

4 July 2024

Notice under Section 708A(12C)(e) of the *Corporations Act 2001* (Cth)

On 2 July 2024, Liontown Resources Limited (ASX: LTR) (**Liontown** or the **Company**) announced that it had entered into a subscription agreement (**Subscription Agreement**) with LG Energy Solution, Ltd (**Investor**) pursuant to which the Investor has agreed to subscribe for US\$250,000,000 of unlisted convertible notes, convertible into fully paid ordinary shares in the Company (**Convertible Notes**).

Following the issue of the Convertible Notes today, Liontown has prepared this cleansing notice (**Notice**) for the purposes of section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**), as notionally inserted by *ASIC Corporations (Sale Offers: Securities Issued on Conversion Notes) Instrument 2016/82* (**Instrument 2016/82**), to permit freely tradable fully paid ordinary shares in the Company (**Shares**) to be issued on conversion of the Convertible Notes issued by the Company to the holder of the Convertible Notes.

A summary of the terms and conditions attaching to the Convertible Notes are outlined in Annexure B.

Effect of issue of the Convertible Notes on the Company

The Convertible Notes have been issued to the Investor today without disclosure under Part 6D.2 of the Corporations Act.

The principal effects of the issue of the Convertible Notes on the Company are as follows:

- increase the Company's cash reserves by approximately US\$250,000,000;
- increase the number of convertible notes on issue from nil to 250,000,000; and
- increase the Company's indebtedness by an amount equal to US\$250,000,000.

As disclosed in the Company's announcements to the ASX on 2 July 2024, the proceeds from the issue of the Convertible Notes are intended to be used in connection with the Company's Kathleen Valley Project.

The Investor may convert the Convertible Notes to Shares, either in whole or in part, at the conversion price of A\$1.80 per Share (subject to adjustment in accordance with the terms and conditions of the Convertible Notes) (**Conversion Price**). The number of Shares to be issued on conversion of the Convertible Notes (assuming all Convertible Notes are converted at the same time) is the aggregate of US\$250 million initial face value and any capitalised interest, divided by the Conversion Price at the time.

If the Convertible Notes are converted in whole or in part, this will dilute existing shareholders of the Company.

Potential effect of the Convertible Notes on the Company's capital structure

Assuming conversion of all of the Convertible Notes today at a Conversion Price of A\$1.80 per Share, the capital structure of the Company is as follows:

Capital Structure	Share Capital
Shares on issue	2,425,004,880
Unlisted Performance Rights	10,222,758
Unlisted Options	500,000
Fully diluted Shares on issue before conversion of Convertible Notes	2,435,727,638
Maximum number of shares to be issued on conversion of Convertible Notes	210,437,711
Fully diluted Shares on issue following conversion of the Convertible Notes	2,646,165,349

Notes:

1. Under the terms of issue, the Convertible Notes are convertible into Shares at any time after the date that is 6 months after the Issue Date (or if there is a change of control proposal during that 6 month period), up until the date that is 5 Business Days prior to the Maturity Date.
2. In summary, assuming all Convertible Notes are converted, the number of Shares to be issued on conversion equals the A\$ equivalent at the time of the principal amount of the Convertible Notes (the face value of US\$250 million plus any capitalised interest) divided by the Conversion Price at the time.
3. The calculation above assumes conversion at today's date, and therefore does not assume any capitalised interest. The calculation also uses a A\$:US\$ exchange rate of 0.66.
4. Subject to certain restrictions, the Convertible Note terms also allow the Issuer to make interest payments in the future by the issuance of shares at the prevailing market price at the relevant interest payment date. Whether the Issuer elects to pay interest by the issuance of shares in the future is not known, and accordingly the calculation above does not include any such share issuance, which would have a further dilutionary effect.

Potential effect on control of the Company

The level of ownership of Shares by the Investor if the Convertible Notes are converted, will depend on a number of factors, including the number of Convertible Notes that are converted to Shares, the A\$:US\$ exchange rate at the time of conversion, the number of Shares held by the Investor and the number of Shares on issue at the time of conversion.

However, based on:

- the current Conversion Price of A\$1.80;
- the principal amount of US\$250 million (the initial face value, without including any amount for capitalised interest) being converted;
- conversion being effected using a A\$:US\$ exchange rate of 0.66; and
- the current number of Shares on issue,

the maximum number of Shares that the Investor would be entitled to upon conversion of the Convertible Notes is approximately 8.0% of all Shares currently on issue.

