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19 October 2023

Kathleen Valley Funding Package

Liontown Resources Limited (ASX : LTR) (**Liontown** or the **Company**) is pleased to announce the execution of a debt financing package and fully underwritten equity raising which will fully fund¹ the Kathleen Valley Lithium Project (**Kathleen Valley** or the **Project**) to first production and beyond.

Highlights

- Signed commitment letter and credit approved term sheet with a syndicate of leading international and domestic commercial banks and government credit agencies for an A\$760 million² debt funding package
- Debt funding on very attractive commercial terms and includes long duration project finance facilities and an optional cost overrun / working capital facility
- Equity raising of A\$376 million, comprising a fully underwritten institutional placement to raise A\$365 million plus a non-underwritten conditional placement to Mr Timothy Goyder for 6 million shares (equivalent to A\$10.8 million)
- Opportunity for existing eligible shareholders to participate via a non-underwritten share purchase plan to raise up to a further A\$45 million
- Proceeds from debt and equity raising will be used towards refinancing existing Ford debt, completing construction and ramp up of the Project, fully funding¹ Liontown to first production and beyond, and providing a prudent liquidity buffer to maintain a robust balance sheet
- Kathleen Valley remains on track to commence production in mid-2024

Debt Facilities

The Company is pleased to announce that it has executed a commitment letter and credit approved term sheet to address the projected remaining funding requirement for the Project. Available commitments under the credit approved term sheet total A\$760 million² (which will replace the existing A\$300m debt facility with Ford), and include:

- an Export Credit Agency Facility (with a 10 year term) (**ECA Facility**);
- a Commercial Lender and the CEFC Facility (with a 7 year term) (**Commercial Facility**); and
- a cost overrun facility (to be replaced by a revolving working capital facility upon project completion), (together, the **Debt Facilities**).

¹ Subject to risk factors, and no change to capital commitments, no delays to planned shipments, or material interest rate rises

² This comprises a project facility, cost overrun facility and guarantee facility and, except in respect of the cost overrun facility, excludes allowance for capitalised interest and fees

The commercial terms of the Debt Facilities are competitive and economical, including an attractive margin across the Debt Facilities above the bank bill swap bid rate (**BBSY**). The lending syndicate comprises leading domestic and international commercial lenders, including ANZ, CBA, HSBC, NAB, Société Générale and Westpac (together, the **Commercial Lenders**), as well as Australia's specialist clean energy investor the Clean Energy Finance Corporation (the **CEFC**).

Additionally, following the previously announced joint letter of support from the government export credit agencies,³ Liontown has received a commitment from Export Finance Australia (**EFA**) in relation to the ECA Facility. EFA will continue to work with Korea Trade Insurance Corporation (K-SURE) and Export-Import Bank of the United States (EXIM) in relation to their potential participation in the ECA Facility.

All Debt Facilities remain conditional on formal documentation and other customary conditions precedent. The key terms of the Debt Facilities are set out in Schedule 1.

Equity Raising

The Company is pleased to announce the launch of a fully underwritten institutional placement to raise approximately A\$365 million (**Institutional Placement**) at the offer price of A\$1.80 per share, and a non-underwritten conditional placement to Liontown's Chairman, Mr Timothy Goyder, of 6 million shares (to raise approximately A\$10.8 million) at the offer price of A\$1.80 per share (**Conditional Placement**) (together, the **Placement**).

In addition, Liontown will invite existing eligible shareholders in Australia and New Zealand to participate in a non-underwritten Share Purchase Plan (**SPP**) to raise up to a further A\$45 million at a price equal to the lower of (a) the offer price for the Placement; and (b) a 2% discount to the 5 day volume weighted average price of Liontown shares up to and including the closing date of the SPP (together with the Placement, the **Equity Raising**). All eligible members of Liontown's board (other than Mr Timothy Goyder) intend to participate in the SPP. The key terms of the Equity Raising are set out in Schedule 2.

The date of the Annual General Meeting to consider, amongst things, the shareholder approval referred to above, has been changed to 30 November 2023. Further details will be provided to shareholders in due course.

