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\$450m fully underwritten institutional placement to fund the development of Tier-1 Kathleen Valley Lithium Project

Landmark Equity Raising underpins the development of a new world-class, long-life, Australian battery materials production hub

Highlights

- Liontown to undertake a fully underwritten institutional placement to raise approximately A\$450m to fund the development of Kathleen Valley.
- Opportunity for existing eligible shareholders to participate via a non-underwritten Share Purchase Plan to raise up to a further A\$40m.
- Equity Raising puts Liontown in a strong position to finalise discussions with offtake partners and commercial lenders, order long-lead items, finalise permitting and maintain maximum operational flexibility to accelerate development towards first production in 2024.
- Following completion of the Equity Raising, Kathleen Valley will be significantly de-risked and Liontown will have the financial capability to deliver on its strategy of becoming an ESG-leader and a globally significant provider of battery materials for the rapidly growing clean energy market.

Liontown Resources Limited (ASX: **LTR**) ("**Liontown**" or "**the Company**") is pleased to announce the launch of a fully underwritten institutional placement to raise approximately A\$450m (before costs) at the offer price of A\$1.65 per share ("**the Placement**"). In addition, Liontown will invite existing eligible shareholders to participate in a non-underwritten Share Purchase Plan ("**SPP**") to raise up to a further A\$40m (before costs) at the same price as the Placement (together the "**Equity Raising**" or "**Offer**").

The landmark Equity Raising marks a pivotal step for Liontown towards delivering on its strategy of becoming a world-class battery materials company with sector-leading sustainability credentials.

It follows the recent completion of the Definitive Feasibility Study ("**DFS**") for the Kathleen Valley Lithium Project in WA. The DFS outlined an initial A\$473 million development processing 2.5Mtpa and delivering ~500ktpa of 6% spodumene concentrate ("**SC6.0**") to global markets, ramping up to 4Mtpa and ~700ktpa in Year 6.

The proceeds of the Equity Raising will provide Liontown with maximum optionality and flexibility around remaining debt and offtake discussions, while retaining the ability to accelerate development and growth to take full advantage of the robust outlook for the lithium market.

Following completion of the Placement, Liontown will have pro-forma cash reserves of ~\$474 million (before costs and excluding proceeds raised from the SPP), allowing it to place orders for long-lead items, award key engineering and mining services contracts and build its team to ensure that project development remains on schedule to meet its 2024 production target. This decision comes with the full support of the Board and after careful assessment of available financing options to maximise the value of Kathleen Valley for all shareholders.

Importantly, the Equity Raising will provide certainty of funding for the Stage 1 capital cost of the initial 2.5Mtpa development at Kathleen Valley. Liontown is well advanced on funding discussions with multiple options available for securing the expected remaining funding of between approximately A\$81 million and A\$121 million¹ required to complete Stage 1 works. It should be noted that the amount is as per the DFS and subject to change/fluctuation. The Board expects to secure the remaining funding prior to making a final investment decision which is anticipated to occur Q2 2022.

The funds will also be used to advance Liontown's existing growth pipeline, allowing it to progress the Downstream Pre-Feasibility Study on the proposed Lithium Hydroxide plant and undertake resource expansion and further exploration drilling at both Kathleen Valley and Buldania.

Use of funds

Proceeds from the Offer, in conjunction with existing cash on hand, will be used for the following purposes:

1. Kathleen Valley development costs
 - Ordering of critical long-lead items
 - Mine establishment and construction capex
 - Pre-production costs
 - Sustaining capex for the first year of operations
2. Corporate costs, working capital and the Offer costs
 - General corporate costs
 - Working capital requirements
 - Offer costs including Joint Lead Manager fees and legal fees
3. Exploration and study costs
 - Kathleen Valley and Buldania Resource drilling
 - Downstream Pre-Feasibility Study
 - Buldania studies
 - Testwork
 - External consultants

¹ Depending on proceeds raised under the SPP

Liontown's Managing Director and CEO, Tony Ottaviano, said:

"This is a fantastic outcome which caps off a transformational year for Liontown. Thanks to the support of many existing and new investors, we have been able to secure a capital raising that underpins the capital cost of the Stage 1, 2.5Mtpa development at Kathleen Valley.

"Our ability to achieve this result reflects the underlying quality of the Kathleen Valley asset, the exceptional work our team has done in completing the DFS and Downstream Scoping Study, and the huge opportunity in front of us to build a new world-class battery materials production hub in a Tier-1 location in WA's North-eastern Goldfields.

"It also reflects the systematic, diligent and focused way the Liontown team has gone about its business – engaging with our key stakeholders, embracing a sector-leading ESG and sustainability framework and meticulously checking the key milestones required to deliver the Kathleen Valley Project. This work culminated in the recent signing of a landmark Native Title Agreement with the Tjiwarl Native Title Holders and release of our inaugural Sustainability Report, which has been positively received.

"Following the successful completion of the Equity Raising, Liontown will be well capitalised with certainty of funding for the Stage 1 Kathleen Valley development, putting us in an enviable position moving into 2022.

