



### Landmark \$7.9m capital raising to fast-track Australian lithium projects

#### HIGHLIGHTS

- **Liontown to raise up to \$7.9m (before costs) at an issue price of \$0.02 per share by way of:**
  - **A 1-for-5 non-renounceable pro-rata rights issue to raise \$4.5m**
  - **A placement to institutional and professional investors to raise \$3m (Tranche 1 Placement); and**
  - **Subject to shareholder approval, a placement to Directors to raise \$0.35m (Tranche 2 Placement)**
- **Eligible shareholders will have the ability to apply for additional shares in excess of their entitlement.**
- **As a consequence of this capital raising, the Company will be well funded to accelerate project development activities at the Kathleen Valley Lithium Project including:**
  - **Metallurgical testwork to optimise the grade/recovery performance and produce a spodumene concentrate to a minimum 6% Li<sub>2</sub>O (about to commence);**
  - **Drilling to potentially expand the Mineral Resource and significantly increase the mine life (already underway); and**
  - **Commencement of a Feasibility Study targeted for completion in early 2020.**
- **Funds raised will also be used to evaluate extensions to the Anna pegmatite at the Buldania Lithium Project and to test regional outcropping spodumene-bearing pegmatites within the Company's broader project area.**

Liontown Resources Limited (**ASX: LTR** or "**the Company**") is pleased to announce a capital raising of up to \$7.9 million to underpin the continued exploration and development of its portfolio of high-quality Australian lithium projects and advance its strategy to become a second-generation lithium raw materials producer.

The capital raising is being undertaken by way of a \$4.53 million, 1-for-5 non-renounceable pro-rata rights issue ("**Rights Issue**") and a share placement to professional and institutional investors ("**Placement**") to raise up to \$3.35 million (**together, the "Capital Raising"**).

The Capital Raising will be undertaken at an issue price of \$0.02 per share.

The Company has received firm commitments in relation to the Placement and has also received sub-underwriting commitments and firm commitments from major shareholders to take up their entitlements under the Rights Issue. **It is intended that the Rights Issue will be fully underwritten subject to**

**finalising an underwriting agreement with joint lead managers Taylor Collison and Bridge Street Capital Partners.** The underwriting agreement is expected to be signed prior to the lodgement of the Rights Issue prospectus being 18 February 2019.

Liontown's Chairman, Tim Goyder, who has a relevant interest in 19.95% of the Company's shares, has confirmed his intention to take up his entitlement in the Rights Issue in the amount of \$893,940. All other directors have committed to take up all their entitlements. In addition, Liontown Directors will subscribe for an additional \$350,000 of shares in the raising, subject to shareholder approval.

The issue price of \$0.02 per share represents a discount of 20% to the last closing price of LTR shares on Monday, 11 February 2019, being \$0.025.

Liontown Managing Director, David Richards said: *"The response to the capital raising from both new professional investors and our major shareholders has been extremely encouraging, with the demand for the placement well exceeding funds sought to be raised. I believe this is testament to the quality and potential of our assets at Kathleen Valley and Buldania, which are located in established, well-serviced mining provinces in Western Australia.*

*"This funding will enable us to rapidly advance project development activities at Kathleen Valley following the recent completion of an independent Scoping Study which confirmed the potential to establish a commercially robust mining operation. Resource expansion drilling is already in progress and we are confident that we can significantly extend the mine life from the current ~9 years outlined in the study. Important metallurgical test work is also ongoing to optimise grade and recoveries as a prelude to further feasibility studies this year.*

*"At Buldania, we look forward to further definition drilling at the Anna Prospect as a precursor to a maiden Mineral Resource estimate. We will also test a number of newly discovered spodumene-bearing pegmatites which are located approximately 5km north-west of Anna.*

*"2019 will be an exciting and busy year for Liontown where shareholders can expect strong news flow as we work both to unlock value and de-risk our assets – positioning the Company to be a significant new supplier of lithium raw materials to the rapidly expanding lithium-ion battery industry."*

### **Details of the Placement**

150 million new ordinary shares in the Company ("Shares") will be issued to eligible professional and institutional investors at a price of \$0.02 per share to raise \$3 million ("**Tranche 1 Placement**"). It is proposed that, subject to shareholder approval at a general meeting to be convened shortly, an additional 17.5 million Shares, at the same issue price of \$0.02, will be issued to directors (and their associates) of the Company to raise a further \$0.35 million ("**Tranche 2 Placement**"). The Tranche 1 Placement and the Tranche 2 Placement Shares will not be entitled to participate in the Rights Issue.

