2022 Annual Report

For the Year Ending 30 June 2022

Liontown Resources Limited

ABN: 39 118 153 825

Fast Charging towards a low carbon future

Contents

Acknowledgement of Country

We acknowledge the Traditional Owners of the land on which we work and recognise their intricate and deep connection to country. We pay our respects to their Elders past and present.

Corporate Directory

Directors

Timothy Goyder
Chairman

Antonino Ottaviano
Managing Director & Chief Executive Officer

Anthony Cipriano
Non-Executive Director

Craig Williams
Non-Executive Director

Jennifer Morris
Non-Executive Director

Shane McLeay
Non-Executive Director

Company Secretary

Clint McGhie

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Auditors

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Level 4, 130 Stirling Street, Perth,
Western Australia 6000

Share Registry

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace, Perth,
Western Australia 6000

Tel: 1300 557 010

Home Exchange

Australian Securities Exchange Limited

Level 40, Central Park, 152- 158 St Georges
Terrace, Perth, Western Australia 6000

ASX Codes

Share Code: LTR

01.

Letter From The Chairman

Tim Goyder
Chairman

Dear Fellow Shareholders,

It is a great pleasure to present Liontown's 2022 Annual Report, encompassing one of the most remarkable years in the Company's history.

Building on the significant momentum established last year, Liontown has been able to capitalise fully on the massive surge of investment inflows and interest in the burgeoning global lithium-ion battery and electric vehicle (EV) sectors and advance our flagship asset, the Kathleen Valley Lithium Project, rapidly towards development.

At the heart of our success is the world-class quality, scale and location of the deposit – fundamental Tier-1 attributes that have allowed Liontown to forge a clear pathway to become a globally significant provider of battery minerals for the rapidly growing clean energy market.

The fact that we have been able to retain 100 per cent of this exceptional asset and advance it so quickly from resource development, through feasibility, project financing and now into construction represents a strong vindication of the strategy we embarked on five years ago to create a world-class battery materials business at Liontown.

The past 12 months was also a breakthrough year for the lithium sector, with the price of all lithium raw materials hitting new all-time highs and spodumene concentrate achieving prices of up to US$7,000 a tonne for SC6.0 product. This compares against the US$1,392 a tonne weighted average assumed in our DFS. Far from being a flash in the pan, these remarkable pricing outcomes are being driven by a systemic shortage of lithium raw materials through the supply chain and a growing recognition that demand will continue to grow significantly out to 2030 and beyond, requiring a significant investment in new supply. While the many achievements of the Liontown team over the past year are covered in detail in this report, I would like to briefly recount them here:

- The on-time delivery of a high-quality Definitive Feasibility Study that confirmed Kathleen Valley's status as a Tier-1 global mining and processing lithium asset with exceptional metrics and outstanding financial returns.
- The signing of a pivotal Native Title Agreement with the Tjiwarl Native Title Holders, an agreement that sets a new benchmark for positive collaboration and partnership with Traditional Owners in the Western Australian mining industry.
- The completion of a well-timed A$463 million capital raising, which secured the equity component of project funding and put the Company on an incredibly strong footing to secure our final customer off-takes and make a Final Investment Decision (FID).
- The execution of binding off-take agreements with a Tier-1 customer group comprising LG Energy Solutions, Tesla and Ford, as a result of which we have locked away 90 per cent of Kathleen Valley's start-up production capacity.
- The execution of a financing facility agreement with Ford for a A$300 million debt facility on very attractive terms – a high-profile funding arrangement that has attracted global attention and ensured we have the required funds for the development of Kathleen Valley.
- The announcement of a Final Investment Decision (FID) for Kathleen Valley, the diligent progression of permitting and Front-End Engineering and Design (FEED) activities, award of key contracts and the commencement of site-based construction activities.
- The completion of our maiden ESG report and the establishment of a Climate Strategy Roadmap that puts us on a trajectory as a company to achieve net-zero emissions by 2034.
- The Company's inclusion in the benchmark S&P ASX-200 Index of the ASX and the MSCI Australia Index, reflecting the substantial increase in its market capitalisation, daily trading volumes and the depth of our share register.

This list of achievements is testament to the single-minded focus, commitment and dedication of our team, led by our Managing Director Tony Ottaviano – and received due recognition with Liontown being awarded the Best Emerging Company Award at the prestigious annual Diggers & Dealers Mining Forum in Kalgoorlie in August.

Turning to corporate matters, Steven Chadwick announced his retirement from the Liontown board in July, and, in September, our founding Director Craig Williams announced that he was retiring after 17 years of service following his decision to retire from all public company boards.

> “Far from being a flash in the pan, these remarkable pricing outcomes are being driven by a systemic shortage of lithium raw materials through the supply chain.

The standout contribution of these two outstanding individuals – both to Liontown and, more broadly, to the Australian mining industry – has received appropriate recognition elsewhere and hence I will not elaborate on it here. However, on behalf of the board and shareholders, I would like to extend my warmest appreciation to both Steven and Craig and wish them all the best for their retirement.

The evolution of the Liontown Board continued during the year with the appointments of highly regarded company director Jennifer Morris OAM at last year's AGM and highly respected mining executive Shane McLeay in May. Both have already brought significant energy, fresh ideas and enthusiasm to the Board and I welcome them and thank them for their contribution to date.

The process of recruiting additional new Independent Non-Executive Directors to the board continues, with an ongoing focus on board renewal to ensure we have the right blend of skills and experience to lead the Company as we take the next exciting steps on our journey.

As part of the process of renewal, we are delighted that Adrienne Parker has agreed to join the Board with effect from 1 October 2022. Adrienne is a highly experienced lawyer who will bring strong legal, commercial and corporate experience to the Board.

In conclusion, I would like to warmly acknowledge everyone who has contributed to our success – my fellow Directors, our senior management team, employees, consultants and advisers and, most importantly, our wonderful shareholders who continue to support us. A special thanks to Tony for his strong leadership, incredible work ethic and vision, and inclusive approach to building a world-class mining company.

The coming 12 months will see the Company continue to move ahead quickly as we build our team, accelerate construction activity at Kathleen Valley and deliver on the enormous potential that this Company now possesses.

It is going to be an exciting journey, and I look forward to sharing it with you!

Chairman

Tim Goyder

> This year was also a breakthrough year for the lithium sector, with the price of all lithium raw materials hitting new all-time highs.

> At the heart of our success is the quality, world-class scale and Tier-1 location of the deposit.

02.

Managing Director's Report

Tony Ottaviano
Managing Director/CEO

Dear Fellow Shareholders,

It is an enormous privilege to present my Managing Director's Report, covering the first full year of my tenure at Liontown, and to recap what has been an incredibly busy year of success and achievement for our Company.

Over the course of the last twelve months, Liontown has delivered what many resource companies take years to achieve – signing a landmark Native Title Agreement with Tjiwarl AC, completing a high-quality Definitive Feasibility Study (DFS), partnering with three tier-1 customers, raising equity and securing project debt funding on extremely favourable terms, progressing permitting, making a Final Investment Decision (FID) and commencing initial site construction activities.

Our commitment to move decisively and rapidly, while never sacrificing the highest possible standards of technical excellence and quality, have become the defining hallmarks of Liontown – combined with a genuine and fundamental commitment to developing a sector-leading Environmental, Social and Governance (ESG) framework that encompasses all aspects of our business.

