

Letter of Award for Kathleen Valley Hybrid Power Station

ASX Announcement

12/09/2022

Zenith Energy has been awarded the contract for the supply of power to Kathleen Valley on a Build, Own and Operate (BOO) basis for what is currently expected to be the largest off-grid wind-solar-battery storage hybrid power station for a mining project in Australia.

Highlights

- Liontown has executed a Letter of Award with Zenith Energy, one of Australia's leading independent power producers, to supply electricity to its Kathleen Valley Lithium Project in Western Australia for a period of 15 years.
- With 46MW of emissions free power generation capacity, the 95MW hybrid power station is currently expected to have the largest off-grid wind-solar-battery storage renewable capacity for a mining project in Australia.
- The thermal components are designed to operate in “engine off” mode at various times, enabling Liontown to operate from 100% renewable energy during periods of high wind and solar resource.
- Zenith Energy will be incentivised to operate the power station in a manner which maximises renewable power, with a renewable energy guarantee expected to be included in the definitive arrangements.
- The Letter of Award enables Zenith Energy to undertake planning, engineering and design works and order long lead items whilst the parties progress towards finalising a binding Power Purchase Agreement.

Liontown Resources Limited (ASX: LTR) (**Liontown** or the **Company**) is pleased to announce that it has executed a Letter of Award (**LOA**) with Australian independent power producer Zenith Energy Pty Ltd (**Zenith Energy**) for the supply of power to the Kathleen Valley Lithium Project (**Kathleen Valley**) in Western Australia. The LOA follows a competitive tender process and agreement on the key commercial terms.

Zenith Energy will finance, design, construct, own, operate and maintain a 95MW hybrid power station at Kathleen Valley (**Hybrid Power Station**) for an initial term of 15 years from commercial operation of the Hybrid Power Station, which is expected to coincide with process plant commissioning in H1, 2024.

The Hybrid Power Station will include wind generation from five wind turbines each capable of generating 6MW. A 16MWp fixed axis solar PV array coupled to a 17MW / 19MWh Battery Energy Storage System (**BESS**) will provide additional clean energy, supported by highly reliable synchronous condensers that provide critical system stability and resilience. The thermal power component will comprise 27MW of gas generation and 5MW of diesel standby generation.

Once fully constructed, the Hybrid Power Station is currently expected to have the largest off-grid renewable capacity (46MW (wind and solar) plus 17MW BESS) of any mining project in Australia. The need to achieve and maintain high levels of renewable energy penetration has informed the design of the Hybrid Power Station, such that the facility will be able

to run in “engine off” mode for significant periods of time. A combination of incentives to produce renewable power over thermal power and a renewable energy guarantee should enable Liontown to meet and exceed its renewable energy factor commitments.

The Letter of Award allows Zenith Energy to commence the necessary planning, legal, engineering and design works, as well as placing orders for long lead items, each of which is required to facilitate the delivery of the Hybrid Power Station in line with the Kathleen Valley project schedule.

The parties have also agreed to use their best efforts to finalise a binding Power Purchase Agreement within 90 days of the date of the Letter of Award.

Importantly for Liontown, Zenith Energy has also committed to working with the Tjiwarl Traditional Owners and recently announced a collaboration established with Tjiwarl Contracting Services (TCS), a wholly owned subsidiary of Tjiwarl Aboriginal corporation. This collaboration will see Zenith Energy and TCS work together to deliver low carbon emission power solutions for miners and communities on Tjiwarl native title determined lands.

Management Comments

Liontown’s Managing Director and CEO Tony Ottaviano commented:

“Awarding the Power Supply contract is another important milestone for Liontown and the development of Kathleen Valley. We continue to deliver on our ESG credentials by taking real action to reduce the Project’s carbon emissions from the outset.

We are delighted to partner with Zenith Energy, an experienced and highly competent power producer, following completion of a thorough competitive tender and commercial negotiation process. We believe Zenith Energy is an ideal partner to deliver an industry leading hybrid power station to meet Liontown’s energy needs and requirements for a high-capacity renewable solution. When fully constructed, this hybrid power station will enable Liontown to exceed our target of achieving at least 60% renewable energy at Project start-up and beyond.”

Zenith Energy’s Managing Director, Hamish Moffat commented:

“Zenith Energy is thrilled to be partnering with Liontown on the Kathleen Valley project and to have received the Letter of Award. The very thorough tender and commercial negotiation process conducted by Liontown has enabled Zenith Energy to demonstrate our innovation, flexibility, and ability to work as a valued partner to Liontown to deliver the Kathleen Valley power solution. The Letter of Award enables the partnership to move forward with the next stage of delivery of this industry leading, highly innovative, secure, low carbon emissions hybrid power solution to the Kathleen Valley project. Zenith Energy is proud to continue to play a lead role in the energy transition and to provide our partners with a glide path to net zero.”

About Zenith Energy

Zenith Energy is one of Australia’s leading independent power producers, specialising in tailored off-the-grid hybrid power generation. With a portfolio spanning throughout Western Australia, and the Northern Territory, Zenith has installed capacity of more than 400MW, delivering cost-effective and reliable power solutions for clients. Zenith integrates innovative technology with a complete range of low-emission thermal and renewable energy technologies, offering power solutions, with no boundaries.

This announcement has been authorised for release by the Board.



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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.



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