The Placement has been jointly arranged by Taylor Collison and Bridge Street Capital Partners and will be issued pursuant to the Company's 15% placement capacity in accordance with ASX Listing Rule 7.1.

### **Details of the Rights Issue**

The Rights Issue will be available to shareholders with registered addresses in Australia and New Zealand on the Record Date ("**Eligible Shareholders**"). Eligible Shareholders with a registered address outside Australia and New Zealand will not be eligible to participate in the Rights Issue. As the Rights Issue is non-renounceable, Eligible Shareholders will not be able to sell or otherwise transfer their entitlement.

Eligible Shareholders (other than Directors and related parties) may, in addition to taking up their entitlements in full, apply for additional shares in excess of their entitlements ("**Shortfall Shares**").

Shortfall Shares will only be available where there is a shortfall between applications received from Shareholders, and the number of new Shares proposed to be issued under the Rights Issue. The maximum amount of Shortfall Shares that a shareholder may be issued is the greater of three times that shareholder's entitlement; or \$10,000 worth of Shortfall Shares. Shortfall Shares will also be issued at the issue price of \$0.02 each. The shortfall allocation policy will be detailed in the Company's prospectus, which is anticipated to be issued shortly.

### Broker Fees

Subject to successful completion of the Capital Raising a total of 15,000,000 share options will be issued to Taylor Collison and Bridget Street Capital Partners with an exercise price of 3.5 cents and a term of 3 years, issued in accordance with ASX Listing Rule 7.1. In addition, a fee in relation to the Tranche 1 Placement of 6% and 2% on Tranche 2 Placement is payable.

### Capital Structure

Current shares on issue	1,133,987,460
Non-renounceable Rights Issue	226,797,492
Tranche 1 Placement	150,000,000
Tranche 2 Placement (subject to shareholder approval)	17,500,000
Shares on issue following completion of the Capital Raising	<b>1,528,284,952</b>

### Indicative Timetable

The key dates for the Capital Raising are set out below. The dates are indicative only and the Company reserves the right to vary them subject to the requirements of the ASX Listing Rules.

Event	Date
<b>Lodgement of Prospectus with ASIC and ASX</b>	<b>18 February 2019</b>
<b>Lodgement of Appendix 3B with ASX</b>	
<b>Notice of Entitlement Offer sent to Optionholders</b>	
<b>Notice of Entitlement Offer sent to Shareholders</b>	<b>20 February 2019</b>
<b>Shares quoted on an "Ex" basis</b>	<b>21 February 2019</b>
<b>Record Date for determining Entitlements</b>	<b>22 February 2019</b>
<b>Settlement of Tranche 1 Placement</b>	<b>25 February 2019</b>
<b>Prospectus and Application Form despatched to Eligible Shareholders</b>	<b>27 February 2019</b>
<b>Last day to extend the Offer closing date</b>	<b>12 March 2019</b>
<b>Closing Date (5pm WST)</b>	<b>15 March 2019</b>
<b>New Shares quoted on a deferred settlement basis</b>	<b>18 March 2019</b>
<b>Notification of Shortfall</b>	<b>20 March 2019</b>
<b>Issue of new Shares</b>	<b>22 March 2019</b>
<b>Deferred settlement trading ends</b>	
<b>Commencement of new Shares trading on an ordinary settlement basis</b>	<b>25 March 2019</b>

ASX: LTR



DAVID RICHARDS  
Managing Director  
14<sup>th</sup> February 2019

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### Forward-looking statements

*This report contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this report, are considered reasonable. Such forward-looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management. The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this report will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Directors have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this report, except where required by law or the ASX listing rules.*