
SHAREHOLDER UPDATE

Leo Lithium Limited (ASX: LLL) (**Leo Lithium** or the **Company**) regularly receives questions from shareholders on various matters, including the progress of the Company's corporate strategy and the return of Tranche 2 proceeds (**Tranche 2 funds**) from the sale of the Goulamina Lithium Project (**Goulamina**). A number of the more common questions received, and the Company's responses, are set out below.

The responses contained in this document are consistent with, and should be read in conjunction with, the Company's recent ASX announcements including:

- 2025 Corporate Update released on 16 January 2025 (**Corporate Update**)
- ATO Class Ruling released on 19 February 2025
- Leo Lithium Annual Report 2024 released on 27 February 2025
- Quarterly Report and Quarterly Cash Flow Report for the quarter ended 31 March 2025, released on 23 April 2025 (**Quarterly Report**)

These announcements are available to view and download at www.leolithium.com and www.asx.com.au.

1 RECENT UPDATES AND STRATEGY RESET

Has the Tranche 1 distribution occurred?

Yes. The Company paid a distribution to shareholders of 17.2 cents per share (\$207.2 million) in January 2025.

What is the Company's new corporate strategy?

The Company released its 2025 Corporate Update in January 2025, which outlined the strategic focus for the Company in 2025 to acquire an asset and seek re-quotations of the Company's securities on the ASX.

Whilst the Company's primary focus is on securing a cornerstone asset, consideration is also being given to whether smaller, bolt-on assets could be added to the cornerstone asset, creating a portfolio of lithium assets that creates value for shareholders.

The Company is assessing potential structures that allow for acquisitions combined with a partial return of Tranche 2 funds to shareholders.

Has the Company reduced costs now that Goulamina has been sold?

Yes. The Company has significantly reduced its cost base over the past six months through a number of initiatives, including:

- Board reduced from six directors to four;
- Executive team reduced from five to two;
- Perth office has scaled back from a peak of 28 permanent employees to four;
- Goulamina expat team fully exited;
- Employee incentives aligned with shareholder value with no Long Term Incentives in 2025 and the 2025 equity incentive program only being payable on the successful acquisition of an asset and resumption of trading on the ASX; and
- Discretionary costs have been eliminated and service contracts significantly reduced.

These measures reflect a lean and disciplined cost base, preserving capital for growth and returns.

2 M&A AND SHAREHOLDER APPROVAL

How are Leo Lithium's M&A discussions progressing?

The Company has made encouraging progress, with the team undertaking detailed reviews on several opportunities that span lithium spodumene, brine, and geothermal assets.

There has been engagement with a number of lithium-related companies holding high-quality assets, particularly those requiring development team expertise and additional funding to progress towards development. A few of these opportunities have advanced to discussions to determine whether a mutually beneficial transaction can be agreed upon.

The Company is also assessing potential deal structures, allowing for acquisitions combined with a partial return of Tranche 2 funds to shareholders.

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

What are the criteria for the assets the Company is considering?

Focused on development and pre-Financial Investment Decision lithium projects located in Western Australia, North America, South America (including the lithium triangle) and Europe. Currently, all opportunities being reviewed are lithium assets, largely hard rock and brine assets.

Other assessment criteria include the ability for the Company to deploy capital counter-cyclically and to utilise its strong balance sheet in assets requiring lithium development expertise and capital. The Company is seeking assets that will be competitive throughout the commodity cycle.

Every asset under review is selected with value, scalability and feasibility in mind.

Is the Company considering African assets?

No. Our current geographic focus is limited to jurisdictions with stable regulatory environments and access to strategic markets in Western Australia, North America, South America (including the lithium triangle) and Europe.

Is shareholder approval required for any acquisition?

The Company will obtain shareholder approval for any acquisition where approval is required under the Corporations Act, ASX Listing Rules or another regulatory requirement. Should a proposed acquisition involve the use of any of the Tranche 2 funds the Company will also seek shareholder approval.

However, the Company may acquire an asset without shareholder approval where the acquisition does not involve the use of Tranche 2 funds and does not require shareholder approval at law or under the ASX Listing Rules. Typically, these would be smaller scale acquisitions.

When will the Company make an acquisition?

The Company is currently in discussions with a number of counterparties regarding possible corporate activity. It is not currently possible to be definitive about whether or when an acquisition may be agreed.

3 TRANCHE 2 DISBURSEMENT AND DECISION TIMELINE**When can we expect a decision on whether Tranche 2 funds will be returned to shareholders?**

Any decision on the return of Tranche 2 funds will be made in connection with the M&A activity currently being undertaken by the Company.

If no opportunities are significantly progressed by Q3 2025, the Company has previously committed that the Tranche 2 funds will be returned to shareholders in the second half of calendar year 2025. However, should the Company complete an M&A transaction and decide to simultaneously return some funds to shareholders, it is expected that the timing of that distribution would be in the second half of calendar year 2025.

If the Company decides to distribute the Tranche 2 funds to shareholders, when and how can we expect the disbursement to occur?

As outlined above, any decision on the return of Tranche 2 funds will be made in connection with the M&A activity currently being undertaken by the Company.

If no M&A opportunities are significantly progressed by Q3 2025, Tranche 2 funds will be returned to shareholders in the second half of calendar year 2025.

Where some or all of the Tranche 2 funds are returned to shareholders the Company will investigate the availability of a return of capital, as was the case with the Tranche 1 distribution completed in January 2025. These investigations will include applying to the

ATO for a Class Ruling, similar to the Class Ruling released on ASX in February 2025. Shareholder approval for the return of capital will also be required.

These administrative steps cannot be undertaken ahead of the final form of any distribution being determined, and this therefore directly impacts the timing of any distribution.

These activities will be undertaken in time to ensure any return of Tranche 2 is completed in the second half of calendar year 2025.

4 ASX DELISTING AND RECOMMENCEMENT OF TRADING

When will the Company recommence trading on the ASX?

The Company must acquire an asset before it will be entitled to seek removal of the current trading suspension. However, re-trading of the Company's shares is not guaranteed even if the Company acquires an asset.

Accordingly, the timing for recommencement of trading in the Company's shares is linked to completion of an acquisition and cannot be determined at this stage.

Under the ASX Listing Rules, Leo Lithium will face a delisting soon if it does not recommence trading. Will the Company seek an extension?

The Company is working to acquire an asset and have the current suspension from trading removed before the delisting date.

ASX's published guidance outlines very limited circumstances in which an extension may be available, and this is only if the Company can demonstrate to ASX's satisfaction that it is in the final stages of implementing a transaction which will lead to the resumption of trading of its securities. The Company will request an extension if the circumstances warrant it.

There is no certainty that ASX will agree to any extension of the delisting date.

5 SHARE REGISTRY SUPPORT

If shareholders would like to update their details, require holding statements, or have administrative questions regarding their shareholding, they should contact Leo Lithium's share registry:

Computershare Investor Services

Ph: 1300 850 505 (within Australia)

Ph: (03) 9415 4000 (overseas)

Web: www.investorcentre.com/au

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