Before going any further, I would like to recognise the tremendous contribution from our incredibly hard-working Liontown team, who have performed magnificently during the year. Liontown has evolved very quickly from a junior micro-cap into an emerging mid-tier miner with market capitalisation touching A$4 billion at the time of writing this report.

It takes time to build-out the people and systems required to support a world-class mining company and the team has done a remarkable job in helping me to oversee this rapid growth phase and to put in place the key building blocks that will take us to the next level.

I would like to briefly touch on some of the key areas of achievement and progress during the year.

Tjiwarl Native Title Agreement

In November 2021, Liontown and the Tjiwarl Native Title Holders signed a landmark Native Title Agreement for the Kathleen Valley Project. The agreement followed a 2.5-year collaboration between senior negotiators representing the Tjiwarl AC and Liontown, with the outcome cementing the strong and co-operative working relationship that has been established between the two parties.

It was a great honour to attend the signing ceremony for this agreement in Leinster and, together with our Chairman Tim Goyder and several other members of our board and senior management team, to sign this pivotal agreement in front of the Tjiwarl Traditional Owners.

The early inclusion of the Tjiwarl Native Title Holders in the planning process has ensured that vital cultural and heritage considerations have been included in the fundamental design and layout of the Project – a highly successful collaborative process of which I believe both parties can be very proud.

As part of the agreement, Liontown has also committed to a broad range of actions as a fundamental part of our development strategy at Kathleen Valley, including land and water management, Aboriginal heritage management, cultural awareness and access, social development, employment and contracting opportunities and compensation.

We are immensely proud of this agreement and partnership with the Tjiwarl, which builds from a genuine give-and-take by both sides and commitment to deliver mutually beneficial outcomes.

Kathleen Valley Definitive Feasibility Study

After more than 12 months of hard work by our team and consultants, Liontown completed a highly successful Definitive Feasibility Study (DFS) for Kathleen Valley in November 2021, confirming the potential to develop a leading second-generation lithium-tantalum mining and processing operation in Western Australia's Northern Goldfields.

Key highlights of the DFS included:

- ~23-year mine life, based on production rate of 2.5Mtpa at start-up to deliver ~500ktpa of spodumene concentrate, increasing to 4Mtpa in Year 6 to deliver ~700ktpa of spodumene;
- Compelling project economics, with exceptional metrics and outstanding financial returns;
- Overall planned renewable power is projected to be 60% at start-up – with Liontown expected to be one of the first mining companies in Australia to have this level of renewables at start-up; and
- First production targeted for end of H1, 2024.

The DFS outlined a Tier-1 global lithium project with exceptionally strong financial and technical merits, combined with a class-leading sustainability and ESG framework that is being fully integrated with the Project's development.

Offtake, Funding Strategy and Final Investment Decision

Liontown's off-take strategy for Kathleen Valley was to target Tier-1 customers diversified by geography and position on the battery value chain. Pleasingly, the Company has been able to fully execute this strategy in FY2022, receiving very strong interest from a wide range of parties, which culminated in the execution of off-take agreements with LG Energy Solution (LGES), Tesla and Ford. In addition to securing three large foundation agreements, the Company has retained some capacity to sell into the rapidly growing spot market which delivers operational and revenue flexibility and provides further upside in value to Liontown shareholders.

Together, the arrangements with LGES, Tesla and Ford mean that Liontown's total off-take commitments now stand at up to 450,000 dry metric tonnes per annum of SC6.0 spodumene concentrate, representing approximately 90% of Kathleen Valley's start-up production capacity of ~500ktpa. The remaining production from Kathleen Valley is intended to be retained for spot volume sales and/or discrete off-take agreements.

Building from its off-take agreement with Ford, Liontown also executed a binding funding facility agreement with a Ford subsidiary for a A$300 million debt facility, with the proceeds to be used towards partially funding the development costs of Kathleen Valley. This Funding Facility, together with the landmark A$463 million capital raising undertaken by Liontown in December 2021, means that the Company has now secured commitments to support the full development of the Kathleen Valley Project through to first production.

Based on the strength of the DFS results, in June 2022 the Company's Board endorsed the full development of Kathleen Valley, paving the way for the start of construction of a new, world-class lithium mine.

Permitting, Contracts and Project Development

Permitting for the Kathleen Valley Project was significantly progressed during the year, with all the required primary regulatory approvals and permitting for the project construction and operation submitted to the relevant government agencies.

In May, Ministerial consent was granted under Section 18(3) of the Aboriginal Heritage Act 1972 for the development of Kathleen Valley, reflecting Liontown's ongoing consultation and strong relationship with the Tjiwarl Traditional Owners and enabling several other required permits to progress through to approval.

Following receipt of approval for a Small Operations Mining Proposal, construction activities for the new Accommodation Village, configured in the shape of a dragonfly to signify and acknowledge an important Tjiwarl story line, commenced towards the end of the reporting period and we expect to see a substantial ramp-up in activity on site over the next few months.

In preparation for project delivery, the Company continued to progress a series of major contracts (including EPCM, Power Purchase Agreement, freight logistics, bulk earthworks and open cut mining services) with established and high-quality contractors. Work has also progressed across the construction scope and procurement is advancing for the remaining project activities in line with the development plan.

In July, Liontown appointed leading engineering firm Lycopodium Minerals Pty Ltd (Lycopodium) to complete the engineering, procurement, construction management (EPCM) and commissioning services for the Kathleen Valley Lithium Project in Western Australia, building on a strong strategic relationship with Lycopodium.

And in September, as this report was being finalised, the Company awarded the contract for the supply of power to Kathleen Valley to Zenith Energy 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 and a strong foundation stone for Liontown's ESG credentials.

ESG, People and Culture

In November 2021, Liontown released its inaugural Environmental, Social and Governance (ESG) Report, summarising the Company's strategy and performance on its most critical ESG issues.

The ESG framework incorporates a strong focus on positive and meaningful engagement with Traditional Owners and other local stakeholders as part of our long-term social licence to operate, minimising future carbon emissions, water usage and land disturbance, and ensuring that our corporate governance is consistent with industry best-practice.

Following the release of this report, the Company has been working towards achieving its key ESG commitments, with key progress during the reporting period including:

- A self-assessment of the Company's performance against the Initiative for Responsible Mining Assurance (IRMA) Standard. IRMA provides a third-party certification and verification against a comprehensive standard which includes environmental and social responsibility, business integrity and planning for positive legacies. Liontown expects to complete the self-assessment in the September 2022 Quarter.
- Foundational work to support Liontown's Task Force on Climate-Related Financial Disclosures (TCFD) commitments; and
- Decarbonisation analysis to support Liontown's net zero aspirations and strategy development.

The Company expects to issue a 2021/22 Environmental, Social and Governance (ESG) Report in the December 2022 Quarter.

Conclusion and Outlook

Despite significantly increased volatility experienced at the macro level in global financial and commodity markets from April onwards, the past year has been a period of positive activity, momentum and progress for Liontown which has paved the way for the start of construction of Australia's next major lithium mining and processing operation.

To say it is 'all systems go' at Liontown is an understatement. There is a huge progress and optimism across the business and, with new high-calibre people joining our team every week, Liontown is a dynamic and exciting place to work. That said, the external construction market remains tough and challenging and we continue to look at improvement opportunities to mitigate project risk.

