

9 July 2024

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Mr Shane Falconer
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ASX Limited
Level 40, Central Park
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By Email

Dear Shane

Leo Lithium Limited ("Leo Lithium" or "Company"): Suspension query response

We refer to your letter dated 12 October 2023 requesting that Leo Lithium respond to a list of questions and requests for information (**ASX Request Letter**). Responses to these matters are set out below, using the same numbering and defined terms as set out in the ASX Request Letter.

1. Why does LLL believe its securities needs to remain suspended until 3 November 2023, as set out in the Suspension Extension Request?

As advised in the Company's ASX release dated 8 May 2024, and as detailed in the response to Question 2 below, between 15 September and 2 October 2023 Leo Lithium received new correspondence from the government of Mali (**Government Correspondence**) which raised for the first time a number of potentially material issues regarding the Goulamina Project.

At the time of lodging the Suspension Extension Request on 3 October 2023 the Company believed that:

- a timely resolution of these newly raised matters was possible but, given any resolution involved the agreement of third parties, it was not possible to be definitive as to when a resolution would be achieved;
- the outcome of the negotiations between the parties may be materially price sensitive, depending upon the form of any agreed resolution;
- if trading was to resume, trading might occur while the market as a whole was not reasonably informed and there could be a false or disorderly market in Leo Lithium securities; and
- the most prudent approach to managing its continuous disclosure obligations whilst finalising the confidential and incomplete negotiations was to continue to remain in voluntary suspension as requested on 3 October 2023.

2. Please provide further details, including the particulars, of the correspondence received from the government of Mali as referred to in the Suspension Extension Request?

As set out in detail in:

- the Company's ASX release dated 8 May 2024 (**May Announcement**);
- the Firefinch ASX release of the same date; and
- the Leo Lithium Notice of Annual General Meeting (**Notice**),

the concerns of the Mali Government contained in the relevant correspondence related to:

- an allegation that the transfer of the original Goulamina permit (**Permit**) from a Firefinch Limited (**Firefinch**) entity to Lithium du Mali SA (**LMSA**) (the current owner of the Permit) had not followed the relevant regulatory procedure and was therefore irregular;
- an invitation to apply for a new exploitation permit for the Goulamina Project;

- migration of the Goulamina Project to the newly promulgated 2023 Mali Mining Code (**2023 Mining Code**); and
- Firefinch's decision to cease funding Societe des Mines de Morila SA (the entity which operated the Morila gold mine in Mali) and Firefinch's attempts to sell its interests in Morila SA whilst issues relating to the Morila mine remained outstanding, including a request from the Mali Government for payment of an amount to settle these matters.

As described in the May Announcement and the Notice, Leo Lithium's position on these matters was:

- The Company had repeatedly advised the Mali Government that, following the demerger of Leo Lithium and Firefinch:
 - there was no corporate relationship or common control between Firefinch and Leo Lithium (other than Firefinch being a shareholder in Leo Lithium);
 - Leo Lithium had nothing to do with the Morila dispute; and
 - matters relating to the Morila gold mine needed to be resolved between the Mali Government and Firefinch.
- that the Permit was validly transferred to LMSA and legally held and so there was no basis for the concern that the transfer was irregular; and
- that the Permit was validly regulated, on an ongoing basis, by the 2012 Mining Code and related project agreements and so migration of the Permit to regulation under the 2023 Mining Code was not relevant or enforceable, and was detrimental to the Goulamina Project.

3. Please provide the context regarding the application of the 2023 Mining Code to the Goulamina Lithium Project as referred to in the Suspension Extension Request?

The applicable regulatory framework for Goulamina Project is:

- the 2012 Mali Mining Code (**2012 Mining Code**); and
- the related 2012 Implementation Decree in respect of the 2012 Mining Code.

As set out in the May Announcement and the Notice, the Mali Government promulgated the 2023 Mining Code on 29 August 2023 (**2023 Mining Code**) which is significantly different to the 2012 Mining Code. In addition, whilst the 2023 Mining Code has been promulgated, the Implementation Decree which describes how the 2023 Mining Code will work in practice, had not been issued by the Government at the time of the Suspension Extension Request. Therefore, many of the practical measures for interpreting and applying the 2023 Mining Code had not been determined by regulators.

