

14th July 2021

Landmark \$52m Capital Raising to Accelerate Kathleen Valley Project and Drive New Growth Horizons

Funds to be used to bring forward planned production and advance new growth initiatives

- Firm commitments received for strongly-supported placement to raise A\$52 million (before costs) at \$0.76 per share (Placement).
- Proceeds to be used to accelerate development of the Company's world-class Kathleen Valley Lithium-Tantalum Project in Western Australia (Kathleen Valley) considering strong lithium market conditions.
- Focus of the Kathleen Valley Definitive Feasibility Study will be directed towards workstreams which directly affect schedule and scope to accelerate planned production.
- Participants in the Placement will also receive an entitlement to the proposed demerger of Liontown's Moora and Koojan JV assets in Western Australia, on the same basis as existing shareholders of fully paid ordinary Liontown shares.
- The strengthened working capital position will also allow Liontown to advance the downstream processing scoping study towards pre-feasibility, pursue opportunities to further add value to the Kathleen Valley financials and to undertake further generative exploration work at Buldania.

OVERVIEW

Liontown Resources Limited (**ASX: LTR**) ("**Liontown**" or the "**Company**") is pleased to announce that it has received firm commitments for a \$52 million capital raising ("**Placement**") to accelerate and optimise the development of its 100%-owned Kathleen Valley Lithium-Tantalum Project ("**Kathleen Valley**") while also supporting its broader ambition to become a world-class battery materials producer with multiple growth horizons.

Together with existing cash reserves and liquid assets of approximately \$15 million, the proceeds of the Placement will put Liontown in a strong position to accelerate its development schedule to allow it to achieve its objective of first tonnes to market in mid- 2024, approximately one year ahead of the previously reported schedule.

This will position the Company to take full advantage of the strong outlook for lithium demand, particularly given Kathleen Valley's status as the only large (>40Mt), uncommitted, pre-development phase, hard rock lithium project in the world (see ASX release dated 17 May 2021 for further details).

The additional working capital will fund the execution of several key value-improvers and project enhancements identified while progressing the current Definitive Feasibility Study ("**DFS**"), which remains on track for completion in Q4 2021.

CAPITAL RAISING DETAILS

The strongly supported Placement involves the issue of approximately 68.42 million new fully paid ordinary shares ("**New Shares**") at \$0.76 per New Share to institutional and sophisticated investors, within the Company's 15% placement capacity in accordance with ASX Listing Rule 7.1. The issue price of \$0.76 per New Share represents a 10.1% discount to the last closing price of \$0.845 on Friday, 9 July 2021 and on that same basis, a 6.6% premium to the Company's 30-day VWAP.

Settlement of the New Shares is scheduled to occur on Wednesday, 21 July 2021 with allotment to occur Thursday, 22 July 2021. Upon completion of the Placement, a total of 68,420,000 New Shares will be issued.

Bell Potter Securities Limited acted as Lead Manager and Bookrunner to the Placement.

USE OF FUNDS

The proceeds of the Placement will increase Liontown's cash and liquids position to approximately \$67 million (before Placement costs), putting it in a strong position to execute the key elements of its growth and accelerated production strategy, with the core objective of bringing Kathleen Valley into production as quickly as possible.

In parallel with the DFS, the Company is currently seeking to secure near-term off-take arrangements, advance project funding strategies and placing orders for critical long-lead items and will keep the market updated in accordance with its continuous disclosure obligations.

The \$52 million proceeds of the Placement will be used for the following purposes:

1. Project Acceleration and Operational Readiness – Kathleen Valley

- Securing production slots for long-lead items such as Crushers, SAG Mill, flotation cells and thickeners;
- Undertaking additional test work and data collection to expand our renewable energy strategy, specifically Scope 1 and 2 emissions in support of the Company's recently announced net zero aspiration;
- Accelerating the EPCM tender/negotiation process;
- Recruitment of key personnel to support the accelerated development timeframe; and
- Commitments to key contracts and potential offsite infrastructure purchase.

2. Operating and Commercial Strategies to Optimise OPEX and CAPEX – Kathleen Valley

- Commercial opportunities to reduce operating costs, optimise capital and achieve its key Environmental Social Governance ("**ESG**") objectives; and
- Mine schedule and grade/concentrate optimization.

3. Downstream processing – Value-maximising pathway for Liontown

- Accelerate the Company's strategy to move up the value chain by producing pre-cursor materials such as lithium hydroxide;
- Undertaking the required test work, foreshadowed in the Downstream Scoping Study, to provide valuable design information for the Downstream PFS; and
- Build on the financial outcomes from the October 2020 Downstream Scoping Study by advancing towards a downstream PFS

4. Increasing Liontown's mineral inventory – Buldania the next growth frontier

- Following the ASX release of 5 July 2021, expedite exploration activity at the exciting Buldania Project.