I am personally very excited about what lies ahead for us as construction ramps up and the world-class Kathleen Valley Project takes shape. I am also looking forward to developing our other growth horizons, including exploration of the Buldania Project and the progression of our downstream strategy at Kathleen Valley.

This is a great time to be building a battery materials business, and I look forward to sharing in this exciting future with you.

Managing Director

Tony Ottaviano

03.

Liontown's Year at a Glance

POSITIVE DFS

THE COMPANY DELIVERED A ROBUST DFS FOR A MINE WITH AN INITIAL 23 YEAR LIFE

FEED ENHANCEMENTS

Subsequent studies have improved operational flexibility and process control with expected cost savings

LG Energy Solution	TESLA	Ford
5 Year offtake agreement for 100–150Kt Concentrate p/a	5 Year offtake agreement for 100–150Kt Concentrate p/a	5 Year offtake agreement for 150Kt Concentrate p/a

$463m

Institutional Placement in December 2021 and Share Purchase Plan in February 2022

$300m

Ford Financing Facility executed in June 2022

FID

THE BOARD APPROVED THE KATHLEEN VALLEY DEVELOPMENT IN JUNE 2022

NATIVE TITLE AGREEMENT

Liontown has signed a Native Title Agreement with the Tjiwarl Native Title Holders that sets a new benchmark for positive collaboration and partnership

NET ZERO BY 2034

The company's climate strategy roadmap sets us on a trajectory to achieve net zero emissions by 2024

CONSTRUCTION COMMENCED

Construction has commenced on the Kathleen Valley project, with first production targetted for H1, 2024

04.

Review of Operations

Kathleen Valley Lithium Project (100%)

The Kathleen Valley Lithium Project (Kathleen Valley or the Project) is located in Western Australia, ~680km north-east of Perth and ~350km north-north-west of Kalgoorlie, within the Eastern Goldfields of the Archaean Yilgarn Craton (Figure 1).

> Liontown commenced work at Kathleen Valley in 2017 and has since defined a world-class Mineral Resource Estimate of 156Mt @ 1.4% Li_2O and 130ppm Ta_2O_5.

Significant progress was made on the development of the Kathleen Valley Lithium Project in WA during the reporting period. The positive Definitive Feasibility Study **(DFS)** was completed in November 2021, with front end engineering and design **(FEED)** and procurement activities for critical long-lead items advancing post-DFS.

With high-calibre foundational offtake agreements in place with Ford, Tesla and LG Energy Solution, and financing commitments secured, the Liontown Board made the Final Investment Decision **(FID)** to proceed to develop Kathleen Valley in June 2022.

Construction of the Project is underway, with first production of spodumene concentrate scheduled for Q2 2024. Following positive results from the Downstream Scoping Study that investigated the viability of refining the spodumene concentrate onsite to produce Lithium Hydroxide, the Company has also commenced a Pre-Feasibility Study **(PFS)** to progress this initiative.

Figure 1: Kathleen Valley Project Location Map

Definitive Feasibility Study

In November 2021, the Company announced the results of the DFS, confirming Kathleen Valley's status as a Tier-1 global mining and processing lithium project, delivering outstanding economics and sector-leading sustainability credentials.

Building on the PFS completed in October 2020, the DFS demonstrated exceptionally strong financial and technical merits, combined with a class-leading sustainability and ESG framework that is being fully integrated with the Project's development.

The DFS examined th e establishment of an initial 2.5Mtpa mining and Whole-of-Ore Flotation **(WOF)** processing operation delivering an annual steady state 511ktpa of spodumene concentrate at a grade of 6% Li_2O **(SC6.0)** and 428tpa of 30% tantalum concentrate (inclusive off-site upgrade) at full production.

Production will expand to 4Mtpa during Year 6, allowing production to scale-up to a peak production of over 700Ktpa of SC6.0 and 587tpa of 30% tantalum concentrate.

The DFS considered that ore will initially be sourced from two small open pits, however from Year 2 of operations ore will be sourced from underground, with ore processed to concentrate the lithium and tantalum before being sold to third parties.