The Mali Government was (at the time of the Suspension Extension Request) of the firm view that the Goulamina Project was to be migrated to the 2023 Mining Code, notwithstanding Leo Lithium's view that this was unnecessary, unenforceable and detrimental to the Goulamina Project.

In the Company's view, if the 2023 Mining Code is implemented as currently drafted, it will have a significant negative impact on the Goulamina Project and the Company's investment in that Project. As described in the Notice, these negative impacts include:

- the Mali Government stake increasing from 20% to 30% (with private Mali nationals retaining a right to a further 5% holding), with 10% free carried and payment terms for the additional 20% being based off the costs of exploration and feasibility studies prior to the decision to develop the deposit versus the original method which was based on fair market value;
- Exploitation licence term reduced from 30 to 12 years¹, with the opportunity to renew;
- additional social funds being payable that start at 2.55% of turnover and rise to 4.05% of turnover after five years; and
- the elimination of corporate tax, VAT and customs incentives.

¹ The 2023 Mining Code provides for a 12 year initial term. The MOU ultimately signed with the Government contemplates a 15 year initial term.

At the time of lodgement of the Suspension Extension Request the Company was advocating with the Mali Government that it was not appropriate for the 2023 Mining Code to apply to the Goulamina Project.

4. Please provide any other information that is necessary to inform the market about the suspension of LLL's securities.

The Company has released:

- the May Announcement describing in detail the matters and concerns raised by the Mali government and the subsequent resolution of those matters;
- a number of subsequent ASX announcements providing updates on key components of the transactions described in the May Announcement;
- its 2023 Annual Report, Corporate Governance Statement and Appendix 4G;
- the Notice, which contains additional information required to be disclosed under Listing Rule 11.2 in connection with the disposal of Leo Lithium's remaining shareholding in Mali Lithium B.V. and, as a consequence, its remaining interest in the Goulamina Project (**Proposed Transaction**);
- An update on the transfer of management of the Goulamina Project to Ganfeng; and
- A presentation summarizing the Proposed Transaction and held a webinar to give shareholders the opportunity to ask questions on the Proposed Transaction.

The Company believes that, at the date of this letter, there is no other information necessary to inform the market about the matters underpinning the Suspension Extension Request.

5. If LLL is unable to answer any of these questions, please provide an explanation as to why.

Not applicable.

6. Please confirm that LLL is complying with the Listing Rules and, in particular, Listing Rule 3.1.

Leo Lithium confirms that it is complying with the Listing Rules, including Listing Rule 3.1.

7. Please confirm that LLL's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of LLL with delegated authority from the board to respond to ASX on disclosure matters.

Leo Lithium confirms that its responses to the questions above have been authorised and approved by the Board of Leo Lithium.

Yours sincerely

Ron Chamberlain
Company Secretary
Leo Lithium Limited



12 October 2023

Mr Nathan Bartrop
Company Secretary
Leo Lithium Limited

By email: nbartrop@leolithium.com

Dear Mr Bartrop

Leo Lithium Limited ('LLL'): Suspension Query

ASX refers to the following:

- A. The request for trading halt and subsequent trading halt placed on LLL's securities prior to the commencement of trade on Friday, 15 September 2023 ('**Trading Halt**'), pending an announcement in relation to correspondence received from the government of Mali.
- B. LLL's request for a voluntary suspension from the commencement of trade on 19 September 2023 pending release of an announcement in relation to correspondence received from the government of Mali and the application of the 2023 Mining Code to the Goulamina Lithium Project which was expected to end upon the release of the announcement on or before Tuesday, 3 October 2023 ('**Voluntary Suspension**').
- C. ASX's email to LLL dated 19 September 2023 requesting LLL to provide advance notice to ASX if LLL was unlikely to be in a position to release an announcement in order to lift the Voluntary Suspension and that ASX would carefully consider any reasons provided by LLL in connection with a request for an extension of the Voluntary Suspension.
- D. LLL's request to extend the Voluntary Suspension until 3 November 2023 pending release of an announcement in relation to ongoing correspondence from the government of Mali and the application of the 2023 Mining Code to the Goulamina Lithium Project received by ASX from LLL's Company Secretary on 3 October 2023 ('**Suspension Extension Request**').
- E. Correspondence from ASX to LLL on 3 October 2023 requesting LLL to update the Suspension Extension Request by confirming what the correspondence from the Government of Mali related to and an explanation of the context behind the reference to the application of the 2023 Mining Code to the Goulamina Lithium Project ('**Further Information**').
- F. Correspondence received from LLL on 3 October 2023 confirming that it was unable to provide the Further Information requested by ASX.
- G. The Notice of Suspension from Quotation of LLL's securities under Listing Rule 17.3 on the basis of LLL failing to respond to ASX queries adequately released on the Markets Announcements Platform on 3 October 2023.
- H. Listing Rule 17.2, which sets out what the entity must tell ASX when it seeks a voluntary suspension of the entity's securities.

