

2 July 2024

Strategic partnership with LG Energy Solution to deliver long-term funding for Kathleen Valley

Liontown Resources has secured a US\$250 million investment and 10-year offtake extension from foundational partner, LG Energy Solution, paving the way for long-term growth from Kathleen Valley and collaboration to explore the feasibility of establishing a lithium refinery.

Highlights

- Five-year US\$250 million (A\$379 million¹) Convertible Notes secured at a conversion price of A\$1.80 per share² and a coupon equal to a reference rate of SOFR.³
- Total cash balance increased to approximately A\$501 million⁴, providing balance sheet strength to fund Kathleen Valley ramp-up to 3Mtpa steady state production.⁵
- Funding will progress early enabling works in the underground mine to preserve the 4Mtpa expansion option on a 2027 timeframe and to support 3Mtpa production. Liontown continues optimisation studies for both the mine and the processing plant as part of its review of the 4Mtpa expansion case.⁶
- Existing LG Energy Solution offtake agreement extended by 10 years (15 years in total), demonstrating sustained customer demand for high-quality lithium supply.
- Downstream collaboration agreement to explore the feasibility of establishing an IRA-compliant lithium refinery, which has the potential for long term value creation.
- Kathleen Valley Project remains on schedule and on budget to first production, which is anticipated by end of July.

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

"I am very pleased to announce that we have taken a major step forward in our strategic partnership with foundational customer LG Energy Solution, one of the world's leading battery producers.

"LG Energy Solution's long-term investment in Liontown is a testament to the world-class quality of the Kathleen Valley Project and a tremendous endorsement of the capability of our team.

"The funding will be instrumental in supporting the production ramp up to 3Mtpa and early works necessary to preserve the potential 4Mtpa expansion case for Kathleen Valley.

¹ Notes are denominated in US\$, A\$ equivalent face value at 0.66 exchange rate

² Subject to adjustments in accordance with Notes' terms for any future dividends, share issues, etc.

³ Secured Overnight Financing Rate (SOFR) published by the Federal Reserve Bank of New York

⁴ A\$122 million unaudited cash at bank as at 30 June 2024 and pro forma Convertible Notes at 0.66 exchange rate; excludes A\$25m cash-backed guarantee with EFA potentially to be returned in FY25 subject to satisfying replacement terms

⁵ Based on a range of external price scenarios, including Wood Mackenzie (May 2024 short term price forecast and Q1 2024 long term price forecast) and a scenario that assumes current spot prices continue

⁶ Final capital investment decision on 4Mtpa expansion remains subject to optimisation studies, market conditions and Board approval

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“In addition, I am pleased to announce that the strategic partnership with LG Energy Solution will also include entering into a new downstream collaboration agreement to investigate the establishment of an IRA-compliant lithium refinery to process Kathleen Valley spodumene into battery-grade lithium chemicals.

“These developments pave the way for Liontown to pursue our long-term strategy to be a globally significant provider of battery minerals as the world transitions to a low-carbon future. We believe this partnership and investment will deliver substantial value to our stakeholders and position us at the forefront of the lithium industry.”

Strategic agreements secured with LG Energy Solution

Liontown Resources Limited (ASX: LTR) (**Liontown** or the **Company**) has expanded its strategic partnership with LG Energy Solution, a foundation customer and one of the world’s largest manufacturers of lithium-ion batteries.

The companies have executed agreements for five-year US\$250 million Convertible Notes (A\$379 million), a 10-year offtake extension, and a downstream collaboration agreement to investigate the feasibility of establishing an Inflation Reduction Act (**IRA**)-compliant conversion plant to process LG Energy Solution offtake material and potential additional tonnes from any future 4Mtpa expansion.⁷

The long-term partnership with LG Energy Solution follows an extensive due diligence process, further reinforcing the tier-one qualities of Kathleen Valley and reflecting Liontown’s position as an emerging producer of high quality, fully IRA-compliant, lithium raw materials.

Long-term funding secured for Kathleen Valley

The five-year Convertible Notes are issued to LG Energy Solution at a coupon equal to a reference rate of SOFR to maturity, unless converted or redeemed earlier in accordance with the terms, and at a conversion price of A\$1.80 per share. If converted today, the Convertible Notes would convert into an approximate 8% shareholding in Liontown.⁸

The Convertible Notes lifts Liontown’s total cash balance to approximately A\$501 million. Total long-term debt is approximately A\$679 million⁹, inclusive of the existing A\$300 million¹⁰ Ford funding facility (which is fully drawn and remains in place, retaining first ranking security over the KV Project).¹¹ The Convertible Notes replace the A\$550 million debt facility announced on 13 March 2024 (A\$300 million of which was to be used to repay the Ford facility), which is no longer required and will be cancelled.

