the Goulamina lithium project, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration and development programmes and corporate overheads. The Group 's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The net working capital position of the Group at 31 December 2023 was $70.6 million (2022: $77.3 million) and the net decrease in cash held during the year was $37.3 million (2022: increase $71.4 million).

The Group had $33.6 million of cash and cash equivalents at 31 December 2023 (2022: $71.4 million).

Recognition and measurement
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

Reserves

	2023 $'000	2022 $'000
Foreign currency translation reserve	9,796	9,684
Share-based payments reserve	3,787	1,262
	13,583	**10,946**

Foreign currency translation reserve
This reserve is used to recognise exchange differences arising from the translation of financial statements into the presentation currency a described in Basis of Preparation (c) Currency of Presentation.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

NOTE 9. CONTRIBUTED EQUITY AND RESERVES (CONTINUED)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Foreign currency translation reserve $'000	Share based payments reserve $'000	Total $'000
Balance at 31 December 2021	-	-	-
Foreign currency translation difference – Investment in Goulamina Project (refer to Note 2)	9,684	-	9,684
Share-based payment transactions	-	1,262	1,262
Balance at 31 December 2022	**9,684**	**1,262**	**10,946**
Foreign currency translation difference – Investment in Goulamina Project (refer to Note 2)	112	-	112
Share-based payment transactions	-	2,525	2,525
Balance at 31 December 2023	**9,796**	**3,787**	**13,583**

Refer to note 13 for further details on options issued during the period.

NOTE 10. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

The Group's principal financial instruments comprise receivables, payables and cash.

The Group's activities expose it to a variety of financial risks: market risk including:

- Foreign currency risk
- Price risk
- Interest rate risk
- Credit risk
- Liquidity risk

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk to determine market risk.

Risk management is carried out by senior finance executives (**Finance**) under policies approved by the Board. These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies and evaluates financial risks within the Group's operating units, and reports to the Board on a monthly basis.

Market risks

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

NOTE 10. FINANCIAL RISK MANAGEMENT (CONTINUED)

The financial instruments exposed to movements in the US dollar are as follows:

	2023 $'000	2022 $'000
Financial assets		
Cash and cash equivalents	21,189	6,376
Other current assets	33,551	1,899
Net exposure	**54,740**	**8,275**

The following table summarises the sensitivity of financial instruments held at balance sheet date to movements in the exchange rate of the Australian dollar to the US dollar, with all other variables held constant. The 10% sensitivity is based on management's assessment of reasonable possible fluctuations, over a financial year, using the observed range of actual historic rates over the preceding three-year period.

	Impact on Profit/(Loss)		Impact on equity	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
A$/US$ +10% (2022 +10%)	(4,976)	(774)	-	-
A$/US$ -10% (2022 -10%)	6,082	893	-	-

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group is not exposed to any significant interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group's significant concentration of credit risk is cash, which is held with a major Australian Bank with A+ credit rating and accordingly the credit risk exposure is minimal.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

NOTE 10. FINANCIAL RISK MANAGEMENT (CONTINUED)

Due to the nature of the Group's activities, being mineral exploration and development, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities for the period. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
2023					
Trade payables and other payables	1,800	-	-	-	1,800
Lease liabilities	201	225	251	673	1,350
	2,001	**225**	**251**	**673**	**3,150**
2022					
Trade payables and other payables	1,491	-	-	-	1,491
Lease liabilities	-	-	-	-	-
	1,491	**-**	**-**	**-**	**1,491**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments are materially consistent with their fair value.

OPERATING ASSETS AND LIABILITIES

NOTE 11. RECEIVABLES

	2022 $'000	2022 $'000
Receivable from Goulamina Project[1]	**38,622**	**6,953**

[1] At 31 December 2023, the Group has a receivable from the Goulamina Project of $38.6 million (31 Dec 2022: $7.0 million) that includes Goulamina Project costs incurred by Leo Lithium. At the date of the signing these Consolidated Financial Statements, the receivable has been paid in full to the Company. At 31 December 2022 the receivable included Goulamina Project costs reimbursed by Leo Lithium to Firefinch Ltd from September 2021. The Group did not have any receivables that were past due at 31 December 2023.