"ASX may at any time suspend an entity's +securities, or a +class of them, from +quotation at the request of the entity. ASX may require the request to be in writing. ASX is not required to act on the entity's request. The entity must tell ASX each of the following.

- *Its reasons for the suspension.*
- *How long it expects the suspension to last.*
- *The event it expects to happen that will end the suspension.*

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- *That it is not +aware of any reason why its +securities should not be suspended.*
 - *Any other information necessary to inform the market about the suspension, or that ASX asks for.”*
- I. Listing Rule 17.3, which provides the circumstances in which ASX may suspend an entity’s securities from quotation if, in ASX’s opinion, they apply to the entity. These are as follows:
- “17.3.1 The entity is unable or unwilling to comply with, or breaks, a listing rule.*
- Note: Listing Rule 8.1 requires an entity to comply with the ASX Settlement Operating Rules. Listing Rule 17.3 may therefore operate if an entity breaks an ASX Settlement Operating Rule.*
- 17.3.2 It is necessary to suspend +quotation to prevent a disorderly or uninformed market.*
- 17.3.3 ASX’s rules require the suspension.*
- Note: ASX’s rules are its listing rules, market rules, and articles of association*
- 17.3.4 It is appropriate for some other reason.*
- Example: If ASX Settlement suspends an entity’s participation in CHESS, ASX may suspend quotation of the entity’s securities. This may occur for a reason that does not break the ASX Settlement Operating Rules, but it would still affect transfers.”*
- J. Listing Rule 18.6, which requires a listed entity to comply with the Listing Rules even if quotation of an entity’s securities is deferred, suspended or subject to a trading halt.
- K. ASX Listing Rule Guidance Note 16 paragraph 2.1 entitled “*Trading interruptions should be kept to a minimum*” which states:
- Requests for trading halts and voluntary suspensions are not automatically granted. They have to be agreed to and operational steps implemented by ASX before they can take effect.*
- The general principle ASX applies when it receives a request for a trading halt or a voluntary suspension is that interruptions to trading should be kept to a minimum and therefore ASX should only agree to a trading halt or a voluntary suspension where:*
- *trading in the affected security might occur while the market as a whole is not reasonably informed;*
 - *there could be a false or disorderly market in the affected security; or*
 - *it is otherwise reasonably required by a listed entity to manage its continuous disclosure obligations.*
- The application of a trading halt or voluntary suspension in these circumstances can often be beneficial for both the market and the entity. It will ensure that the entity’s securities are not trading on ASX and other licensed securities markets in Australia on an uninformed basis. It will also signal to investors that market sensitive information may be about to be released and that they should be wary of trading in, or entering into derivative transactions over, the entity’s securities off-market or on other trading venues. Both of these things may help to reduce the exposure of the entity and its officers to the legal and financial consequences that could follow if the entity is ultimately found to have breached its disclosure obligations, for example, under Listing Rule 3.1.*

Request for information

Having regard to the above and pursuant to Listing Rule 18.7, ASX asks LLL to respond separately to each of the following questions and requests for information:

1. Why does LLL believe its securities needs to remain suspended until 3 November 2023, as set out in the Suspension Extension Request?
2. Please provide further details, including the particulars, of the correspondence received from the government of Mail as referred to in the Suspension Extension Request?
3. Please provide the context regarding the application of the 2023 Mining Code to the Goulamina Lithium Project as referred to in the Suspension Extension Request?
4. Please provide any other information that is necessary to inform the market about the suspension of LLL's securities.
5. If LLL is unable to answer any of these questions, please provide an explanation as to why.
6. Please confirm that LLL is complying with the Listing Rules and, in particular, Listing Rule 3.1.
7. Please confirm that LLL's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of LLL with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3 PM AWST Tuesday, 17 October 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, LLL's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require LLL to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to LLL's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that LLL's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Shane Falconer
Adviser, Listings Compliance