The Kathleen Valley Project remains on budget to first production, with approximately A\$120 million budgeted and planned to be spent for capital costs to complete construction and commissioning. The balance of A\$381 million of additional liquidity provides balance sheet strength to fund Kathleen Valley ramp-up to

⁷ Subject to separate investment decisions to approve execution of the refinery and Kathleen Valley 4 Mtpa expansion

⁸ Based on conversion price of A\$1.80; 0.66 exchange rate; and the current share capital. The actual number of shares to be issued on conversion, assuming all of the notes are converted at the same time, will be the A\$ equivalent at the time of the principal amount of the Convertible Notes outstanding (the face value of US\$250 million plus any capitalised interest) divided by the conversion price at the time

⁹ Ford funding facility of A\$300 million and LGES Convertible Notes at 0.66 exchange rate (excluding capitalised interest)

¹⁰ Excluding capitalised interest

¹¹ LGES Convertible Notes expected to sit behind the existing Ford Facility, with security over the shares of Kathleen Valley Holdings Pty Ltd, the parent entity of project holding company LRL (Aust) Pty Ltd, subject to FIRB approval

3Mtpa steady state production.¹² This applies when using external price forecasts, but also if the lower current spot prices were to continue.¹³

Liontown is progressing early enabling works in the underground mine to preserve the 4Mtpa expansion option on a 2027 timeframe and to support the 3Mtpa production rate. Optimisation studies continue for both the mine and the processing plant as part of its review of the 4Mtpa expansion case.¹⁴ A final investment decision to commit to long lead items for the plant expansion will consider the outcome of the optimisation studies and prevailing market conditions at the time. A decision by the Board on whether to proceed is anticipated by the end of calendar year 2025.

The Convertible Notes will be issued under Liontown's available placement capacity in accordance with ASX Listing Rule 7.1. A summary of the key terms of the Convertible Notes is set out in Schedule 1.

Extension to foundation offtake agreement

In conjunction with LG Energy Solution's investment, Liontown has extended the existing five-year offtake agreement by an additional 10 years, maintaining the same terms and conditions. The extension provides for an increase in offtake volumes of spodumene concentrate with a target of 6% Li₂O grade (SC6) from the initial 100ktpa in year one, to 150ktpa in years two to five, rising to 160ktpa SC6 in years six to 10, and subsequently reducing to 140ktpa in years 11 to 15.

This extension also includes a commitment to make up to an additional 250kt SC6 available to LG Energy Solution over the first 10 years of this 15-year offtake term, which is further demonstration of the sustained demand for IRA-compliant lithium supply.

Downstream Joint Venture

Liontown and LG Energy Solution have also entered into a new downstream collaboration agreement to investigate the establishment of an IRA-compliant lithium refinery to process Kathleen Valley spodumene into battery-grade lithium chemicals.

The refinery will convert material from Kathleen Valley from both the LG Energy Solution offtake and potential additional tonnes from a future 4Mtpa expansion.

The companies will commence feasibility studies to evaluate site selection, economic viability, and sustainability considerations, underscoring Liontown and LG Energy Solution's commitment to sustainable growth and value creation.

This collaboration, coupled with Liontown's existing downstream pre-feasibility with Sumitomo Corporation (which continues in parallel), is consistent with the Company's strategy to extract maximum value through vertical integration in the battery value chain.

[Ends]

Allens acted as legal adviser to Liontown and Greenhill & Co. and UBS are acting as financial advisers.

¹² Additional liquidity to fund working capital, sustaining capital, planned and discretionary capital works (not required for first production).

¹³ Based on Wood Mackenzie May 2024 short term price forecast and Q1 2024 long term price forecast; Fastmarkets spot price for spodumene and lithium hydroxide at 27 June 2024

¹⁴ LTR ASX Announcement 22 January 2024 "Funding and Project Update"

This announcement has been approved for release by the Board of Directors.

Investor Teleconference

Liontown advises that an investor teleconference will be held on Tuesday 2 July at 2.30pm AEST/ 12.30pm AWST. A recording of the teleconference will be available [here](#) on Wednesday 3 July.