Recognition and measurement

Loans and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

OTHER NOTES

NOTE 12. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	2023 $'000	2022 $'000
Short-term employee benefits	2,701	1,642
Post-employment benefits	221	105
Share-based payments	2,120	1,046
	5,042	**2,793**

NOTE 13. SHARE-BASED PAYMENTS

Expenses arising from share-based transactions

	2023 $'000	2022 $'000
Options	1,306	837
STI Performance Rights	467	318
LTI Performance Rights	752	107
Total expense recognised as employee costs	**2,525**	**1,262**

The Group provides benefits to employees (including Non-Executive Directors (**NED's**) of the Group through share-based incentives. Information relating to these schemes is set out below.

Employee Awards Plan

In 2022, Leo Lithium implemented an Employee Awards Plan (**Awards Plan**). The Awards Plan was reaffirmed by shareholders at the 2023 Annual General Meeting.

The Awards Plan is the mechanism under which employees have been awarded:

- Performance Rights (**PRs**)
- Options

Description of share-based payments arrangements

(i) *Performance Rights*

Executives and senior management are granted a right to be issued a share in the future subject to the performance based vesting conditions being met.

(ii) *Managing Director and Company Options*

The Managing Director and NED's are granted a right to be issued a share in the future subject to vesting conditions being met. The options are issued for nil consideration.

Reconciliation of Options and Performance Rights

	Number at the beginning of the year	Granted during the year	Vested during the year	Forfeited during the year	Lapsed/ cancelled during the year	Number at the end of the year
Options	7,360,000	590,000	-	-	-	7,950,000
STI Performance Rights	225,391	2,086,678	(578,064)	-	(923,420)	810,585
LTI Performance Rights	1,675,860	5,202,226	-	-	(1,270,874)	5,607,212
Total	**9,261,251**	**7,878,904**	**(578,064)**	**-**	**(2,194,294)**	**14,367,797**

The Managing Director Options are subject to various non-market-related vesting conditions including continuous service conditions of 30 months following the date of issue and the Company Options are subject to continuous service conditions of 30 months following the date of issue.

NOTE 13. SHARE-BASED PAYMENTS (CONTINUED)

2023 Performance Rights

The valuation inputs used in determining the fair value of STI and LTI performance rights issued during the year ending 31 December 2023 to employees excluding the Managing Director and Chief Executive Officer, and the fair value of options issued to NED's are detailed below:

Item	Employee STI Rights	Employee LTI Rights			NED Options
		Tranche 1 (1)	Tranche 2	Tranche 3	
Grant date	10-Mar-23	10-Mar-23	10-Mar-23	10-Mar-23	18-May-23
Underlying security spot price	$0.505	$0.505	$0.505	$0.505	$0.675
Exercise price	Nil	Nil	Nil	Nil	0.643
Commencement of performance period	1-Jan-23	1-Jan-23	1-Jan-23	1-Jan-23	18-May-23
Performance measurement/vesting date	15-Feb-24	1-Sep-24	30-Sep-25	31-Dec-25	18-Nov-25
Performance/vesting period (years)	1.12	1.67	2.75	3.00	2.51
Remaining performance period (years)	0.13	0.67	1.75	2.00	1.88
Expiry date	31-Aug-24	31-Aug-26	31-Aug-26	31-Aug-26	1-Jan-26
Life of the Instruments (years)	1.12	1.67	2.75	3.00	2.51
Volatility	100%	100%	100%	100%	100%
Risk-free rate	3.39%	3.39%	3.33%	3.33%	3.21%
Dividend yield	Nil	Nil	Nil	Nil	Nil
Valuation per Instrument	$0.505	$0.505	$0.505	$0.380	$0.412

(1) *Tranche 1 LTI Rights for FY22 and FY23 have not yet been performance tested however 100% of the value of the performance rights have been included based on the proposed sale of the remaining interest in the Goulamina Project.*

The valuation inputs used in determining the fair value of STI and LTI performance rights issued to the Managing Director (**MD**) during the year are detailed below:

Item	MD STI Rights	MD LTI Rights		
		Tranche 1 (1)	Tranche 2	Tranche 3
Grant date	18-May-23	18-May-23	18-May-23	18-May-23
Underlying security spot price	$0.675	$0.675	$0.675	$0.675
Exercise price	Nil	Nil	Nil	Nil
Commencement of performance period	1-Jan-23	1-Jan-23	1-Jan-23	1-Jan-23
Performance measurement/vesting date	1-Feb-24	1-Sep-24	30-Sep-25	31-Dec-25
Performance/vesting period (years)	1.08	1.67	2.75	3.00
Remaining performance period (years)	0.09	0.67	1.75	2.00
Expiry date	31-Aug-24	31-Aug-26	31-Aug-26	31-Aug-26
Life of the Instruments (years)	1.08	1.67	2.75	3.00
Volatility	100%	100%	100%	100%
Risk-free rate	3.38%	3.38%	3.38%	3.21%
Dividend yield	Nil	Nil	Nil	Nil
Valuation per Instrument	$0.675	$0.675	$0.675	$0.525

NOTE 13. SHARE-BASED PAYMENTS (CONTINUED)

2022 Performance Rights
The valuation inputs used in determining the fair value of STI and LTI performance rights issued during the year ending 31 December 2022 are detailed below:

Item	STI Rights	LTI Rights		
		Tranche 1 [(1)]	Tranche 2	Tranche 3
Grant date	14-Sep-22	07-Sep-22	07-Sep-22	07-Sep-22
Underlying security spot price	$0.725	$0.585	$0.585	$0.585
Exercise price	Nil	Nil	Nil	Nil
Commencement of performance period	01-Jan-22	01-Jan-22	01-Jan-22	23-Jun-22
Performance measurement/vesting date	31-Dec-22	31-Dec-24	31-Dec-24	31-Dec-24
Performance/vesting period (years)	1.00	3.00	3.00	2.53
Remaining performance period (years)	0.30	2.32	2.32	2.32
Expiry date	30-Jun-23	30-Jun-25	30-Jun-25	30-Jun-25
Life of the Instruments (years)	0.79	2.81	2.81	2.81
Volatility	90%	90%	90%	90%
Risk-free rate	3.130%	3.135%	3.135%	3.135%
Dividend yield	Nil	Nil	Nil	Nil
Valuation per Instrument	$0.725	$0.585	$0.585	$0.413

[(1)] *Tranche 1 LTI Rights for FY22 and FY23 have not yet been performance tested however 100% of the value of the performance rights have been included based on the proposed sale of the remaining interest in the Goulamina Project.*

Recognition and measurement
The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (including options) (equity-settled transactions). The cost of these equity-settled transactions with employees (including Directors) is measured by reference to fair value at the date they are granted.

Under AASB 2 Share-based Payment, the Group must recognise the fair value of shares and options granted to Directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the Consolidated Profit or Loss and Statement of Other Comprehensive Income with a corresponding adjustment to equity.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. In relation to the valuation of the share-based payments, these are valued using an appropriate option valuation method. Once a valuation is obtained management uses an assessment as to the probability of meeting non-market-based conditions. Market conditions are vested over the period in which management assesses it will take for these conditions to be satisfied.

The costs of these equity-settled transactions are recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the equity instrument (vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the profit and loss is the product of (i) the fair value at grant date of the award; (ii) the current best estimate of the number of equity instruments that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met and (iii) the expired portion of the vesting period. The charge to the Consolidated Profit or Loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

NOTE 13. SHARE-BASED PAYMENTS (CONTINUED)

Recognition and measurement (Continued)
Until an equity instrument has vested, any amounts recorded will be adjusted if more or fewer equity instruments vest than were originally anticipated to do so. Any equity instrument subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied. If the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the recipient of the award, as measured at the date of modification. If an equity-settled transaction is cancelled (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new equity instrument is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new equity instrument are treated as if they were a modification of the original award, as described in the preceding paragraph.

Key estimates and judgements
The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using option pricing models (as appropriate) taking into account the terms and conditions upon which the instruments were granted. A key estimate and judgement is the volatility input assumed within the pricing model. The Group uses historical volatilities to determine an appropriate level of volatility expected, commensurate with the expected instrument's life.

NOTE 14. AUDITORS' REMUNERATION

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the Company:

	2023 $'000	2022 $'000
Audit services -		
Audit or review of the financial statements	**135**	**118**

NOTE 15. COMMITMENTS AND CONTINGENCIES

The Group had no material commitments, contingent assets or contingent liabilities at the reporting date (2022: nil) other than as set out below.