Use of Funds

Proceeds of the Debt Facilities and Equity Raising will be directed towards:

- refinancing the existing Ford debt facility (plus capitalised interest);
- funding the remaining capital costs for Kathleen Valley, including early mine development for acceleration and costs associated with building the preproduction ROM stockpiles;
- covering corporate costs and working capital (including capitalised interest and fees); and
- providing prudent liquidity through to first production and beyond.

³ LTR ASX Announcement 7 August 2023 "Liontown Strategy and Project Update – 2023 Diggers and Dealers Mining Forum"

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

"The execution of this credit approved term sheet and the launch of the equity raise are critical achievements in de-risking the development of the Kathleen Valley Project. These initiatives ensure we are funded to first production and beyond.

"We have assembled a syndicate of lenders that can only be described as high calibre and, following a comprehensive and independent technical review, this syndicate has committed significant funding support to completing our world class Kathleen Valley Project.

"The significant involvement of both Export Finance Australia and the Clean Energy Finance Corporation is another big endorsement for the Project and speaks to its global importance. The potential remains for other international export credit agencies that have expressed their joint interest to join the lending syndicate to do so in the future.

"We remain confident in our ability to execute the plan for Kathleen Valley on schedule and on budget, and as part of our financing strategy we have ensured an appropriate financial buffer is in place to allow the Company to successfully weather any unforeseen issues that may arise."

Schedule 1 – Debt Terms

Key Terms of Debt Facilities

| | ECA Facility | Commercial Facility | Cost Overrun / Working Capital |
|--|---|---|--|
| Borrower | LRL (Aust) Pty Ltd, a wholly-owned subsidiary of Liontown Resources Limited | | |
| Lenders | EFA | Commercial Lenders and the CEFC | Commercial Lenders |
| Commitment⁴ | A\$200m | A\$450m | A\$110m |
| Total Commitment (including allowance for capitalised interest)⁵ | A\$220m | A\$500m | A\$110m ⁶ |
| Use of Proceeds | Refinance the Ford Facility, finance Kathleen Valley Project Costs and to finance interest and fees and to fund the general working capital requirements of the Borrower | | |
| Maturity | 10 years | 7 years | 3 years |
| Security | Senior secured | | |
| Repayment | Quarterly, straight-line | Quarterly, straight-line amortisation with balloon on maturity and customary “cash sweep” mechanism | Drawn funds at project completion to be repaid via cash sweep, thereafter revolving facility |
| Covenants | Customary covenants, representations and events of default for a secured project financing, including customary financial covenants comprising debt service coverage ratio, loan life coverage ratio and reserve tail ratio | | |
| Distributions to Parent | Permitted quarterly from first repayment of loan facilities, subject to meeting covenants and other customary restrictions | | |
| Governing Law | Western Australia | | |

⁴ This comprises a project facility, cost overrun facility and guarantee facility and, except in respect of the cost overrun facility, excludes the allowance for capitalised interest and fees

⁵ Existing EFA guarantee facility of A\$25m will also be replaced as part of the negotiated funding package

⁶ Stepping down to A\$100m after project completion

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Schedule 2 – Equity Raising Terms

Details of the Placement

The Placement will comprise the issue of up to approximately 209 million⁷ new fully paid ordinary shares (**New Shares**) at an offer price of A\$1.80 per share (**Placement Price**), representing a 35.5% discount to the last closing price of A\$2.79 per share on Friday, 13 October 2023⁸

Approximately 203 million New Shares under the Institutional Placement will be issued pursuant to the Company's existing placement capacity under ASX listing rule 7.1. Accordingly, no shareholder approval is required for the Institutional Placement.

The issuance of New Shares under the Conditional Placement will be subject to shareholder approval, which is expected to be sought at Liontown's upcoming Annual General Meeting. New Shares issued under the Institutional Placement and Conditional Placement will rank equally with existing fully paid ordinary shares from the date of issue.

The Institutional Placement is fully underwritten⁹.