Participants can register for the investor call by accessing this link:

<https://s1.c-conf.com/diamondpass/10040066-iu5fa7.html>

Participants can register for the investor webcast by accessing this link:

<https://ccmediaframe.com/?id=xmiJ0cGO>

Further Information

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About Liontown Resources

Liontown Resources (ASX:LTR) is an emerging Tier-1 battery minerals producer. Our aim is to be an ESG leader and a globally significant provider of battery minerals for the rapidly growing clean energy market. As we transition from explorer to producer, we are committed to incorporating the right approach and foundation from the outset and ESG principles underpin all decisions. We currently control two major lithium deposits in Western Australia and aim to expand our portfolio through exploration, partnerships and acquisitions. In addition, we look to participate in downstream value-adding where control of the deposit provides a strong competitive advantage. To learn more, please visit: www.ltresources.com.

Forward Looking Statements

This announcement contains forward-looking statements (including as it relate to capital costs) 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 announcement, are considered reasonable. Such forward-looking statements (including as it relates to capital costs and operating costs) 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 announcement 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 announcement, except where required by law or the ASX listing rules.

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Schedule 1 – Summary of Key Terms of Convertible Notes

Topic	Summary
Issuer	Liontown Resources Limited (<i>Liontown</i> or the <i>Issuer</i>)
Noteholder	LG Energy Solution, Ltd (<i>LGES</i>)
Principal amount and initial face value	The aggregate principal amount of the Convertible Notes is US\$250,000,000, divided into 250,000,000 Convertible Notes each with an initial face value of US\$1.00
Issue Price	100% of the principal amount of the Convertible Notes
Maturity Date	Five years from the Issue Date
Interest Rate	Secured Overnight Financing Rate
Interest Payments Dates	Semi-annually up to the Maturity Date (or earlier, if redeemed or converted)
Interest Payment	<p>Within first 2 years, interest may be capitalised and added to the principal amount or paid by way of an issuance of shares at the prevailing market price at the time, at the Issuer's election.</p> <p>After first 2 years, interest is to be paid in cash to the extent that the Issuer has Available Cash (Available Cash is the amount of the consolidated group cash and cash equivalents on the relevant interest payment date above a specified threshold). Any balance of interest not paid in cash to be paid by way of an issuance of shares at the prevailing market price at the time.</p>
Security	All of Liontown's issued shares in Kathleen Valley Holdings Pty Ltd (<i>KV Holdings</i>) and a featherweight security over all of the assets of Liontown. Additionally, Liontown will use reasonable commercial endeavours to request subordinated security over all of the assets of KV Holdings and the Liontown subsidiary which holds the Kathleen Valley project, LRL (Aust) Pty Ltd (<i>LRL</i>).
Status	The Notes constitute direct, unsubordinated and secured obligations of the Issuer.
Conversion by Noteholder	<p>The Noteholder may elect to convert the Notes into Shares at any time after the date that is 6 months after the Issue Date, up until the date that is 5 Business Days prior to the Maturity Date. The restriction on conversion in the first 6 months does not apply if there is a change of control proposal during that period.</p> <p>The Noteholder must convert a minimum of 50m Notes (or less if all Notes are being converted)</p>
Conversion Price	A\$1.80 per Conversion Share, subject to adjustment described below.
Conversion Price Adjustments	<p>The Conversion Price will be adjusted in the following circumstances:</p> <ul style="list-style-type: none"> (a) a security structure event occurs (i.e. share split, sub-division consolidation, cancellation, reconstruction or other reorganisation); (b) payment of a dividend; (c) other than in relation to an exempt financing, if Liontown undertakes a rights issue at a price higher or lower than the Conversion Price; and