(a) Demerger capital gains tax
Under the Malian Mining Code, the Government has the right to collect tax on a direct or indirect change in control of tenements in Mali. The in-specie distribution of shares by Firefinch in 2022 Ltd may give rise to a change in control by a foreign entity that could result in a capital gain for Firefinch Ltd. By virtue of the existing stabilisation regime in the Establishment Agreement that applies to the Goulamina Project, the Company does not consider that any capital gains tax liability arises as a result of the Demerger or the reorganisation of the Goulamina Project assets to facilitate the establishment of the Goulamina JV. There is no guidance or precedents available to determine how any potential capital gain may be determined by the Mali tax authorities. Given the current uncertainty of the calculation of any potential capital gain, it is not possible to reliably estimate any potential exposure at this time.

Under the Demerger Deed, Leo Lithium has indemnified Firefinch for any loss or damage (including tax liabilities) incurred in connection with the Demerger and the reorganisation of assets and liabilities required to implement the Goulamina JV, and any other loss or damage incurred by Firefinch (including tax liabilities) relating to the Leo Lithium business. Leo Lithium is also required to indemnify Ganfeng for similar liabilities. As a result of this indemnification, Leo Lithium would be obligated to reimburse any capital gains tax liability incurred by Firefinch. However, on 7 May 2024, Leo Lithium, Ganfeng and Firefinch entered into a Deed of Covenant and release whereby Firefinch agreed to unconditionally release Leo Lithium and its associates from all claims in relation to the Demerger Deed.

(b) Partial Guarantee of Ganfeng Debt Facility provided to LMSA
During the year, the Company issued a guarantee to Ganfeng in relation to the debt facility fully drawn down by LMSA in 2023 to fund Goulamina Project capital costs. The Company has guaranteed to Ganfeng its indirect share of the debt facility which is 49.5% or US$19.8 million at 31 December 2023. The guarantee can only be called in the event that LMSA does not comply with its payment obligations under the terms of the Ganfeng debt facility which has a maturity date five years after the first utilisation.

NOTE 16. RELATED PARTY TRANSACTIONS

Parent entity
Leo Lithium Limited is the parent entity.

Subsidiaries
Leo Lithium Australia Pty Ltd (incorporated on 5 July 2023.)

Joint ventures
Interest in joint venture is set out in note 1.

Key management personnel
Disclosures relating to key management personnel are set out in note 12 and the remuneration report is included in the Directors' Report.

Transactions with related parties
The following transactions occurred with related parties:

	2023 $'000	2022 $'000
Other income:		
Other income from joint venture	**680**	**450**

Receivable from and payable to related parties
The following balances (refer Note 11) are outstanding at the reporting date in relation to transactions with related parties:

Current receivables:		
Receivables from Goulamina Project	**38,622**	**6,953**

NOTE 17. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

	2023 $'000	2022 $'000
Statement of profit or loss and other comprehensive income		
(Loss)/Profit after income tax	(1,685)	66,278
Other comprehensive income	112	9,684
Total comprehensive (loss)/income	**(1,573)**	**75,962**

Statement of financial position		
Total current assets	72,921	78,813
Total assets	187,573	184,765
Total current liabilities	2,284	1,594
Total liabilities	3,450	1,594
Equity		
Issued capital	105,924	105,924
Foreign currency reserve	9,796	9,684
Share-based payments reserve	3,787	1,262
Retained profits	64,616	66,301
Total equity	**184,123**	**183,171**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
Leo Lithium, the parent entity, had no guarantees in relation to the debts of its subsidiaries at 31 December 2023 and 31 December 2022.

Contingent liabilities
Refer to note 15 for details on the parent entity's contingent liabilities at 31 December 2023 and 31 December 2022.

NOTE 18. SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) New and amended standards and interpretations adopted by the Group

The Group has adopted all the new or amended Accounting Standards and Interpretations issues by the Accounting Standards Board (**AASB**) that are mandatory for the current reporting period.

The Group has not elected to early adopt any new standards or amendments during the current financial year.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards is that they are not expected to have a material impact on the Group in the current or future reporting periods.