Pro-forma statement of financial position

Set out at Annexure A is a pro-forma statement of the Company's financial position as at 31 December 2023, based on the Company's financial statements included in the Company's half year report for the half year ended 31 December 2023, lodged with ASX on 15 March 2024, adjusted to reflect the issue of the Convertible Notes.

The pro-forma statement of financial position:

- has been prepared in accordance with the Company's usual accounting policies under Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Boards (AASB) and the Corporations Act;
- is presented in abbreviated form in so far as it does not include all the disclosures required by the Australian Accounting Standards and Interpretations issued by the AASB applicable to annual financial statements;
- is not audited and is based on financial statements that have been reviewed by the Company's auditor;
- has been prepared using the initial face value of the Convertible Notes of US\$250 million, and applying the A\$:US\$ exchange rate as at 31 December 2023 of 0.68; and
- has been prepared on the basis that the Convertible Notes include embedded derivatives (the conversion component for which the Convertible Note terms adjust the security into a variable number of Shares in the Company). The debt host component of the Convertible Notes is initially recognised as a financial liability at fair value (being fair value of the proceeds received less the fair value of the embedded derivative) and subsequently, the debt is measured at amortised cost. Any movements in the fair value of the embedded derivative and effective interest associated with the debt host component will be recognised in the Company's statement of profit or loss. The pro-forma statement of financial position has been provisionally prepared for the Convertible Notes and, accordingly, the allocations between current liabilities detailed therein are subject to future change.

Rights and liabilities attaching to the Convertible Notes

A summary of the terms and conditions attaching to the Convertible Notes are outlined in Annexure B. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Company or a Noteholder under the Convertible Notes.

Rights and liabilities attaching to Shares that may be issued on conversion of the Convertible Notes

Each Share issued to the Noteholder upon conversion of a Convertible Note will be a fully paid ordinary share in the capital of the Company and will rank equally with existing Shares on issue in the Company in all respects with effect from the date of issue of such Shares.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company, every holder of fully paid Shares present in person or by an attorney, representative or proxy has one vote on a show of hands and one vote per Share on a poll.

General Meetings

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Company's constitution, the Corporations Act or the Listing Rules.

Dividend Rights

Subject to the Corporations Act and the Listing Rules, the Company's directors may from time to time determine that a dividend is payable to the holders of Shares in proportion to the number of Shares held by them respectively and are paid proportionately to the amounts paid or credited as paid on Shares.

Rights on winding up

In a winding up, the Shares attract the right to participate equally in the distribution of the assets of the Company (both capital and surplus).

Offer of Shares

Subject to the Company's constitution, the Corporations Act and the Listing Rules, the Company's directors may, on behalf of the Company, issue or grant options over Shares to any person on the terms, with the rights, and at the times, that the Company's directors decide.

Transfer of shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of Australian law and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

Variations of rights

Unless otherwise provided by the Constitution, if at any time the share capital of the Company is divided into different classes of shares, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

Compliance with disclosure obligations

As a disclosing entity, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules.

Copies of documents lodged with the Australian Securities Investments Commission (**ASIC**) in relation to the Company are available to the public and can be obtained from, or inspected at, an ASIC office.

In addition, a copy of the following documents may be obtained free of charge by any person upon their request:

- the Company's annual report most recently lodged with ASIC and ASX (being the audited consolidated annual financial report of the group for the financial year ended 30 June 2023);
- the Company's half year report lodged with ASIC and ASX (being the audited consolidated half year financial report of the group for the half year ended 31 December 2023); and
- any continuous disclosure notices given by the Company after the lodgement of the Company's audited consolidated annual financial report for the financial year ended 30 June 2023 and before lodgement of this document with the ASX.

Certain of the above mentioned documents can also be obtained from the Company's website at <https://www.ltresources.com.au/investors/asx-releases/>, together with other market announcements, and which are also available at www.asx.com.au.

Copies of documents

Liontown has lodged the following announcements with ASX since the lodgement of its most recent Annual Report on 29 September 2023 (relating to the financial year ended on 30 June 2023).

