

ASX lithium share Leo Lithium is leaping 14% higher today. Here's why

Leo Lithium shares are storming higher on Monday.



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ASX lithium share Leo Lithium Ltd (ASX: LLL) is soaring higher today, up 13.8% in early trade.

Shares in the S&P/ASX 300 Index (ASX: XKO) lithium stock closed Friday trading for 72.5 cents. In early trade on Monday, shares are swapping hands for 82.5 cents apiece.

Leo Lithium Price



Here's what's sending the ASX lithium miner skywards today.

What's spurring ASX investor interest today?

The Leo Lithium share price is taking off after the ASX lithium share reported it has entered into a strategic placement and cooperation agreement with Ganfeng Lithium.

Ganfeng is the largest lithium producer in China.

Part of the cooperation agreement includes a commitment to increase the capacity at Leo Lithium's Goulamina project in Mali to one million tonnes per year. Leo Lithium has also developed a framework with Ganfeng to cooperate on a downstream conversion facility.

As for the strategic placement to Ganfeng, this will raise \$106.1 million for the ASX lithium share from the issue of 131 million new shares for an offer price of 81 cents per share. That's 11.7% higher than Friday's closing price.

The miner will use the capital from the placement to ensure it is fully funded for its share of the Goulamina Stage 1 development and any operational ramp-up costs that may ensue.

Leo Lithium managing director Simon Hay called the agreement with Ganfeng "a transformational opportunity for Leo Lithium and provide[s] further validation of the tier-1 quality of Goulamina, including the significant potential upside of our development pathway".

Commenting on the proposed additional tolling arrangements with Ganfeng, Hay added:

"The proposed tolling arrangement with Ganfeng provides Leo Lithium with a highly beneficial, low-risk solution to gain exposure to lithium hydroxide production and the attractive margins that are available from moving further downstream.

Ganfeng has long operated a number of conversion facilities in China and is already producing a large volume of high-quality battery grade product..."

The placement remains subject to the granting of regulatory approvals in China, as well as the execution of a binding cooperation agreement.

How has this ASX lithium share been performing?

Leo Lithium is a newcomer to the ASX, having listed less than a year ago, on 23 June 2022.

So far in 2023, the ASX lithium share has gained 68%.

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