(c) Other material accounting policies for the Group

Foreign currency translation

The functional currency of the parent entity, Leo Lithium Limited, is Australian dollars. The consolidated financial statements are presented in Australian dollars which is the Groups' presentation currency. The Goulamina Project has a functional currency of United States dollars (**US$**).

Foreign currency transactions

Transactions in a currency other than the functional currency are translated into the functional currency using the exchange rate at the date of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting date are recognised in the profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Foreign exchange differences arising from the translation are recognised in the Consolidated Profit or Loss and Statement of Other Comprehensive Income.

(d) Summary of material accounting policies of the Joint Venture

i. *Property, plant and equipment*
ii. *Exploration and evaluation expenditure*
iii. *Mine properties*
iv. *Right-of-use assets and lease liabilities*
v. *Rehabilitation obligation*

i. Property, plant and equipment

Recognition and measurement

Assets under construction

Assets under construction include the cost of developing mine property and plant and equipment assets once the technical feasibility and commercial viability of a project has been established. When construction is completed, or commercial production has been determined the asset is reclassified to the relevant category of property, plant and equipment.

These costs are not depreciated until the asset is determined to be available for use. The carrying value is assessed for impairment whenever the facts and circumstances suggest that the carrying amount of the asset may exceed the recoverable amount.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

NOTE 18. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Depreciation of property, plant and equipment is calculated using the straight line and written down value methods to allocate their cost, net of residual values, over their estimated useful lives, as follows:

Plant and equipment 3 - 7 years or units of production
Buildings - units of production

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The group uses the unit-of-production basis when depreciating/amortising life-of-mine specific assets which results in a depreciation/amortisation charge proportionate to the depletion of the anticipated remaining life-of-mine production. Each item's economic life, which is assessed annually, has due regard for both its physical life limitations and to present assessments of the available resource of the mine property at which it is located.

ii. Exploration and evaluation expenditure

Recognition and measurement

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Accordingly, exploration and evaluation expenditures are those expenditures incurred in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Accounting for exploration and evaluation expenditures is assessed separately for each "area of interest". Each "area of interest" is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Exploration and evaluation costs are capitalised as they are incurred, including acquisition costs which are carried forward where right of tenure of the area of interest is current, and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

ii. Exploration and evaluation expenditure (Continued)

Recognition and measurement

Exploration and evaluation assets are transferred to Mine Properties in Development once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are included in testing for impairment, and any impairment loss is recognised, prior to being reclassified.

iii. Mine Properties

Recognition and measurement

a) Mine property assets

Mine properties in production represent the accumulation of all acquisition, exploration, evaluation and development expenditure incurred by or on behalf of the Group in relation to areas of interest in which mining of the mineral resource has commenced. When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the cost of that mine property only when substantial future economic benefits are established, otherwise such expenditure is classified as part of the cost of production.

Amortisation is provided on a units-of-production basis, with separate calculations being made for each stage of production. The units-of-production method results in an amortisation charge proportional to the depletion of the economically recoverable mineral resources (comprising proven and probable reserves).

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. An impairment exists when the carrying value of mine properties exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount and the impairment losses are recognised in profit or loss. Exploration and evaluation assets were transferred to Mine Properties in Development as the technical feasibility and commercial viability of an area of interest is demonstrable.

NOTE 18. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) Deferred stripping

The Group incurs waste removal costs (stripping costs) during the development and production phases of its surface mining operations. During the production phase, stripping costs (production stripping costs) can be incurred both in relation to the production of inventory in that period and the creation of improved access and mining flexibility in relation to ore to be mined in the future. The former are included as part of the costs of inventory, while the latter are capitalised as a stripping activity asset, where certain criteria are met. Once the Group has identified its production stripping for the surface mining operation, it identifies the separate components of the ore body for the mining operation. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset. The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of "Mine properties" in the Consolidated Statement of Financial Position. This forms part of the total investment in the relevant cash generating unit, which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

Key estimates and judgements

i) Proved and probable ore reserves

The Group uses the concept of life of mine to determine the amortisation of mine properties. In determining life of mine, the Group prepares ore reserve estimates in accordance with the JORC Code 2012, guidelines prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council (**JORC**) of Australia. The estimate of these proved and probable ore reserves, by their very nature, require judgements, estimates and assumptions.