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	(d) other than in relation to an exempt financing or employee share scheme issuance, if Liontown issues shares (wholly for cash) at a price higher or lower than the Conversion Price.
Redemption at Maturity	Automatic redemption on Maturity Date at 100% of principal amount
Redemption at the option of the Issuer for Price Event or Tax Event	<p>Price Event</p> <p>If a Price Event occurs after the second anniversary of the Issue Date, the Issuer may elect to redeem the Notes. A Price Event occurs where the closing share price on any 20 Trading Days in any period of 30 consecutive Trading Day, is greater than 130% of the prevailing Conversion Price. If Liontown gives a redemption notice for a Price Event, the Noteholder may elect to (a) do nothing, in which case Liontown will redeem the Notes; or (b) convert the Notes.</p> <p>Tax Event</p> <p>If a Tax Event occurs, the Issuer may elect to redeem the Notes. A Tax Event occurs where there is a change of tax law resulting in Liontown paying additional amounts under the tax gross up. If Liontown gives a redemption notice for a Tax Event, the Noteholder may elect to (a) do nothing, in which case Liontown will redeem the Notes; or (b) not have the Notes redeemed by Liontown, in which case the Noteholder agrees to waive the tax gross-up.</p>
Redemption at option of the Noteholder for Prescribed Redemption Event	<p>Following the occurrence of a Prescribed Redemption Event, the Noteholder may elect to redeem the Notes. A Prescribed Redemption Event means any of the following events:</p> <ul style="list-style-type: none"> (a) termination by LGES of the Offtake Agreement between LRL and LGES (Offtake Agreement); (b) material breach by LRL of its supply obligation under the Offtake Agreement which continues for 6 months or more; (c) the annualised average monthly quantity of ore mined in the 6 month period up to 31 March 2026 is less than 2 million metric tonnes p.a.; (d) any Liontown material subsidiary (being LRL and KV Holdings) granting a security interest over its assets other than a permitted security interest; (e) LRL fails to cancel the A\$550 million debt bank facility which was announced on 13 March 2024, within 10 Business Days after the Issue Date; (f) there is a "Change of Control" with respect to Liontown. "Change of Control" means: (i) where a party (together with its Associates) acquires or holds a Relevant Interest in 50 per cent or more of the voting shares of Liontown (excluding any Relevant Interests under any conditional contract); or (ii) where, at a general meeting of Liontown, one or more Associated shareholders cause the appointment of their nominees or the removal of existing directors, such that following that general meeting the nominees of those shareholder(s) constitute a majority of the board; (g) LGES fails to obtain FIRB approval for its security interest over the shares in KV Holdings within 9 months after submission of its

	<p>application for such FIRB approval, or where such FIRB approval otherwise becomes incapable of being obtained;</p> <p>(h) the KV Project is in 'care and maintenance suspension' or 'suspension of operations' under the Offtake Agreement for a period of 12 months and following the end of that period Liontown fails to meet its supply obligation under the Offtake Agreement; or</p> <p>(i) a delisting of Liontown.</p> <p>If the Noteholder gives notice electing to redeem the Notes following a Prescribed Redemption Event, Liontown is required to redeem the Notes at least 45 Business Days after the date of the notice (or, in the case of a redemption in the circumstances referred to in (g) above, at least 15 months after the date of the notice). Any redemption by LGES under paragraph (c) or (g) above gives Liontown the right to terminate LGES' extension and additional tonnes under the Offtake Agreement.</p>
Negative Pledge	<p>Certain restrictions on further financing by KV Holdings and LRL in line with the Ford Facility Agreement.</p> <p>Liontown is not restricted from incurring further secured or unsecured financial indebtedness at the Issuer level, provided that the Issuer cannot grant additional security over its shares in KV Holdings, other than pari passu secured debt financing limited to \$100 million (less the amount of any equity raising which is exempt from the Conversion Price adjustment).</p>
Events of Default	<p>The Terms and Conditions contain certain customary events of default provisions including:</p> <p>(a) default by the Issuer under the Notes deed poll</p> <p>(b) material breach under any Finance Document</p> <p>(c) cross default (US\$50m threshold)</p> <p>(d) Liontown or any material subsidiary becomes insolvent</p> <p>(e) a breach of warranty by the Issuer</p> <p>(f) without written consent of Noteholder, a delisting or ASX suspension (for more than 10 consecutive trading days occurs) of Liontown</p> <p>LGES has a right to require the redemption of the Notes following an event of default (subject to a cure period).</p>
Tax Gross-up	<p>Payments under the Convertible Notes to be grossed up on account for any tax required to be withheld.</p>
Transfer Restrictions	<p>The Notes are not transferrable without the prior written approval of the Issuer except to another member of the LG Group.</p>
Other covenants	<p>Consistent with the strategic relationship between the parties, LGES is subject to certain restrictions for a period of 5 years from the Issue Date, including (a) a standstill prohibiting it from acquiring shares in Liontown without consent (other than upon conversion of the Notes); and (b) if LGES has converted its Notes into Liontown shares and there is a takeover offer for Liontown which the Liontown Board has recommended that shareholders reject, LGES is, subject to certain</p>

	conditions, required to follow the Liontown Board's recommendation in relation to the offer.
Quotation	The Notes will not be listed on ASX or any other exchange
Governing Law	The Notes are governed by Western Australian law

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