Years 1–6

Mining Through Rate

2.5Mtpa

Spodumene Concentrate

511ktpa

Tantalum Concentrate

428tpa

Years 6+

Mining Through Rate

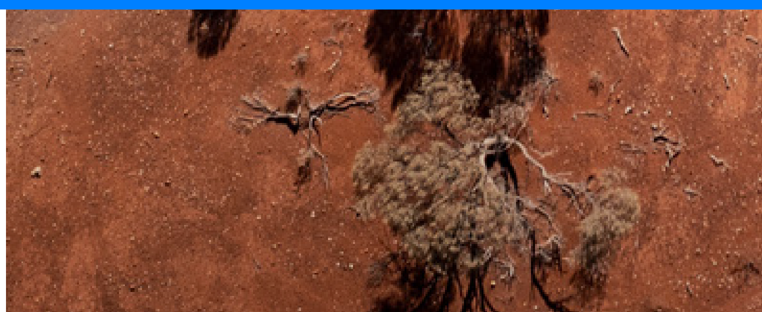
4Mtpa

Spodumene Concentrate

700ktpa

Tantalum Concentrate

587tpa



Tier-1 global mining and processing lithium project

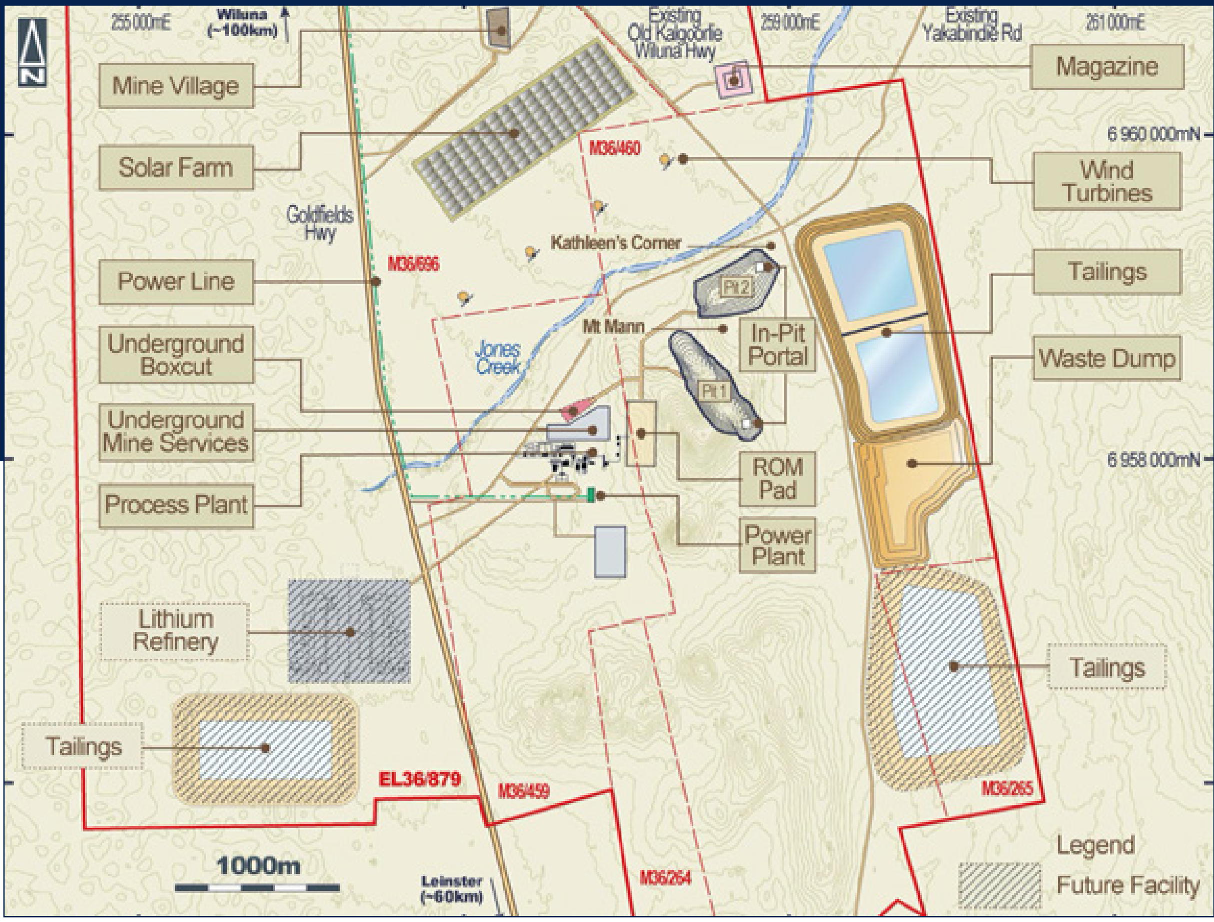


Figure 2: Kathleen Valley Project – Proposed mine site layout

An integrated and value-adding ESG focus was adopted as part of the DFS, ensuring that project permitting, social licence and engineering-related initiatives are permeated throughout the mine schedule, power usage/supply mix and project layout. Importantly, an economic 'yardstick' was attached to all ESG considerations to ensure they add value to the project.

The sustainability, financial and operational outcomes demonstrated in the DFS were significantly enhanced compared to the October 2020 PFS because of the strong SC6.0 price outlook, a modified process plant flowsheet and, importantly, optimised mine plans which provide early access to higher-grade mineralisation without significant capital penalty.

The DFS used Roskill's October 2021 long-term forecast prices resulting in a weighted average price assumption for spodumene concentrate of US$1,392/t FOB for SC6.0 product.

In addition, several key capital items in both the mine and processing plant have been scaled at 4Mtpa throughput capacity as part of the initial upfront capital spend to facilitate the planned increase in production capacity to 4Mtpa in Year 6 with minimal impact on the operations of the Project. The expansion to 4Mtpa will be funded from cash-flow.

Updated Ore Reserve

Snowden Mining Industry Consultants (Snowden) was responsible for the mining component of the DFS. Snowden prepared the Ore Reserve Estimate (JORC 2012) for the Kathleen Valley underground and open pit mines as of November 2021, which is summarised in Table 1.

> The Ore Reserve Estimate is based on the updated Mineral Resource Estimate **(MRE)** of 156Mt at 1.4% Li_2O and 130ppm Ta_2O_5 reported on 8 April 2021.

The Ore Reserve and Mineral Resource are reported and classified in accordance with the guidelines of the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code; 2012). The Mineral Resource is reported inclusive of the Ore Reserve.

Mineral Resources were converted to Ore Reserves in line with the material classifications which reflect the level of confidence within the Resource estimate. The Ore Reserve reflects that portion of the Measured and Indicated Mineral Resource which can be economically extracted by open pit and underground mining methods.

The Ore Reserve estimate considers the modifying factors and other parameters, including geotechnical, mining, metallurgical, hydrology, capital and operating costs, prices and recoveries, social, environmental, statutory, and financial aspects of the Project. Figure 2 shows the proposed open pit and underground development.

Final Investment Decision approval was given by the Board in June 2022 following the execution of binding offtake agreements with Tesla, Ford and LG Energy Solution.


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Table 1: Kathleen Valley Project – Ore Reserve Estimate (November 2021)

Category	Tonnage (Mt)	Li_2O (%)	Li_2O (T)	Ta_2O_5 (ppm)	Ta_2O_5 (T)
Underground					
Proved	-	-	-	-	-
Probable	65.4	1.34	878,966	119	7,799
Sub-Total	**65.4**	**1.34**	**878,966**	**119**	**7,799**
Open Pit					
Proved	2.7	1.30	33,581	141	374
Probable	0.5	0.93	4,696	148	75
Sub-Total	**3.2**	**1.21**	**38,277**	**142**	**449**
TOTAL	**68.5Mt**	**1.34%**	**917,243t**	**120ppm**	**8,247t**

Notes:
- Tonnages and grades are diluted and reported at Li_2O cut-off grade of 0.5% (open pit) and 0.7 -1.2% (Underground) and use a US$740/ dmt FOB SC6.0 pricing assumption;
- Tonnages and grades have been rounded.

Table 2: Kathleen Valley Project – Mineral Resource Estimate (April 2021)

Cut-off grade Li_2O %	Resource Category	Million tonnes	Li_2O %	Ta_2O_5 ppm
0.55	Measured	20	1.3	145
	Indicated	109	1.4	130
	Inferred	27	1.3	113
TOTAL		**156**	**1.4**	**130**

Notes:
- Reported above a Li_2O cut-off grade of 0.55%
- Tonnages and grades have been rounded to reflect the relative uncertainty of the estimate.

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Construction of the Project is underway, with first production of spodumene concentrate scheduled for Q2 2024.

Metallurgy

An extensive metallurgical test work program completed for the DFS confirmed the ability to produce a low impurity 6-6.5% Li_2O concentrate while also producing a ~12% Ta_2O_5 concentrate onsite. The metallurgical process developed consists of 2-stage crushing followed by milling, a sequential magnetic-gravity circuit for tantalum extraction followed by whole-ore flotation (WOF) and filtration to produce a +6% Li_2O Concentrate. The plant design was optimised by Lycopodium to ensure efficient ramp-up, throughput and recovery certainty but also provisioning for better operability and maintenance.