Where the proved and probable reserve estimates need to be modified, the amortisation expense is accounted for prospectively from the date of the assessment until the end of the revised mine life (for both the current and future years).

Deferred Stripping

This calculation requires the use of judgements and estimates such as estimates of waste tonnes to be removed over the life of the mining area and economically recoverable reserves extracted as a result. Changes in a mine's life of component ratio and design may result in changes to the expected stripping ratio (waste to mineral reserves ratio). Any resulting changes are accounted for prospectively.

Commercial production

The determination of when a mine and processing facility (Mine) is in the condition necessary for it to be capable of operating in the manner intended by management (referred to as 'commercial production') is a matter of significant judgement. Management considers several factors in determining when a Mine has reached levels of operating capacity intended by management, these include:

- When the Mine is substantially complete i.e. constructed and installed and ready for its intended use;
- The Mine has the ability to sustain ongoing production at a steady or increasing level;
- The Mine has reached a level of pre-determined production being a substantial percentage of design capacity;
- Mineral recoveries are at or near the expected production level; and
- A reasonable period of testing on the mine, plant and equipment has been completed.

Once in Commercial Production, the capitalisation of certain mine development and construction costs cease, and amortisation of the mine property commences. Subsequent cost is either regarded as forming part of the cost of inventory or are expensed. Any costs relating to the mining asset additions or improvements, or mineable reserve development are assessed to determine whether capitalising the cost is appropriate.

NOTE 18. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

iv. Right-of-use assets and lease liabilities

Recognition and measurement

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The Group's right-of-use assets relate to office premises and mining services which is depreciated over the term of the lease agreement. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Key estimates and judgements

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Identification of non-lease components

In addition to containing a lease, the Group's mining services arrangements involve the provision of additional services, including personnel cost, maintenance, drilling related activities and other items. These are considered to be non-lease components and the Group has elected to separate these from the lease components. Judgement is required to identify each of the lease and non-lease components. The consideration in the contract is then allocated between the lease and non-lease components on a relative stand-alone price basis. This requires the Group to estimate stand-alone prices for each lease and non-lease component.

NOTE 18. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Key estimates and judgements (continued)

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay to finance an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

v. Rehabilitation obligation

A provision for environmental rehabilitation and mine closure has been recorded in relation to the Goulamina Project. A provision is made for rehabilitation work when the obligation arises, and this is recognised as a cost of production or development as appropriate. Additionally, the provision includes the costs of dismantling and demolition of infrastructure or decommissioning, the removal of residual material and the remediation of disturbed areas specific to the infrastructure to a state acceptable to various authorities.

Recognition and Measurement

Mine closure and restoration costs include the costs of dismantling and demolition of infrastructure or decommissioning, the removal of residual material and the remediation of disturbed areas specific to the infrastructure. Mine closure costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the mine development or during the production phase, based on the net present value of estimated future costs.

As the value of the provision for mine closure represents the discounted value of the present obligation to restore, dismantle and close the mine, the increase in this provision due to the passage of time is recognised as a finance cost. The discount rate used is a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the liability. Foreign exchange movements are treated as a finance component and recognised in the Consolidated Profit or Loss.

Provision is made for rehabilitation work when the obligation arises, and this is recognised as a cost of production or development. The rehabilitation costs provided for are the present value of the estimated costs to restore operating locations. The value of the provision represents the discounted value of the current estimate to restore and the discount rate used is the pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

The value of this provision represents the discounted value of the present obligation to rehabilitate the mine and to restore, dismantle and close the mine. The discounted value reflects a combination of management's assessment of the cost of performing the work required, the timing of the cash flows and the discount rate. A change in any, or a combination, of the three key assumptions (estimated cash flows, discount rates or inflation rates), used to determine the provision could have a material impact to the carrying value of the provision.

vi. Impairment of non-financial assets

Property, plant and equipment and mine development are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

The Group conducts an internal review of asset values at each reporting date, which is used as a source of information to assess for any indicators of impairment. Factors, such as changes in lithium prices, capex and life of mine estimates are monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating unit or CGU).

