



All systems go at LTR - 2022 a landmark year!

Company/ASX Code	Liontown Resources / LTR
AGM date	Tuesday 22 November 2022
Time and location	1pm (AWST), Westin Hotel, 480 Hay Street, Perth, WA
Registry	Computershare
Type of meeting	Physical
Poll or show of hands	Poll
Monitor	Matthew Whelan assisted by Len Roy
Pre AGM Meeting?	Yes with Chair Timothy Goyder

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

Summary of issues for meeting

1) Company Performance: FY22 a landmark year

Major milestones: 2022 financial year up until the AGM has been a productive period, with:

- **Capital raisings** totaling approximately A\$515m via two private placements and Share Purchase Plan (SPP); the second capital raising was extended to Retail Shareholders at the same price as institutional investors and raised almost \$13m compared to the SPP cap of \$40m.
- **Key approvals** obtained and **construction commencement** of Kathleen Valley Lithium project
- **Offtake agreements secured** with Tesla, Ford, and LG Energy Solutions covering around 90% of first 5-year sales; and
- **Corporate restructure** to focus on key lithium assets: demerger / spin-off of Minerals 260 Limited and sale of Toolebuc Vanadium Project assets

Macro tailwinds: The spodumene concentrate (lithium) price has hit all time highs of up to US\$7,000; LTR was included in the ASX 300 Index Sep21, and subsequently the ASX200 Dec21.

Maturing of the Company: As a result of the achievement of major milestones and the inclusion in the ASX 200, the company has made positive steps to mature its governance:

- **Board renewal:** involving the appointment of 3 independent Non-Executive Directors

- **Maiden ESG Report** completed, targeting net-zero by 2034 (Scope 1 and Scope 2 emissions). **ACSI June 2022 rated the Company's ESG reporting as "Comprehensive"**
- **Native Title Agreement** signed with the Tjiwarl traditional owners of the land, supported by ongoing collaborative engagement

2) Election of Directors: Concerns over Mr Cipriano's independence - updated 17/11/22

Two Independent NEDs are slated for election at the AGM, Mr Shane McLeary and Ms Adrienne Parker. Mr McLeary is a mining engineer with 25 years' experience particularly in underground mining. ASA acknowledges Mr McLeary's professional qualifications and relevant experience and supports his election. Ms Adrienne Parker is a lawyer with 25 years' experience in the delivery of large construction, engineering, energy & mining projects. Given her professional skills & relevant experience, ASA supports her election.

NED Mr Anthony Cipriano is up for re-election. He is a Chartered Accountant with 30 years' experience and joined the LTR board 1 July 2014. Mr Cipriano has significant experience within the resource sector particularly in dealing with corporate, legal & financial matters. He owns 16.1m shares in LTR (around A\$30m value as of the date of this report). An earlier consultancy agreement between Mr Cipriano & LTR was terminated 31 December 2021. In the NOM, and in the AR, the company states MrCipriano is Independent. This was discussed with the Chair in the pre-AGM meeting, who highlighted the major contributions of Mr Cipriano in guiding and growing the business from a small to large capitalisation company. The ASA recognizes the positive steps LTR has made over the last year maturing the Company including the board structure and plans further discussion with the company on Mr Cipriano's level of Independence. We will determine our vote after hearing him speak to his election at the AGM.

Proposed Voting Summary

No.	Resolution description	For
1	Remuneration Report	For
2	Re-election of Director -- Mr Anthony Cipriano	Undecided
3	Election of Director -- Mr Shane McLeary	For
4	Election of Director -- Ms Adrienne Parker	For
5	Approval to issue Performance Rights to Mr Antonino Ottaviano	For
6	Appointment of auditor	For

Summary of ASA Position

Consideration of accounts and reports - No vote required

Governance and culture

Corresponding the development of the Company from Explorer to Developer and the expansion of market capitalisation to the extent of becoming a S&P/ASX200 index member, a number of positive steps were taken with regards to governance: notably ESG reporting, and board capabilities and independence deepening, with 3 new independent NEDs.

Financial performance

The Company reported a net profit after tax of \$40.9 million for the year compared to the net loss of \$10.6 million in 2021. The net profit includes the gain on the demerger of Minerals 260 Limited of \$91.0 million which is partly offset by \$38.7 million of exploration and evaluation expenditure during the period (30 June 2021: \$7.1m). Corporate and administrative costs increased by \$8.0 million in 2022 due to an increase in corporate activity and resources associated with development of the Kathleen Valley Project. The Company commenced the capitalisation of costs related to the development of the Kathleen Valley Project with \$26.2 million of costs capitalised during the year.

No dividends were paid or declared during the period. TSR was 188%.

Key events

Capital raising

A\$515m of capital was raised during FY22, as follows:

- **Private placement: \$502m**
 - A\$52m completed July 2021
 - A\$450m to institutional investors completed December 2021
- **Share Purchase Plan A\$12.9m** (for up to maximum annual permitted allocation of \$30,000) at the same price as the \$450m to institutional investors; completed February 2022

The Chair indicated in the pre-AGM meeting/call, the need for timely access to funds hence the private placements, however, had an appreciation for the large number of smaller shareholders and included them in the raising via the SPP (below table – source 2022 annual report):

Distribution of equity security holders

Size of Holding	Number of Shareholders	Number of Shares	% of Shares
1 – 1,000	8,035	4,795,219	0.22
1,001 – 5,000	10,366	27,880,746	1.27
5,001 – 10,000	4,187	32,414,703	1.48
10,001 – 100,000	6,670	215,455,718	9.81
100,001 and over	1,591	1,915,888,964	87.23
Total	30,849	2,196,435,350	100.00

ASA provided positive feedback to the Chair during the pre-AGM call with regards to extending the capital raising to retail at the same price as institutional investors, and the extension of time to allow for delays over the end of year period.

