Australian Shareholders' Association Limited
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First production targeted mid CY24. Hancock Prospecting takes up 19.9% equity

Company/ASX Code	Liontown Resources / LTR
AGM time and date	2pm (AWST) Thursday, 30 November 2023
Location	Parmelia Hilton, 1 Mill Street, Perth, WA
Registry	Computershare
Type of meeting	Physical
Monitor	Matthew Whelan assisted by Len Roy
Pre-AGM Meeting	No

Monitor Shareholding: The individual involved in the preparation of this voting intention has a shareholding in this company.

1. How we intend to vote

No.	Resolution description	
1	Remuneration Report	For
2	Re-election of Mr Craig Williams as Director	For
3	Ratification of issue of Institutional Placement Shares	For
4	Approval to issue Conditional Placement Shares to Mr Timothy Goyder	For
5	Approval to issue Performance Rights to Mr Antonio Ottaviano	For

2. Summary of Issues and Voting Intentions for AGM

Remuneration Report

In the 2022 pre-AGM meeting between the ASA and LTR Chair, it was discussed that the remuneration committee undertook a comprehensive review of KMP remuneration in late FY22 that included the external benchmarking of executives to comparator companies. The Chair indicated that EY was formally consulted in this benchmarking process.

The level of disclosure in the annual report is considered adequate, and performance metrics appropriate, spanning Financial, Operational, Strategic and ESG related metrics. CEO remuneration is substantially linked to the LTI, which spans a 3-year period.

Re-election of Mr Craig Williams as Director Mr Craig Williams is a founding member of Liontown and is up for re-election under the 3-year rule; he has significant industry experience, although ASA understands he is approaching retirement. In the ASA's view, he is appropriately qualified and has been a member of the team that has steered a successful path on the Liontown journey thus far. ASA is therefore intending to vote for this resolution.

Ratification of issue of Institutional Placement Shares

An institutional placement of $365m was announced on 20 October 2023. ASA's position on capital raisings, is that a pro rata entitlements are a fair way to raise capital and keep dilution to a minimum. If boards proceed with a placement, they must offer retail investors (there are some almost 29,000 individual shareholders of Liontown) a SPP alongside any selective placement, up to the legal limit of $A30k in any 12 months period.

In this instance, Liontown put forward an SPP at the lower of the $1.80 price for the institutional placement, or 2% discount to the 5-day volume weighted average price. The size of the SPP at $45m, almost 11% of the raising, appears reasonable, based on the size and distribution of shareholders with 90% of the register holding more than 100,000 shares. ASA intends to vote for this item.

Refer to "Key Events" for further details regarding the Financing Plan and Institutional Placement.

- **Approval to issue Conditional Placement Shares to Mr Timothy Goyder** Alongside the institutional placement, the Chair also committed to purchase, subject to Shareholder approval $10.8m of shares at the same terms $1.80 per share. The impact of this remains similar to other retail investors; Mr Goyder would experience minor dilution due to the relative size of the Institutional Placement. While an exceptional placement, ASA considers this positively, with the Chair continuing to invest in the business and have "skin in the game". The opposite hypothetical scenario: selling out while raising capital from other investments would bode less well for investor confidence in the company. ASA therefore intends to vote for this resolution.
- **Issue of Performance Rights to Antonio Ottaviano** The Company is proposing, subject to obtaining Shareholder approval, to issue up to a total of 1,114,242 Performance Rights to Mr Antonino Ottaviano (or his nominees). The performance rights issue appears to be within the Remuneration Framework, which is adequately disclosed and KPIs appear sensible, in line with the objectives of the Company; ASA therefore intends to vote for this resolution.