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 18 October 2023 (**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 conducted at the lower of the:

- the Placement Price at \$A1.80 per share; and
- a 2% discount to the 5-day volume weighted average price of Liontown shares up to and including the closing date of the SPP (expected to be 20 November 2023), rounded to nearest cent.¹⁰

The SPP is targeted to raise up to A\$45 million (before costs) and is not underwritten. Liontown may decide to accept applications (in whole or in part) that result in the SPP raising more or less than A\$45 million in its absolute discretion. Liontown reserves the right (in its absolute discretion) to scale back applications under the SPP if demand exceeds A\$45 million, raise a higher amount or close the SPP at an earlier date.

New shares issued under the SPP will rank equally with existing fully paid ordinary shares from the date of issue.

The SPP offer booklet, containing further details on the SPP, is expected to be released on the ASX and made available to Eligible Shareholders on or around Monday, 30 October 2023. The SPP is subject to the terms and conditions set out in the SPP offer booklet.

⁷ Across both the Institutional and Conditional Placement

⁸ Being the last day of trading of Liontown shares prior to announcement of the Equity Raising

⁹ The Institutional Placement is fully underwritten, the Conditional Placement and the SPP are non-underwritten

¹⁰ Liontown may apply to ASX for a waiver of Listing Rule 7.1 and 10.11 if required to enable the new shares to be issued under the SPP as an exception to Liontown's placement capacity under ASX Listing Rule 7.1 and as an exception under ASX Listing Rule 10.11

Indicative Equity Raising Timetable

An indicative timetable of key dates in relation to the Equity Raising is detailed below.

| Event | Time (AEDT) / Date |
|--|-------------------------------------|
| Record date for eligibility to participate in SPP | (7.00pm) Wednesday, 18 October 2023 |
| Launch of Equity Raising | Thursday, 19 October 2023 |
| Suspension lifted and announcement of completion of Institutional Placement | Friday, 20 October 2023 |
| Settlement of New Shares under the Institutional Placement | Tuesday, 24 October 2023 |
| Allotment, quotation and trading of New Shares under Institutional Placement | Wednesday, 25 October 2023 |
| SPP Offer open date and SPP offer documents made available | Monday, 30 October 2023 |
| SPP closing date | (5.00pm) Monday, 20 November 2023 |
| Announcement of SPP results | Monday, 27 November 2023 |
| Allotment of SPP shares | Monday, 27 November 2023 |
| Commencement of trading of SPP shares | Tuesday, 28 November 2023 |
| AGM to ratify issue of New Shares under the Institutional Placement and approve the issue of New Shares under of the Conditional Placement | Thursday, 30 November 2023 |
| Settlement of New Shares under the Conditional Placement | Thursday, 7 December 2023 |
| Allotment, quotation and trading of New Shares under the Conditional Placement | Friday, 8 December 2023 |

Note: All dates and time are indicative and Liontown reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), ASX Listing Rules and other applicable laws. All times and dates are in reference to AEDT time.

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Greenhill & Co is acting as financial adviser and Allens is acting as legal adviser to the Company.

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

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.au

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FUTURE PERFORMANCE

This announcement may contain certain forward-looking statements, including statements about the expected timetable, capital and operating costs of the Kathleen Valley Project and future supply and demand in the lithium market. The words “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “outlook”, “should”, “could”, “may”, “target”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings, financial position, dividends and performance are also forward-looking statements as are statements regarding Liontown Group’s future operations and projects, the outcome of the Entitlement Offer and the use of proceeds. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks (including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19, the hostility between Russia and Ukraine and the risks set out in Appendix B: Key Risks of the presentation announced by Liontown on 19 October 2023), uncertainties and other factors, many of which are beyond the control of the Liontown Group, and their respective officers, employees, agents and advisors, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and their differences may be material. Investors are strongly cautioned not to place undue reliance on forward-looking statements. Neither the Liontown Group, nor the underwriters, nor any other person, gives any representation, warranty or assurance, nor will guarantee that the occurrence of the events expressed or implied in any forward-looking statement will occur.

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