The future recoverability of the property, plant and equipment and mine development is dependent on a number of key factors including: lithium price, life of mine, production ramp-up, discount rates used in determining the estimated discounted cash flows, foreign exchanges rates, the level of proved and probable reserves and measured, indicated and inferred mineral resources, future technological changes which could impact the cost of production and future legal changes, including changes to environmental restoration obligations.

Leo Lithium did not identify any impairment indicators in relation to the Goulamina Project CGU.

DIRECTORS' DECLARATION

In the Directors' opinion:

- the Group's consolidated financial statements and notes set out on pages 54 to 86
  - give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial year ended on that date;
  - comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
  - comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Simon Hay
Managing Director

14 June 2024

Independent auditor's report

To the members of Leo Lithium Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Leo Lithium Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2023
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit scope	***Key audit matters***
• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: – Basis of preparation of the financial report – Significant events after the reporting period • These are further described in the *Key audit matters* section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	***How our audit addressed the key audit matter***
Basis of preparation of the financial report *(Refer to Basis of Preparation)* As described in the *Basis of Preparation* of the financial report, the financial statements have been prepared on a going concern basis, which contemplates that the Group will continue to meet its commitments, realise its assets and settle its liabilities in the normal course of business. In making this assessment, the Group has utilised cashflow forecasts covering at least 12 months from the date of issue of the financial report.	In assessing the appropriateness of the going concern basis of preparation of the financial report, we performed the following procedures, amongst others: • Evaluated the appropriateness of the Group's assessment of its ability to continue as a going concern, including whether the level of detail in the assessment is appropriate given the nature of the Group, the period covered was at least 12 months from the date of our auditor's report and that relevant information of which we are aware as a result of the audit had been included in the assessment.

Key audit matter	How our audit addressed the key audit matter
Assessing the appropriateness of the Group's basis of preparation for the financial report was a key audit matter due to its importance to the financial report as a whole and the significant judgement involved in assessing the assumptions disclosed in the *Basis of Preparation*, including the impact of subsequent events disclosed in Note 1.	• Enquired of management and the directors as to their knowledge of events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, including those that may arise outside of the forecast period. • Evaluated selected data and assumptions used in the Group's cash flow forecasts that formed part of the going concern assessment. This included developing an understanding of the level of uncertainty in certain forecast capital and operating expenditures. • Evaluated the impact of the subsequent events disclosed in note 1 on the Group's assessment, including considering the relevant terms of the Memorandum of Understanding with the Mali Government, the funding agreement with Ganfeng and the share sale and purchase agreement with Ganfeng. • Evaluated how the contingent liabilities disclosed in note 15 were considered by the Group in its going concern assessment. • Evaluated the relevant disclosures against the requirements of Australian Accounting Standards.
Significant events after the reporting period *(Refer to Note 1)* As described in note 1 of the financial report, significant events occurred after the balance sheet date but prior to the date of this audit report (significant events), including: • Completion of the Ganfeng Equity Investment Agreement; • Entering into the Memorandum of Understanding with the Mali Government; • Entering into the Deed of Covenant and Release with Firefinch Limited;	We performed the following procedures, amongst others: • Evaluated the appropriateness of the Group's assessment of the impact of the significant events against the requirements of Australian Accounting Standards. • Obtained and read the key terms of the relevant contracts associated with the events. • Considered the potential impact of the significant events on other judgements taken by the Group in preparing the financial report.

Key audit matter	How our audit addressed the key audit matter
• The sale to Ganfeng of a 5% interest in Mali Lithium BV (MLBV) which, via its wholly owned subsidiary, owns the Goulamina Project; • Entering into a binding conditional agreement to sell the remaining 40% interest in MLBV to Ganfeng; • The sale of Goulamina Project Offtake rights; and • Securing project funding for the Goulamina Project with Ganfeng. The Group's assessment of the financial impact of these significant events and the determination that they represent non-adjusting events under Australian Accounting Standards was a key audit matter due to their importance to the financial report as a whole and their magnitude.	• Tested, the mathematical accuracy of a selection of the calculations of the financial impact of the events, where known. • Evaluated the relevant disclosures against the requirements of Australian Accounting Standards

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2023.

In our opinion, the remuneration report of Leo Lithium Limited for the year ended 31 December 2023 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Ian Campbell
Partner

Perth
14 June 2024

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