Matters Considered

Financial performance

(As at FYE)	**2023**	**2022**	**2021**	**2020**	**2019**
NPAT ($m)	-33.7	40.9	-10.6	-12.8	-12.7
Share price ($)	2.83	1.055	0.85	0.11	0.10
Dividend (cents)	0	0	0	0	0
Simple TSR (%)	168%	24%	710%	5%	260%
EPS (cents)	-1	20	-0.6	-76.6	-101.8
CEO total remuneration, actual ($m)	2.7	2.1	1.0	n/a	n/a

- **External Interest & Share price performance:** Strong TSR performance for the year end June 2023, with the share price increasing ~170%, underpinned by external interest, including well publicized takeover bids from NY-listed Albermarle (initial bids were rejected by the board, but offer at $3.00 was supported). However, Gina Rhinehart's Hancock Prospecting took a 19.9% stake in the Company, which has stalled the potential Albermarle deal.
- **Macro tailwinds:** The spodumene concentrate price hit all time highs of up to US$8,0000 late 2022, however has softened to around $2,000 as of the date of this report.
- **Strong balance sheet though further financing required:** Remaining funding at 30 June 2023 was $485.8m, with $304.5m in cash reserves and $181.3m undrawn from the Ford debt facility as at Jun23, although was drawn down post year end (draw down: $247.3m as of the date of the annual report). By the end of FY23, $556 million or ~62% of forecast project expenditure had been committed, hence the need for further capital raising.

Governance and culture

- **Maturing of the Company:** Continuing on the journey to mature governance and processes; the Company was included in the ASX100 Index in September 23.
  - Stabilised the renewed board, after some change involving the appointment of 3 independent Non-Executive Directors 12-24 months earlier; no major change over the last calendar year.
  - ASA raised with the Company and Chair late 2022 for consideration as part of continuing on this journey around the classification of Mr Cipriano as Lead Independent Director and related roles (e.g. Audit Committee) due to a material shareholding of 16.1m shares.

Key events

- **First Production Targeted Mid 2024:** Mining operations commenced in 2023 with blasting and clearing; first production targeted in the middle of 2024. This involved the trebling of employees to a headcount of ~130, as the business scales up towards production. Constructions is "at least 50% complete" per the 19 October 2023 Capital Raising Presentation.
- **Albermarle takeover bid:** With various offers over a number of months from the initial March 2023 $2.50 per share offer, culminating in a $3.00 offer supported by the board; Albermarle did not complete the transaction after a 19.9% stake was taken by Gina Rhinehart's Hancock Prospecting.
- **Financing** of ~$1.2bn being raised from debt and equity (ASA understands in response to a capital injection not being likely from Albermarle as a result of the takeover bid stalling); the intention is to: i) replace the existing $300m Ford debt facility, ii) fund Kathleen Valley development costs, iii) Working capital and liquidity through production and beyond. The equity capital raising was priced at $1.80 per share, a ~35% discount to the ~$2.80 price at the time of the capital raising announcement on or around October 19. The share price was ~$1.40 before the initial Albermarle bid and is back at $1.40 at the time the SPP closed 20 November.
    - **Equity $420m:**
        - **Institutional placement:** $365m at $1.80 per share announced as completed 20 October 2023; the issue is within the 15% cap per listing rule 7.1 per 12 months
        - **Share Purchase Plan: SPP $45m** at $1.80 per share to eligible shareholders, closing 20 November 2023 (up to $30k cap). While there are ~30,000 shareholders, considering the distribution with only ~1,000 with holdings > $100k and subject to the $30k cap, the $45m size of the SPP is reasonable.
        - **Conditional Placement to Chair: $10.8m** Mr Timothy Goyder (Chair) to purchase 6 million shares at $1.80 (i.e. $10.8m), subject to AGM shareholder approval
    - **Debt $760m:** The major component is from a lending syndicate comprising domestic and international lenders, including ANZ, CBA, HSBC, NAB, SocGen, WBC, and CEFC, to replace the debt funding from Ford
- **Divestments** Continued into the 2023 financial year to allow management to focus on the Lithium project.
    - **MI6 2022**: Prior year MI6 demerger completed, a wholly owned subsidiary Minerals 260 Limited, which was subsequently listed on the ASX as part of an Initial Public Offer (IPO), divesting the non-lithium exploration assets in Western Australia. The Minerals 260 IPO successfully raised $30 million. Minerals 260 commenced trading on the Australian Securities Exchange on 12 October 2021 under the ASX code "MI6".