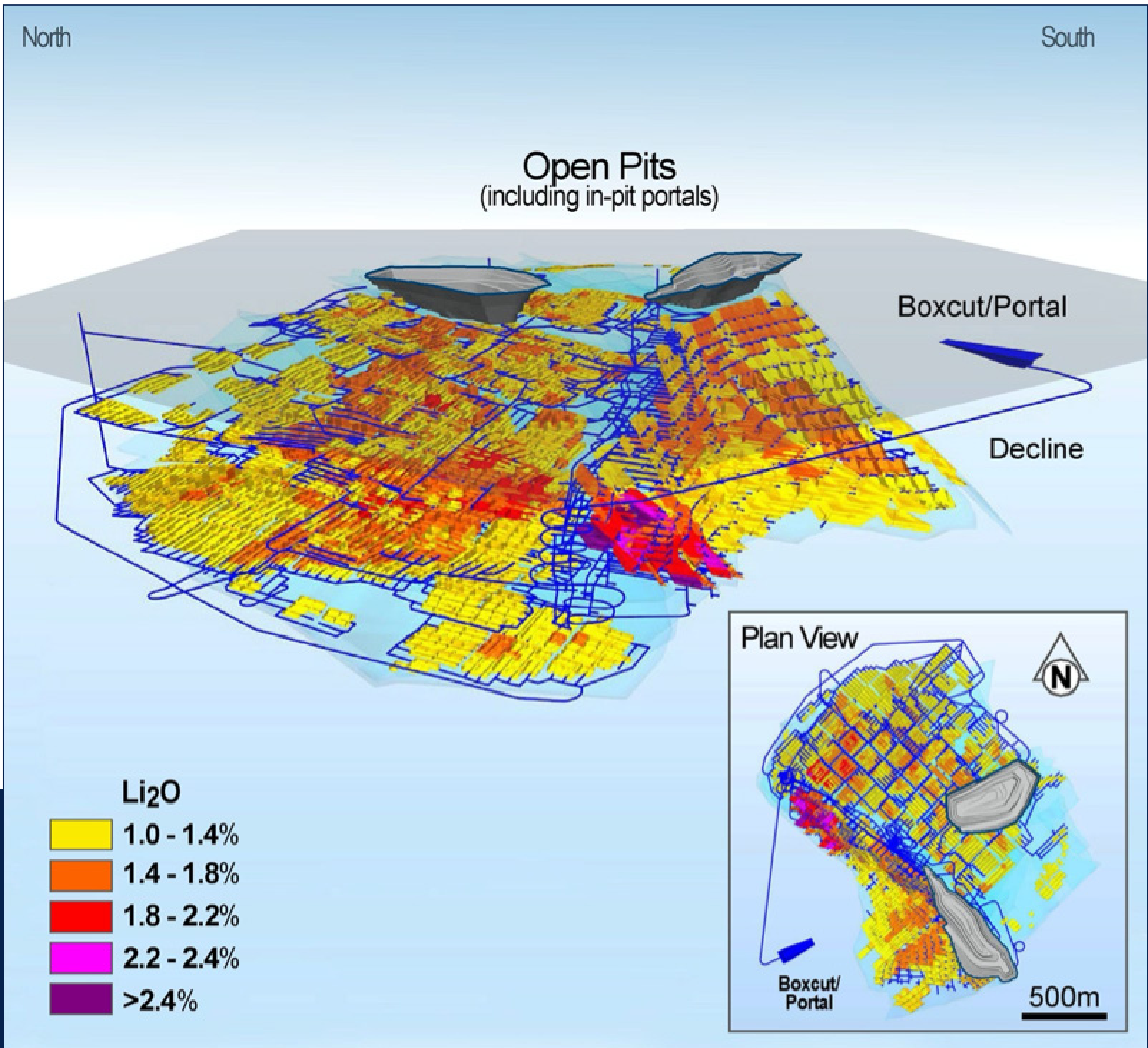


Figure 3: Proposed DFS mine development showing ore stopes by grade

Front End Engineering Design

Following completion of the DFS in November 2021, Liontown immediately commenced front end engineering design (FEED) to further optimise engineering and confirm the scope and duty of key long-lead items, such as the SAG Mill. Detailed engineering and design for the Project continues, with key elements progressed during the reporting period including process flowsheet optimisation and advanced detailed design to support procurement of critical, long-lead, mechanical equipment.

> Liontown commenced front end engineering design to further optimise engineering and confirm the scope and duty of key long-lead items.

As part of the process of securing the balance of funding required for Kathleen Valley and FEED activities, further work was undertaken to finalise the engineering of the process plant and complete a value engineering exercise to optimise scope across the process plant design.

As a result, Liontown revised its 2021 DFS pre-production capital cost estimate (including capitalised pre-production expenses) from A$473 million to A$545 million. The increase was driven primarily by optimisation and expansion of the FEED scope across a range of areas and by general cost escalation.

The variations to the FEED scope will improve the Project's operational flexibility and include adjustments that, while increasing capital, are expected to deliver positive improvements on the Project's process control and operating costs over the life of the Project.

Further work is continuing to optimise underground mine designs and surface layout ahead of the commencement of mining in 2023.

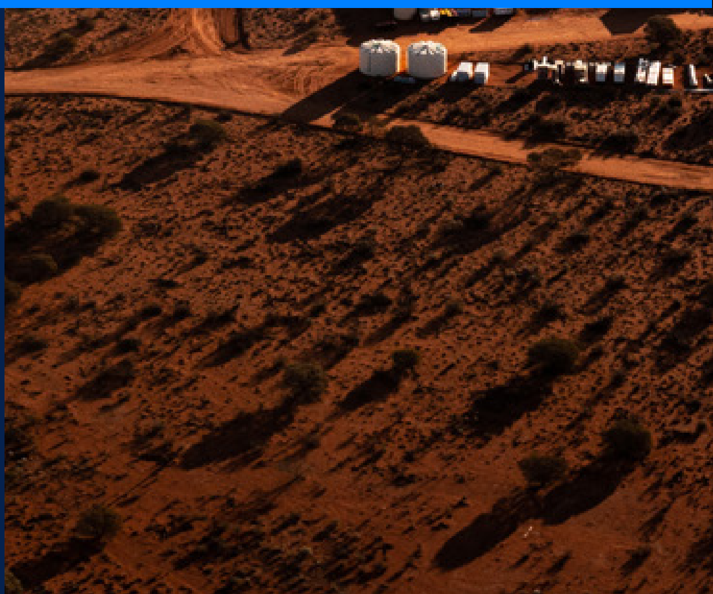
Figure 4: Revised Process Plant layout incorporating closed circuit crushing and large fine ore bin

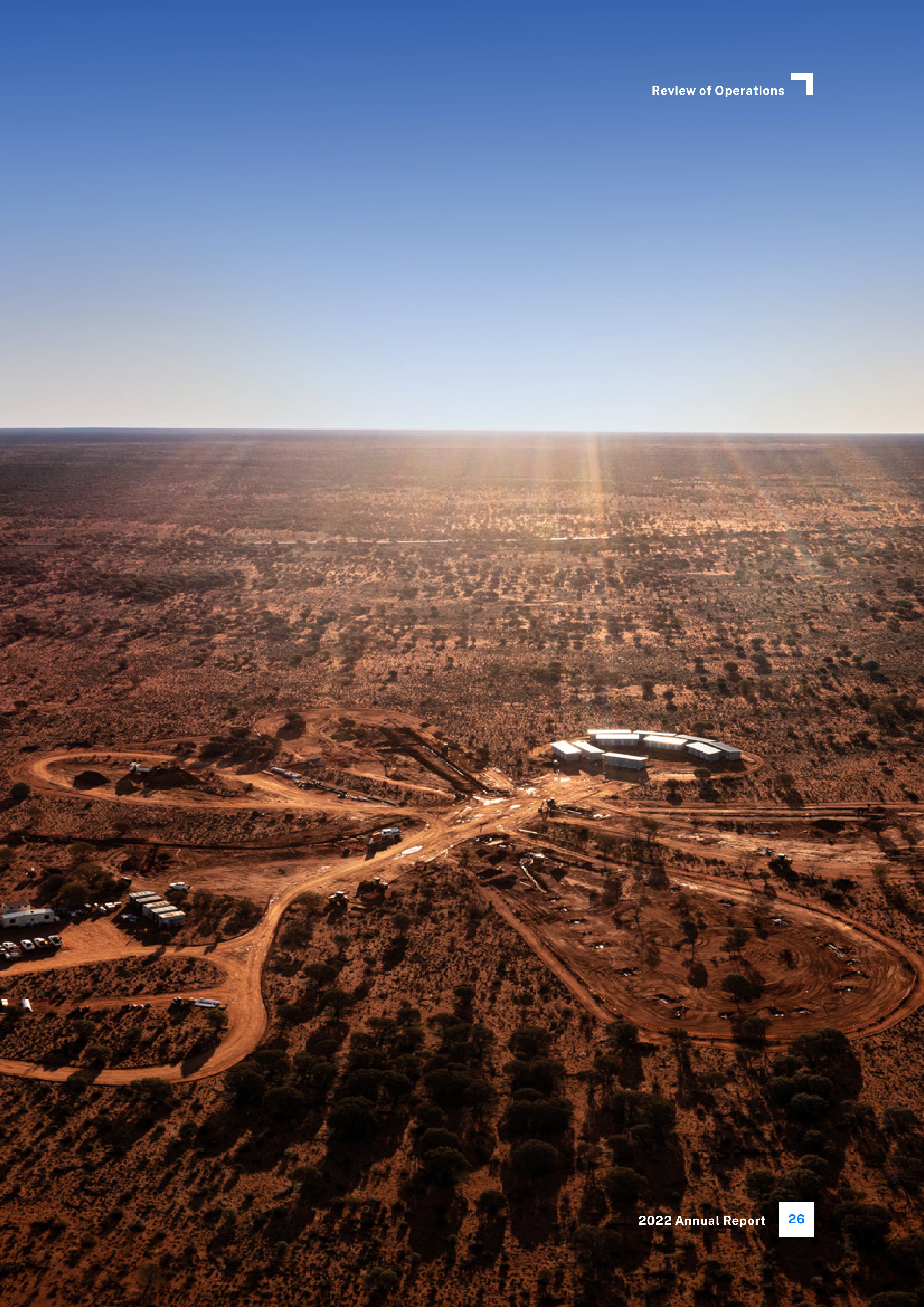
Figure 5: Revised secondary crushing and screening area incorporating lower steel heights and sacrificial conveyor on primary crushing area

