

21 July 2020

## Junior Minerals Exploration Incentive 2020/2021- A\$1.69M tax credits available for eligible Shareholders

### KEY POINTS

- Liontown Resources Limited (“**Liontown**” or the “**Company**”) has been successful in its application for tax credits under the Federal Government’s Junior Minerals Exploration Incentive (JMEI) scheme for the 2020/2021 financial year.
- The Company has received an allocation of up to A\$1.69M, which may be distributed to Eligible Shareholders as a tax offset or franking credit for the 2020/2021 financial year.
- Shareholders who participate in Liontown capital raising activities (if any) between 1 July 2020 and before 30 June 2021 may be eligible.
- Only new shares issued by Liontown Resources are eligible for JMEI credits.

### About the JMEI Scheme

The JMEI scheme encourages investment in small mineral exploration companies that carry out “Greenfields” mineral exploration in Australia, by allowing such companies to generate a tax incentive by choosing to give up a portion of their tax losses from “Greenfields” mineral exploration expenditure for distribution to investors. The exploration credit that can be issued to an investor is limited to the amount paid by the investor to acquire the new shares multiplied by the corporate tax rate.

Eligible Shareholders that are issued with JMEI credits will generally be entitled to refundable tax offsets (for individual shareholders or superannuation funds) or franking credits (for companies). Receiving a JMEI credit could have tax consequences and shareholders should obtain independent tax advice specific to their personal circumstances.

### Liontown’s participation in the scheme

The Company has received an allocation of up to \$1,690,000 in tax credits which can be distributed to Eligible Shareholders.

“Eligible Shareholders” must be Australian residents who apply for and are issued shares in Liontown’s capital raising activities between 1 July 2020 and 30 June 2021. JMEI credits will be distributed to all Eligible Shareholders on a pro-rata basis. Only new shares issued by Liontown within the current financial year are eligible for JMEI credits.

Liontown has not determined the timing of future equity raisings (if any). Investors should be aware that Liontown cannot guarantee that Eligible Shareholders will receive the maximum number of JMEI credits

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available as the actual number of JMEI credits received for the 2020/21 income year will be dependent on a number of factors including:

- the amount of allowable exploration incurred by Liontown in the 2020/21 financial year;
- the number of Liontown shares issued between 1 July 2020 and 30 June 2021;
- The Company's tax losses for the 2020/21 financial year; and
- each shareholder's individual financial circumstance.

Eligible Shareholders will be notified by the Company of their JMEI credit entitlement (if any) in the approved form once Liontown has lodged its 2020/21 tax return. These JMEI credits will apply to Eligible Shareholders income tax assessment for the year ended 30 June 2021.

For further information about the JMEI scheme please refer to the ATO website at:

<https://www.ato.gov.au/general/new-legislation/in-detail/direct-taxes/income-tax-for-businesses/junior-minerals-exploration-incentive/>

This announcement has been authorised for release by the Board.



DAVID RICHARDS  
Managing Director

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For More Information:

David Richards  
Managing Director  
T: +61 8 9322 7431  
info@ltresources.com.au

Investor Relations:

Nicholas Read  
Read Corporate  
T: +61 8 9388 1474  
nicholas@readcorporate.com.au

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### 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.*