- **Toolebuc Vanadium Project Sale**: August 2022, the Company completed the sale of the Toolebuc Vanadium Project, located in north-west Queensland, to Currie Rose Resources Inc (Currie Rose) (TSXV: CUI) in consideration for 12,500,000 common shares in the capital of Currie Rose, 4,000,000 common share purchase warrants of
- **Olympio Metals Ltd Farm-in Agreement** In April 2023, the Company executed a farm-in agreement for Olympio Metals Ltd (ASX: OLY) Mulline and Mulwarrie Lithium Projects (the Projects) in the Eastern Goldfields of Western Australia.

Key board or senior management changes

An additional Independent NED was appointed during the financial year to bring a further depth of corporate and industry skill to the board.

- Adrienne Parker: Experienced corporate lawyer specialising in infrastructure and resources; Adrienne is a partner at Pinsent Masons, is also NED of Fleetwood Limited, and Chair of the Business Law Section of the Law Council of Australia's Construction and Infrastructure Law Committee.
- Mr Steven Chadwick retired as a Non-Executive Director of the Company effective 4 July 2022, though "remains available to provide technical advisory support…". This retirement followed the appointment of Shane McLeay to the Liontown Board as an Independent NED May 2022 "ensuring an appropriate balance of skills, capabilities and experience within the Liontown Board as the Company prepares to embark on the transition to developer".

Sustainability/ESG

The Company is placing an emphasis on ESG, and has reported progress in:

- **Native Title Agreement** (NTA) with Tjiwarl signed November 2021. The Chair indicated the relationship has been collaborative and regular meetings are being held to share project updates and facilitate ongoing and open communications; the annual report also indicates the collaboration is positive and ongoing.
    - The annual report indicates multiple contracts have been awarded to companies operated by Traditional Owners of the land Kathleen Valley occupies, the Tjiwarl, and we are assisting those contractors in developing sustainable businesses.
- **ESG Governance** Established a Sustainability and Risk Committee at Board level to oversee Liontown's risk management framework and sustainability practices.
- **Carbon management** A renewable off the grid hybrid power station (solar, wind, gas) is being constructed on site in the Kathleen Valley to power ~60% of operations. Refer page 42 of the annual report of the solar panels erected on site, which is particularly noteworthy.

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Appendix 1
Remuneration framework detail

STI targets

Metric Category	Weighting	Performance Metric
Cost	25%	Kathleen Valley development costs and corporate costs within approved budget.
Production	25%	Processing plant commissioned as per schedule.
Safety	10%	Total Recordable Injury Frequency Rate (TRIFR) and Lost Time Injury Frequency Rate (LTIFR)
ESG	10%	Engagement with local communities and renewable power sources installed and deployed.
People	5%	Resourcing to meet first production and workforce culture and diversity.
Growth	5%	Downstream processing strategy progressed.
Individual KPIs	20%	Satisfactory outcomes on individual performance evaluation and individual achievement of defined short-term objectives related to the executive's role/responsibilities.

LTI targets

Metric Category	Weighting	Performance Metric
Absolute Total Shareholder Return (TSR)	25%	Absolute TSR target: - 33% vest if Absolute TSR = 15% - 67% vest if Absolute TSR = 25% - 100% vest if Absolute TSR = 35%
Relative TSR	50%	Relative* TSR target: - 33% vest if > the 50^{th} percentile - 67% vest if > the 62.5^{th} percentile - 100% vest if > the 75^{th} percentile * 25% measured against the S&P/ASX 200 Resources (XJR) and 25% measured against Board agreed peer group.
Environmental, Social & Governance	15%	FY26 renewable power and carbon emission target (aggregate emissions per tonne concentrate).
Growth & Strategy	10%	Downstream and value accretive opportunities in battery materials.