Construction

Liontown has awarded the contract for the design, build and construction of a high-quality modern accommodation village to assist in attracting and retaining employees. Site works commenced in June following approval of a Small Operations Mining Proposal. The layout design of the 407-person camp has been driven by a key story that is important to the Tjiwarl Traditional Owners. The first 80 rooms are expected to be ready for use in early Q4 2022.

Construction activity is expected to ramp up on site in Q4 2022.





Offtake Agreements

Liontown's offtake strategy for Kathleen Valley was to target three large foundation agreements whilst retaining some capacity to sell into the rapidly growing spot market. The Company received very strong interest from a range of parties in long-term offtake from Kathleen Valley, culminating in the execution of offtake agreements with LG Energy Solution (LGES), Tesla and Ford.

The Company executed its first definitive full form Offtake Agreement with LGES in April for the supply of 100,000 dry metric tonnes (DMT) of SC6.0 spodumene concentrate (SC6.0) in the first year of supply, and 150,000 DMT of SC6.0 in years two to five of operations. The initial 5-year term is expected to commence in 2024 and may be extended for a further five years by mutual agreement. LGES is a major EV battery supplier for leading global automakers and is continuing to rapidly expand its business amid growing demand for lithium-ion batteries from the EV sector globally.

In June, Liontown formalised arrangements with leading electric vehicle manufacturer Tesla, executing a definitive full-form Offtake Agreement. Tesla will purchase 100,000 DMT of SC6.0 in the first year of supply, increasing to 150,000 DMT per annum in years two to five.

In late June, the Company also executed a definitive binding full-form Offtake Agreement with leading global automaker Ford Motor Company. Supply to Ford is expected to commence in 2024, with volumes of 75,000 DMT of SC6.0 in the first year of supply, increasing to 125,000 DMT in year two and 150,000 DMT for years three to five of the initial five-year term. The Supply Term may be extended for a further 5 years by mutual agreement.

Together the arrangements with LGES, Tesla and Ford mean that Liontown's total offtake commitments stand at up to 450,000 DMT per annum of SC6.0, representing approximately 90% of Kathleen Valley's start-up SC6.0 production capacity of ~500ktpa. The remaining production from Kathleen Valley is intended to be retained for spot volume sales and/or discrete offtake agreements.

Final Investment Decision

In December 2021, Liontown successfully completed a fully underwritten A$450 million institutional placement of approximately 272.7 million new fully paid ordinary shares to new and existing investors at an offer price of A$1.65 per New Share (Placement) to fund the development of Kathleen Valley. In addition to the Placement, the Company also completed a Share Purchase Plan (SPP) in February 2022 at the same price as the Placement, with subscriptions from eligible shareholders totalling A$12.9 million.

In June, the Company and Ford executed a binding funding facility agreement (Funding Facility) for a A$300 million debt facility to be used for the development of Kathleen Valley. The Funding Facility is a senior-secured debt facility with a 5-year maturity from supply commencement date. Interest is payable at the Bank Bill Swap Rate (BBSW) plus a fixed margin of 1.5%, with repayments quarterly from the supply commencement date, including a balloon repayment on maturity.

The Funding Facility, together with the A$463 million raised in the Placement and SPP, means that Liontown has secured commitments for the required funds to support the full development of the Project through to first production.

Following the execution of the offtake agreements and finalisation of project funding, the Company's Board endorsed the full development of Kathleen Valley and made the Final Investment Decision **(FID)**.

In June, Liontown formalised arrangements with leading electric vehicle manufacturer Tesla, executing a definitive full-form Offtake Agreement.

Project Enhancements - Downstream Scoping Study

The Company released an updated Downstream Scoping Study **(DSS)** for Kathleen Valley following completion of the DFS in November 2021, with the results reinforcing the exceptional financial and economic returns that would be generated by the addition of an on-site, downstream processing plant to produce a battery-grade precursor product.

In parallel with the DFS, Lycopodium was engaged to update the previous downstream scoping study published in October 2020 and evaluate the impact of integrating the mine, process plant and a downstream refinery, that would be built via a staged approach **(Integrated Project)** at Kathleen Valley and produce battery-grade Lithium Hydroxide Monohydrate **(LHM)** incorporating SC6.0 production envisaged as part of the DFS.

The DSS provided a strong basis to proceed with a Downstream Pre-Feasibility Study, which will further investigate the robust fundamentals and compelling economics of a downstream refinery at Kathleen Valley.

> The DSS provided a strong basis to proceed with a Downstream Pre-Feasibility Study,

By 2030, an estimated 145 million Electric Vehicles[1] will have taken to the road, a key step in the transition to a Low Carbon Future.

1. IEA (2021), Global EV Outlook 2021, IEA, Paris https://www.iea.org/reports/global-ev-outlook-2021

Other Projects

Buldania Lithium Project (100%)

Liontown has been actively exploring the Buldania Project since early 2018 after acquiring 100% of the rights to lithium and related metals from Avoca Resources Pty Ltd (a wholly-owned subsidiary of Karora Resources).

Work by Liontown initially focused on the spodumene-bearing Anna pegmatite, partially delineated by previous nickel and gold explorers, with drilling by the Company subsequently defining a maiden Indicated and Inferred Mineral Resource Estimate (MRE) of 15Mt @ 1.0% Li_2O, containing 140,000t of Li_2O.

In March, Liontown released the results of a drilling program at Buldania, which comprised 42 reverse circulation **(RC)** drill holes (BDRC0179-0220) for a total of 6,338m, designed to test multiple targets including:

- Shallow extensions to the Anna Deposit, particularly "up-dip";
- Regional geochemical/geological targets within the north-west part of the project ("Northwest Prospect"); and
- Multi-element soil anomalies extending north-east from the Anna Deposit.