Date Lodged	Subject of Announcement
4 July 2024	Notification regarding unquoted securities - LTR
2 July 2024	Joint Statement with LG Energy Solution
2 July 2024	Presentation - Strategic Partnership and Long Term Funding
2 July 2024	Proposed issue of securities - LTR
2 July 2024	Strategic partnership to deliver long-term funding
2 July 2024	Trading Halt
28 June 2024	Notification of cessation of securities - LTR
28 June 2024	Application for quotation of securities - LTR
7 June 2024	S&P DJI Announces June 2024 Quarterly Rebalance
29 May 2024	Investor Presentation – Bell Potter Emerging Leaders
13 May 2024	Appendix 3Y – Tim Goyder
10 May 2024	GNG: EPC Contract – Kathleen Valley Lithium Backfill Project
10 May 2024	Liontown executes Paste Plant EPC contract
29 April 2024	March 2024 Quarterly Activities and Cashflow Report
8 April 2024	Change in substantial holding

5 April 2024	Appendix 3Y – Tony Ottaviano
3 April 2024	Appendix 3Z – Craig Williams
2 April 2024	Application for quotation of securities – LTR
27 March 2024	Retirement of Non-Executive Director, Craig Williams
27 March 2024	Becoming a substantial holder
15 March 2024	Half Year Accounts
13 March 2024	Kathleen Valley Debt Facility
11 March 2024	Becoming a substantial holder
26 February 2024	Investor Presentation – BMO Conference
13 February 2024	Investor Presentation – Bell Potter Unearthed Conference
9 February 2024	Application for quotation of securities – LTR
31 January 2024	Appendix 3Y – Tony Ottaviano
31 January 2024	Application for quotation of securities – LTR
31 January 2024	December 2023 Quarterly Activities and Cashflow Report
24 January 2024	Ceasing to be a substantial holder
22 January 2024	Project and Funding Update
22 January 2024	Becoming a substantial holder
2 January 2024	Appendix 3X – Ian Wells
2 January 2024	Appendix 3Z – Anthony Cipriano
27 December 2023	Appendix 3Y – Tony Ottaviano
21 December 2023	Royalty holder seeks court declarations for KV royalty
5 December 2023	Appendix 3Y – Tim Goyder
5 December 2023	Appendix 3Y – Tony Ottaviano
5 December 2023	Section 708A Notice
5 December 2023	Application for quotation of securities – LTR
5 December 2023	Notification regarding unquoted securities – LTR
5 December 2023	Application for quotation of securities – LTR
5 December 2023	Application for quotation of securities – LTR
4 December 2023	Liontown secures long-term Port Services & Access Agreement
30 November 2023	Results of 2023 Annual General Meeting
30 November 2023	2023 AGM Chair Address and Presentation
30 November 2023	Liontown announces Board transition
27 November 2023	Appendix 3Y – Shane McLeay
27 November 2023	Appendix 3Y – Jennifer Morris
27 November 2023	Appendix 3Y – Craig Williams
27 November 2023	Appendix 3Y – Anthony Cipriano
27 November 2023	Appendix 3Y – Tony Ottaviano

27 November 2023	Appendix 3Y – Tim Goyder
27 November 2023	Application for quotation of securities – LTR
27 November 2023	Completion of Share Purchase Plan
20 November 2023	Share Purchase Plan to close
8 November 2023	Liontown awards gas supply contract
3 November 2023	Appendix 3Y – Craig Williams
3 November 2023	Application for quotation of securities – LTR
2 November 2023	Ceasing to be a substantial holder
31 October 2023	September 2023 Quarterly Activities and Cashflow Report
30 October 2023	Becoming a substantial holder
30 October 2023	Share Purchase Plan Opens / Share Purchase Plan Booklet
27 October 2023	Ceasing to be a substantial holder
27 October 2023	Notice of Annual General Meeting and Letter to Shareholders
25 October 2023	Change in substantial holding – T Goyder
25 October 2023	Section 708A Notice
24 October 2023	Becoming a substantial holder
24 October 2023	Application for quotation of securities – LTR
20 October 2023	Reinstatement to Quotation
20 October 2023	Liontown successfully completes Institutional Placement
19 October 2023	Proposed issue of securities – LTR
19 October 2023	Capital Raising Presentation
19 October 2023	Kathleen Valley Funding Package
18 October 2023	Suspension from Quotation
16 October 2023	Ceasing to be a substantial holder
16 October 2023	Trading Halt
16 October 2023	Albemarle and Liontown not proceeding with proposed scheme
13 October 2023	Change in substantial holding
12 October 2023	Change in substantial holding
12 October 2023	Update on Albemarle proposal
11 October 2023	Change in substantial holding
10 October 2023	Change in substantial holding
10 October 2023	Change in substantial holding
6 October 2023	Change in substantial holding
5 October 2023	Change in substantial holding
3 October 2023	Change in substantial holding
3 October 2023	Change in substantial holding
29 September 2023	Change in substantial holding

29 September 2023	2023 ESG Report
29 September 2023	Appendix 4G and 2023 Corporate Governance Statement
29 September 2023	Annual Report to shareholders

No excluded information

As at the date of, and other than as set out in, this Notice, there is no information that:

- has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- is information that investors and their professional advisers would reasonably require for the purposes of making an informed assessment of:
 - the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - the rights and liabilities attaching to the Convertible Notes and resulting Shares to be issued on conversion of the Convertible Note.

