

Liontown and Tesla execute binding Offtake Agreement

ASX Announcement

6/06/2022

Offtake arrangements with Tesla formalised with definitive full-form offtake agreement

Highlights

- Liontown and Tesla have executed the definitive full-form agreement (**Offtake Agreement**) for the supply of spodumene concentrate from the Kathleen Valley Lithium Project in WA.
- The full-form agreement expands the detail on the material terms agreed in the binding terms sheet announced on 16 February 2022 and specifies the operational and logistical requirements for the delivery of product.
- Five-year term expected to commence in 2024.
- Tesla to purchase 100,000 dry metric tonnes (**DMT**) in the first year, increasing to 150,000 DMT per year in subsequent years.
- Pricing is determined using a formula-based mechanism referencing market prices for battery-grade Lithium Hydroxide Monohydrate.

Australian-based battery minerals company Liontown Resources Limited (ASX: LTR) (**Liontown** or **the Company**) is pleased to announce that it has completed negotiations with electric vehicle manufacturer Tesla, Inc. (**Tesla**) and executed the definitive full-form Offtake Agreement for the supply of spodumene concentrate from its flagship 100%-owned Kathleen Valley Lithium Project (**Kathleen Valley**).

Liontown is to supply up to 150,000 dry metric tonnes (DMT) per annum of spodumene concentrate, representing approximately one-third of the Project's start-up SC6.0 production capacity of ~500ktpa. Supply is expected to commence in 2024 and the Offtake Agreement is conditional upon Liontown commencing commercial production at the Kathleen Valley Lithium Project by no later than 1 December 2025.

The Offtake Agreement with Tesla is the second definitive agreement secured for Kathleen Valley following the foundational offtake agreement with LG Energy Solutions (refer ASX announcement, 2 May 2022). Together with the LG Energy Solutions agreement, this means that up to 60% of Liontown's planned production is now covered by long-term agreements with high-quality customers.

The Company continues to receive very strong interest from a range of parties for the remaining third offtake which will, once completed, result in approximately 85% of the production from Kathleen Valley contracted. The remaining production will be sold on spot or Liontown has an option to sell to existing customers.

Liontown's Managing Director and CEO Tony Ottaviano commented:

"We are pleased to have concluded negotiations with Tesla allowing us to execute our second full form Spodumene Concentrate Offtake Agreement. Tesla is a global leader and innovator in electric vehicles and having formalised arrangements for it to become a significant customer is a tremendous achievement. This means that we now have two of the premier companies in the global lithium-ion battery and EV space signed up as foundational customers, marking a significant step towards realising our ambition to become a globally significant provider of battery materials for the clean energy market."

This announcement has been authorised for release by the Managing Director, Tony Ottaviano.



TONY OTTAVIANO
Managing Director

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Appendix A

Competent person statement

The Information in this Announcement that relates to Production Target for the Kathleen Valley Project is extracted from the ASX announcement “Kathleen Valley DFS confirms Tier-1 global lithium project with outstanding economics and sector-leading sustainability credentials” released on 11 November 2021 which is available on www.ltresources.com.au.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the production targets in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcements.

Forward-looking statements

This announcement 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.