At the Anna Deposit, better results included:

- 3m at 1.1% Li_2O from 36m (BDRC0189)
- 21m at 0.5% Li_2O from 8m (BDRC0190) including:
  - 1m at 2.0% Li_2O from 13m
- 17m at 1.1% Li_2O from 18m (BDRC0193) including:
  - 7m at 1.4% Li_2O from 19m and
  - 2m at 1.9% Li_2O from 30m
- 15m at 1.0% Li_2O from 23m (BDRC0197) and
- 4m at 1.6% Li_2O from 45m (BDRC0197)

Shallow lithium mineralisation was defined immediately east and outside of the current Anna Mineral Resource Estimate (15Mt at 1.0% Li_2O and 44ppm Ta_2O_5), with the new zone extending over a strike length of ~150m and 300m down-dip. Further drilling is planned prior to the Company updating the Anna Mineral Resource Estimate.

Liontown has previously identified the **Northwest** area of the Buldania Project as having lithium potential and the recently completed drilling program has identified further mineralised zones, with assay results including:

- 5m at 1.3% Li_2O from 32m (BDRC0203);
- 10m at 1.1% Li_2O from 48m (BDRC0203);
- 6m at 0.8% Li_2O from 12m (BDRC0204);
- 3m at 1.1% Li_2O from 189m (BDRC0205); and
- 6m at 1.0% Li_2O from 70m (BDRC0215).

Significant lithium results were returned over a strike length of 800m, with the mineralisation open in all directions

A detailed litho-geochemical review was completed on all of the available Buldania drill and surface data. This identified a number of untested areas with significant potential for mineralised pegmatites, both within the Anna and Northwest areas (Figure 6). Drilling is planned to test these targets, including diamond drilling to undertake metallurgical testwork.

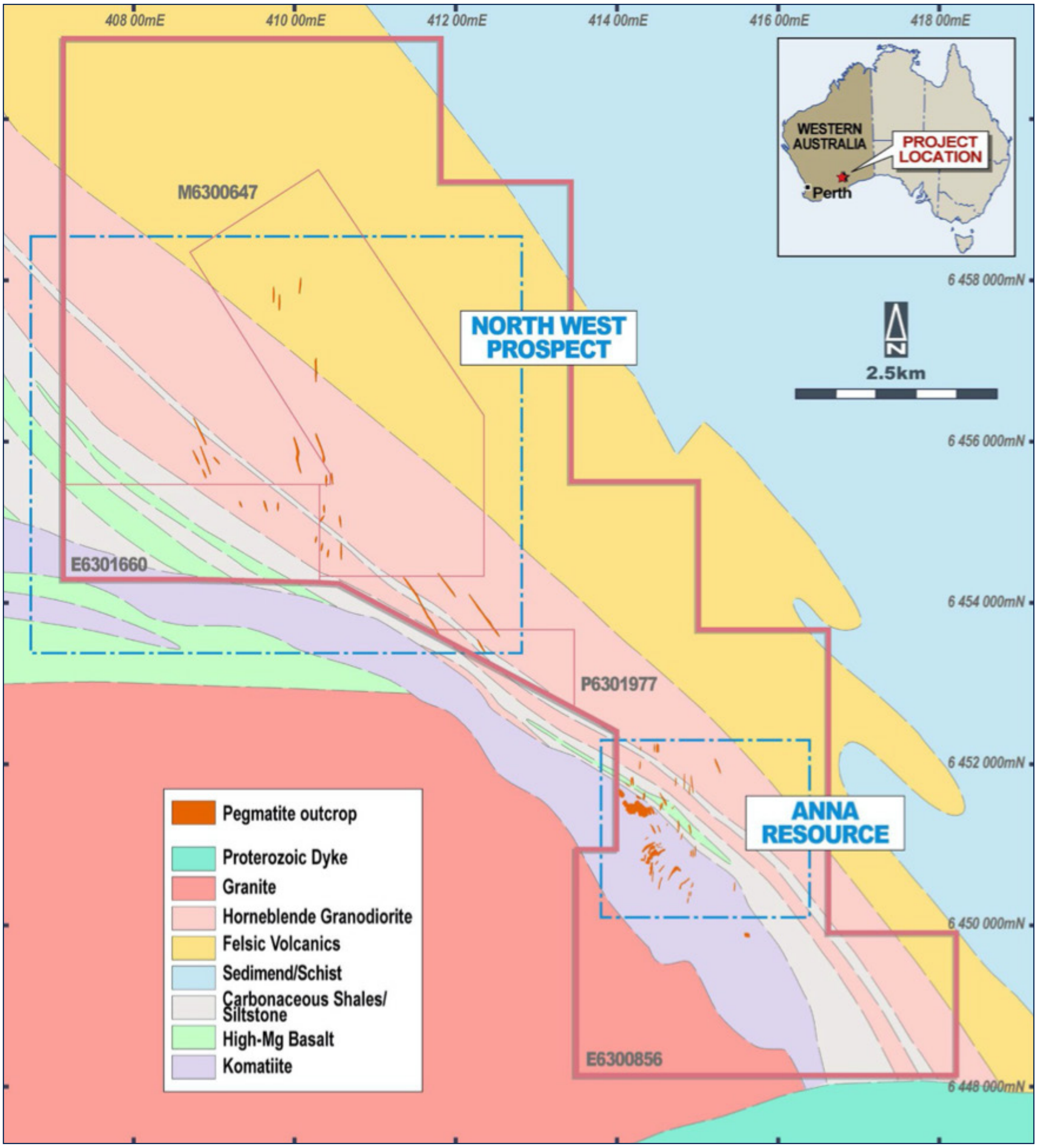


Figure 6: Buldania Lithium Project – Local geological interpretation

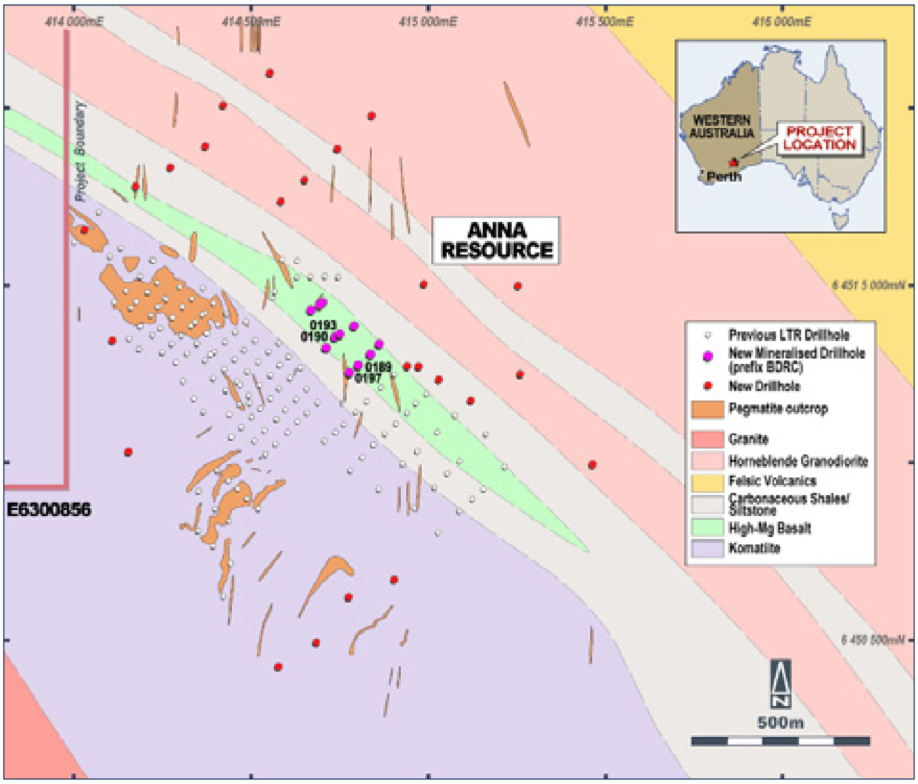


Figure 7: Anna Deposit – Geology interpretation with pegmatite outcrop and drilling