This announcement has been approved for release by the Managing Director and CEO, Mr Tony Ottaviano.

Further Information

Investors

Leanne Kite
 Investor Relations Manager, Liontown
 T: +61 401 438 850
 E: lkite@ltresources.com.au

Media

Luke Forrestal
 GRA Partners
 T: +61 411 479 144
 E: luke.forrestal@grapartners.com.au

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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Annexure A - Pro-Forma Consolidated Statement of Financial Position

Figures in AUD	31-Dec-23 \$'000 Actual	Convertible Note Adjustment	31-Dec-23 \$'000 Pro Forma
Current assets			
Cash and cash equivalents	516,931	365,497	882,428
Trade and other receivables	27,992		27,992
Inventories	1,393		1,393
Financial assets	21,357		21,357
Total current assets	567,673	365,497	933,170
Non-current assets			
Financial assets	1,253		1,253
Property, plant and equipment	663,877		663,877
Other assets	1,076		1,076
Total non-current assets	666,206	-	666,206
Total assets	1,233,879	365,497	1,599,376
Current liabilities			
Trade and other payables	102,627		102,627
Lease liabilities	1,677		1,677
Provisions	1,659		1,659
Interest bearing loans and borrowings	-	306,208	306,208
Derivative financial liability - at fair value	-	59,289	59,289
Total current liabilities	105,963	365,497	471,460
Non-current liabilities			
Interest bearing loans and borrowings	307,647		307,647
Lease liabilities	7,021		7,021
Provisions	12,081		12,081
	326,749	-	326,749
Total liabilities	432,712	365,497	798,209
Net assets	801,167	-	801,167
Equity			
Share capital	955,592		955,592
Accumulated losses	(163,208)		(163,208)
Reserves	8,783		8,783
Total equity	801,167	-	801,167

Notes

1) For the purposes of the pro-forma adjustments, the derivative financial liability has been fair valued using an option pricing model by an independent third party. Post initial recognition, the derivative financial liability will be fair valued through profit or loss and the fair value of the derivative financial liability will be reassessed by an independent third party at each reporting period.

2) The value calculated for the derivative financial liability has been subtracted from the face value of the convertible notes to arrive at the value recognised for current interest bearing loans and borrowings. The interest bearing loans and borrowings will be recognised at amortised cost.

3) The derivative financial liability and the associated loan have been classified as current liabilities because the Noteholder can convert the Convertible Notes into Shares any time after 6 months (or earlier in limited circumstances) from the issue date up until the date that is 5 Business Days prior to the Maturity Date. As a result Liontown does not have the unconditional right to defer settlement of the liabilities for at least 12 months after the reporting period.

Annexure B – Summary of terms and conditions of the 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	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. 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.
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	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. The Noteholder must convert a minimum of 50m Notes (or less if all Notes are being converted)
Conversion Price	A\$1.80 per Conversion Share, subject to adjustment described below.
Conversion Price Adjustments	(a) The Conversion Price will be adjusted in the following circumstances: (b) a security structure event occurs (i.e. share split, sub-division consolidation, cancellation, reconstruction or other reorganisation); (c) payment of a dividend;

	(d) 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 (e) 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	Price Event 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. Tax Event 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.
Redemption at option of the Noteholder for Prescribed Redemption Event	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: (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 application for such FIRB approval, or where such FIRB approval otherwise becomes incapable of being obtained; (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 (i) a delisting of Liontown. 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.
Negative Pledge	Certain restrictions on further financing by KV Holdings and LRL in line with the Ford Facility Agreement. 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).
Events of Default	The Terms and Conditions contain certain customary events of default provisions including: (a) default by the Issuer under the Notes deed poll (b) material breach under any Finance Document (c) cross default (US\$50m threshold) (d) Liontown or any material subsidiary becomes insolvent (e) a breach of warranty by the Issuer (f) without written consent of Noteholder, a delisting or ASX suspension (for more than 10 consecutive trading days occurs) of Liontown LGES has a right to require the redemption of the Notes following an event of default (subject to a cure period).
Tax Gross-up	Payments under the Convertible Notes to be grossed up on account for any tax required to be withheld.
Transfer Restrictions	The Notes are not transferrable without the prior written approval of the Issuer except to another member of the LG Group.
Other covenants	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 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