"The Board and management team believe it is prudent for Liontown to raise equity at this stage. Equity funding provides us with maximum flexibility with regards to offtake and pricing, while also retaining optionality to accelerate development or expansion to quickly take advantage of market opportunities that may arise. At the completion of the Offer, we will be able to commence ordering of long-lead items and to secure our preferred contractors to ensure that we remain on schedule for first production in 2024.

"Having the balance sheet to do these things quickly, and to secure the best available people and organisations to support us, is an important consideration in the current competitive market for people and services in the WA mining industry."

Details of the Placement

The Placement will comprise the issue of approximately 272.7 million new fully paid ordinary shares at an offer price of A\$1.65 per share which represents a:

- 14.1% discount to the last closing price of A\$1.92 on 30 November 2021;
- 12.3% discount to the 5-day volume weighted average price of A\$1.88, as at 30 November 2021; and
- 9.3% discount to the 10-day volume weighted average price of A\$1.82, as at 30 November 2021.

New shares will be issued under the Placement pursuant to the Company's existing placement capacity under ASX listing rule 7.1. Accordingly, no shareholder approval is required for the Placement. New shares issued under the Placement will rank *pari passu* with existing fully-paid ordinary shares in Liontown.

The Placement is fully underwritten. Barrenjoey Markets Pty Limited, Bell Potter Securities Limited and Macquarie Capital (Australia) Limited are acting as Joint Lead Managers and Underwriters. Allens is acting as legal adviser to the Company. Greenhill & Co is acting as financial adviser to Liontown.

Settlement of the new shares issued under the Placement is expected to occur on Monday, 6 December 2021, with allotment scheduled for Tuesday, 7 December 2021. Further details of the Offer are set out in the Company’s investor presentation lodged with the ASX today. The investor presentation contains important information including key risks of investing in Liontown and foreign selling restrictions with respect to the Placement.

Details of the Share Purchase Plan (SPP)

Existing eligible shareholders, being those shareholders that are residents in Australia or New Zealand that held Liontown shares as at 7.00pm AEDT on 30 November 2021 (“**Eligible Shareholders**”) will be invited to participate in the SPP. Eligible Shareholders will have the opportunity to bid for up to A\$30,000 of additional Liontown Shares without incurring any brokerage or transaction costs. The SPP will be at the Placement offer price of A\$1.65 per share.

The SPP is targeted to raise up to A\$40m (before costs) and is not underwritten. Liontown retains the right to accept oversubscriptions or to scale back applications (in whole or in part) at its absolute discretion (subject to the limit prescribed in the ASX listing rules), which may result in the SPP raising more or less than A\$40m.

Shares issued under the SPP will rank *pari passu* with existing fully paid ordinary shares in Liontown. The SPP offer booklet, containing further details on the SPP, is expected to be released on the ASX and sent to Eligible Shareholders on 10 December 2021. The SPP is subject to the terms and conditions set out in the SPP Offer Booklet.

Timetable

The indicative key dates for the Placement and the SPP are outlined below:

Event	Date
Record date for eligibility to participate in SPP	7:00pm AEDT Tuesday, 30 November 2021
Trading halt	Wednesday, 1 December 2021
Launch of Offer and Investor Presentation	Wednesday, 1 December 2021
Trading halt lifted and announcement of completion of Placement	Thursday, 2 December 2021
Settlement of Placement shares	Monday, 6 December 2021
Allotment and commencement of trading of Placement shares	Tuesday, 7 December 2021

Dispatch SPP Offer Documents and SPP Offer open date	Friday, 10 December 2021
SPP closing date	Friday, 14 January 2022
Announcement of SPP Participation Results	Friday, 21 January 2022
Allotment of SPP shares	Friday, 21 January 2022
Commencement of trading of SPP shares	Monday, 24 January 2022

Note: The above timetable is indicative only and subject to change.

This announcement has been authorised for release by the Board.



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Competent person statement

The Information in this Announcement that relates to Production Target and DFS for the Kathleen Valley Project is extracted from the ASX announcement "Kathleen Valley DFS confirms Tier-1 global lithium project with outstanding economics and sector-leading sustainability credentials" released on 11 November 2021 which is available on www.ltresources.com.au.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates or production targets or forecast financial information derived from a production target (as applicable) in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Important notices

This report contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this report, are considered reasonable. Such forward-looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management. The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this report will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Directors have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this report, except where required by law or the ASX listing rules.

The information contained in this announcement does not constitute investment or financial product advice (nor taxation, accounting or legal advice), is not a recommendation to acquire Liantown shares and is not intended to be used or relied upon as the basis for making an investment decision. This announcement has been prepared without taking into account the investment objectives, financial situation or needs of any individuals. Before making any investment decisions, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and should seek legal, accounting and taxation advice appropriate to their jurisdiction. Liantown is not licensed to provide investment or financial product advice in respect of Liantown shares. Cooling off rights do not apply to the acquisition of Liantown shares pursuant to the Placement or SPP.

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