Demerger and IPO of Minerals 260

During the year, the Company completed a demerger of 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”.

ASA focus issues (not discussed under remuneration report or re-election of directors)

ESG

Health, safety and ESG related targets are linked to remuneration plans both STI and LTI at 15% and 10%, respectively.

• Environmental

- Net zero by 2034 (scope 1 and 2). By virtue, Lithium supports low carbon; as a result, the Company has taken the position that no target yet be set for scope 3.
- Kathleen Valley environmental permits received: Native vegetation, Water approval, Mining Proposal and Closure plan; Water management is a critical issue for lithium production
- A process has been established to monitor the environment with the traditional landowners, the Tjiwarl

• Social

- 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

Summary

(As at FYE)	2022	2021	2020	2019	2018
NPAT (\$m)	40.9	-10.6	-12.8	-12.7	-0.9
Share price (\$)	1.055	0.85	0.11	0.10	0.03
Dividend (cents)	0	0	0	0	0
Simple TSR (%)	24%	710%	5%	260%	209%
EPS (cents)	20	-0.6	-76.6	-101.8	-8.7
CEO total remuneration, actual (\$m)	2.1	1.0	n/a	n/a	n/a

Note: Mr Ottaviano commenced as CEO on 1 May 2021 and Managing Director on 5 May 2021. Previous to this, there was no CEO as LTR was an explorer only (NB: MR D R Richards was previously Managing Director)

Election or re-election of directors

Retirements

- Steven Chadwick announced his retirement from the Liantown board in July. The ASA noted that Steven Chadwick remains a Director of Lycopodium Minerals, which was awarded as EPC Contractor by Liantown Resources in July. The Chair clarified in the pre-AGM discussion that Steven retired due to approaching retirement age and the EPC award

was at arm's length and that Lycopodium Minerals has a historic strategic relationship with the Company which supported its tender proposal.

- Craig Williams (founding Director) announced that he was retiring after 17 years of service following his decision to retire from all public company boards

Appointments

Three Independent NEDs were appointed during the financial year and up to the date of this report: Jennifer Morris, Shane McLeay, Adrienne Parker and bring a further depth of corporate and industry skill to the board.

- Jennifer Morris: Serves on the board of Fortescue Metals Group and Sandfire Resources; she was a former Deloitte partner and Olympian.
- Shane McLeay: Mining engineer with more than 25 years' industry experience, with experience in mine start-up and operations.
- 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.

Adoption of Remuneration Report and approval of equity grants to Managing Director/CEO

The Remuneration Committee undertook a comprehensive review of KMP in late 2022 that included benchmarking of executives to comparable companies. The Chair explained during the pre-AGM call that EY was engaged as part of this process.

Remuneration is adequately disclosed in the Annual Report and other announcements made by the Company.

The Company's performance, in particular the TSR and change from explorer to developer supports the remuneration.

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Appendix 1

Remuneration framework detail

The remuneration committee undertook a comprehensive review of KMP remuneration in late 2022 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.

CEO rem. Framework for FY22	Target* \$m	% of Total
Fixed Remuneration	0.63	30%
STI – Cash		0%
STI – Equity	0.12	6%
LTI	1.35	64%
Total	2.11	100%

CEO rem. Framework for FY23	Max. Opportunity \$m	% of Total
Fixed Remuneration	0.75	38%
STI – Cash		0%
STI – Equity	0.30	15%
LTI	0.94	47%
Total	1.99	100%

STI targets

Metric Category	Weighting	Performance Metric
Financial	20%	Effective capital cost management of FY23 budget and critical commercial contracts for the Project in place and with good commercial outcomes.
Project Delivery	25%	Project development on approved schedule and earned value as at 30 June 2023.
Health and Safety	15%	Total Recordable Injury Frequency Rate (TRIFR)
ESG	10%	Decarbonisation strategy and renewable power.
People	5%	Resourcing and recruitment targets.
Strategy / Growth	5%	Grow the reserve estimate for the Project and downstream processing.
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%	<p>Absolute TSR target:</p> <ul style="list-style-type: none"> - 33% vest if Absolute TSR = 50% - 67% vest if Absolute TSR = 75% - 100% vest if Absolute TSR = 100% <p>Sliding scale between vesting bands.</p>
Relative TSR	25%	<p>Relative* TSR target:</p> <ul style="list-style-type: none"> - 33% vest if in the 50th percentile - 67% vest if in the 62.5th percentile - 100% vest if in the 75th percentile or higher <p>Sliding scale between vesting bands.</p> <p>* measured against the S&P/ASX 200 Resources (XJR)</p>
Operations	25%	Costs (FY25 C1 Operating cost FOB, adjusted for CPI and uncontrollable costs), Product sold in FY25 and Quality.
ESG	10%	FY25 renewable power and FY25 carbon emissions (aggregate emissions per tonne concentrate).
Growth	15%	Downstream opportunities, grow mineral resource estimate for the Kathleen Valley Lithium Project and the Buldania Lithium Project and pursue value accretive opportunities in battery minerals.