- This next phase of exploration will be undertaken with a view to growing Buldania's already significant Mineral Resource of 14.9Mt @ 0.97% Li₂O and 44ppm Ta₂O₅.

5. Working Capital

- General working capital to allow the Company to continue to look for opportunities to enhance the economic profile of Kathleen Valley, cover additional corporate costs associated with an accelerated timeline and costs of the Placement.

DEMERGER OF MOORA AND KOOJAN JV

As has been foreshadowed by the Company, progress on the proposed demerger of its 100% owned Moora Project and its interest in the Koojan JV is continuing, with the Company working through the necessary regulatory and approval requirements. It is proposed that the demerger will be undertaken by way of a pro-rata in-specie distribution to Liontown shareholders holding shares at the in-specie record date (this date to be determined). New Shares issued pursuant to the Placement will include entitlement to the proposed demerger, on the same basis as other existing fully paid ordinary shares of Liontown. Whilst the Company has the present intention to undertake the demerger, there is no guarantee that the demerger will be approved and ultimately proceed to completion.

MANAGEMENT COMMENT

Commenting on the capital raising, Liontown's Managing Director and CEO, Tony Ottaviano, said:

"The next 12 months will be a very exciting period for Liontown and the development of the Kathleen Valley Project. This landmark capital raising will allow us to super-charge our growth strategy to become a battery raw materials supplier, further de-risk our development pathway and give us the flexibility to accelerate key development and construction aspects of the KV Project."

"The proceeds of this raising will also allow us to pursue commercial and operating strategies aimed at minimising the unit cost of production and maximising spodumene output, while in parallel progressing growth initiatives. This includes accelerating work on our downstream processing strategy – which will position Liontown to participate in the value-added areas of the battery raw materials supply chain – and growing our mineral resources through accelerated exploration at the exciting Buldania Project."

"I would like to take this opportunity to thank the existing shareholders and new investors who have participated in this capital raising. I can assure all of our investors that the Liontown Board remains committed to continuing to execute our strategy in a disciplined and prudent manner to bring the globally significant KV Project to market as quickly as possible while continuously improving its financial metrics and preserving its attractiveness and optionality."

This announcement has been authorised for release by the Board.

Tony Ottaviano
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Competent Person Statement

The information in this announcement that relates to Mineral Resources for the Buldania Project is extracted from the ASX announcement "Liontown announces maiden Mineral Resource Estimate for its 100%-owned Buldania Lithium Project, WA" released on 8 November 2019. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Anna Deposit, Buldania Project – Mineral Resource as at October 2019

Resource category	Million tonnes	Li ₂ O %	Ta ₂ O ₅ ppm
Indicated	9.1	0.98	45
Inferred	5.9	0.95	42
Total	14.9	0.97	44

- Notes:
- Reported above a Li₂O cut-off grade of 0.5%
 - Tonnages and grades have been rounded to reflect the relative uncertainty of the estimate

The information in this announcement that relates to Mineral Resources for the Kathleen Valley Project is extracted from the ASX announcement "DFS on track for completion in Q4 2021" released on 8 April 2021. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Kathleen Valley Project – Mineral Resource Estimate as at April 2021

Resource category	Million tonnes	Li ₂ O % Equiv.	Li ₂ O %	Ta ₂ O ₅ ppm
Measured	20	1.44	1.32	145
Indicated	109	1.48	1.37	130
Inferred	27	1.36	1.27	113
Total	156	1.46	1.35	129

Notes:

- Reported above a Li₂O cut-off grade of 0.55%.
- Tonnages and grades have been rounded to reflect the relative uncertainty of the estimate. Inconsistencies in the totals are due to rounding.
- Li equivalency based on overall recoveries of 50% and 76% respectively for Ta₂O₅ and Li₂O based on metallurgical testwork and commodity pricing of US\$69.9/lb for 30% Ta₂O₅ concentrate and \$739/t for 6% Li₂O as advised by Liontown.
- Li equivalency based on the following formula:

$$Li_2O_{(eq)} = Li_2O + [Ta_2O_5 \text{ grade} \times (Ta_2O_5 \text{ price} / Li_2O \text{ price} / Li_2O \text{ conc grade}) \times (Ta_2O_5 \text{ recovery} / Li_2O \text{ recovery}) \times 2,204 / 10,000]$$
- Liontown's testwork and pre-feasibility studies have shown reasonable prospects for eventual economic extraction and recovery of both lithium and tantalum.

Forward Looking Statement

This announcement contains forward-looking statements which involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.