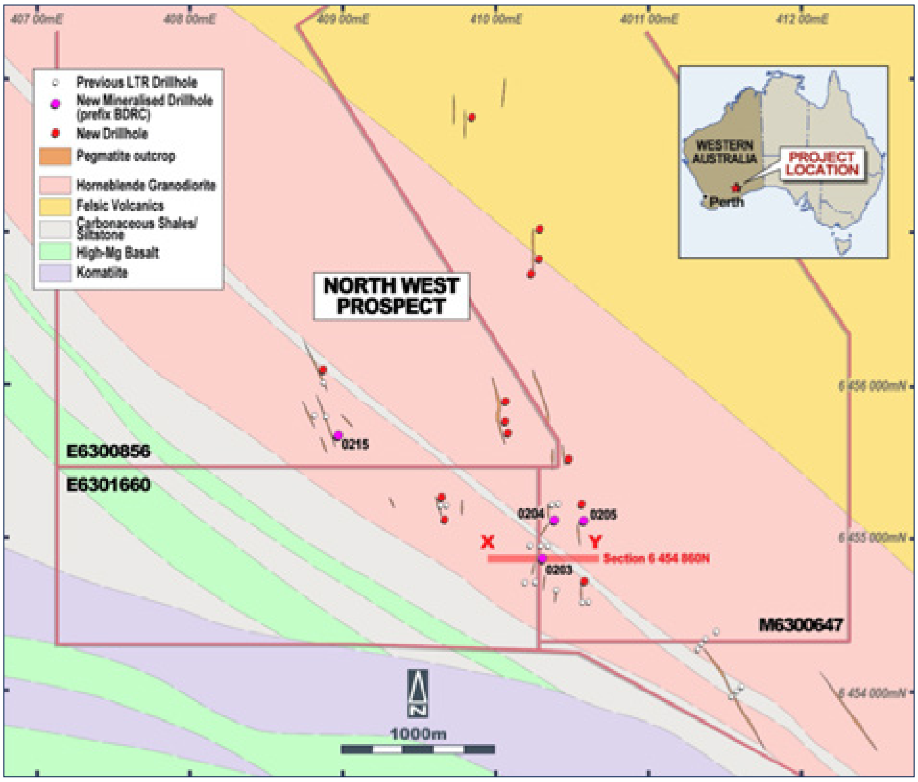
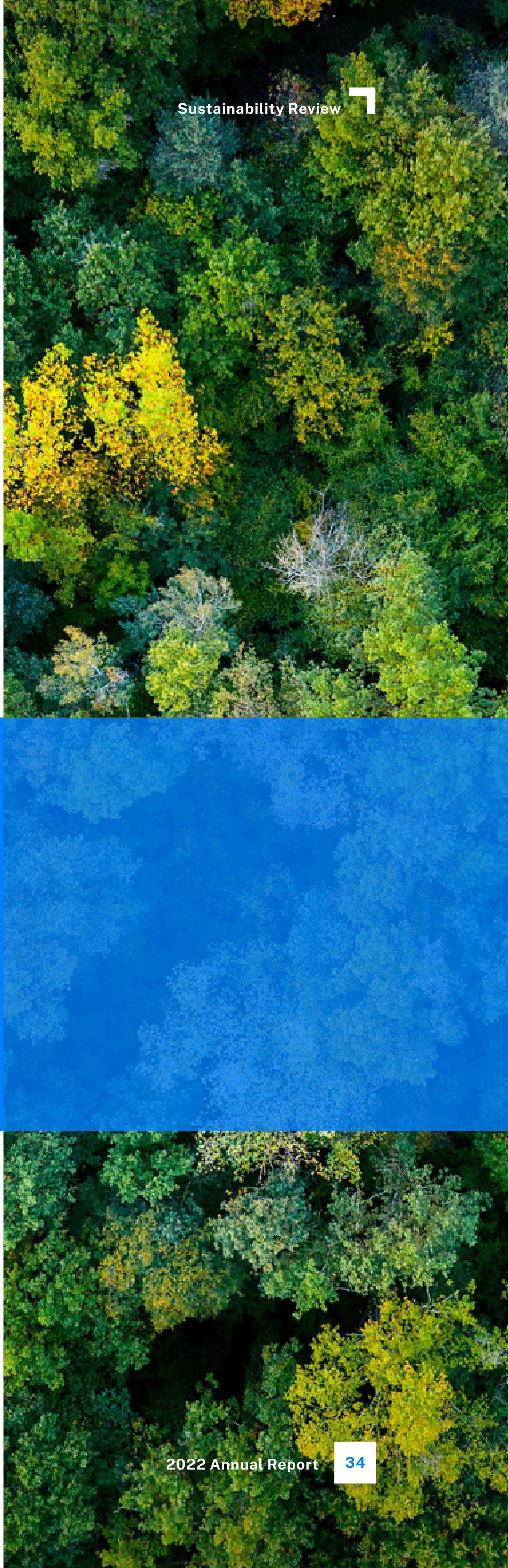


Figure 8: Northwest Prospect – Geology interpretation with pegmatite outcrop and drilling

05.

Sustainability Review



With our Kathleen Valley Project moving rapidly towards construction, we have significantly enhanced our capacity to build a mine that is not only a Tier-1 global lithium asset, but one that is built on excellent ESG credentials.

These strong credentials have provided us with success in securing off-take agreements with Tesla, Ford and LG Energy Solution, multinational corporations with high expectations that their suppliers are committed to ESG.

In April of this year, it was our pleasure to appoint Clair Wilson as ESG Manager to oversee our ESG program. Clair has led a number of critical ESG initiatives across the organisation.

Climate risk and pathways to net zero by 2034

Climate change has not only become a mainstream investment risk but is also the reason that Liontown is in business – our lithium is a critical component for the electrification technologies that will contribute to a lower carbon future.

Business responses to decarbonisation strategies have become increasingly sophisticated yet are under more scrutiny than ever before. To achieve our ambition of net zero emissions by 2034, we are aware that we need a realistic and meaningful strategy to provide the direction required to meet our targets. To this aim, in FY22, we initiated the process of assessing the climate risks and opportunities connected with our activities, which is an integral part of the Task Force on Climate-related Financial Disclosures' (TCFD) recommendations. This will be advanced during the next year.

We have enlisted the aid of highly credentialed ESG external consultants to assist us in identifying climate-related risks and opportunities and developing a net-zero emissions pathway for the Kathleen Valley mine. The pathway report will provide us with a forecasted greenhouse gas emissions inventory from CY2022 to CY2046, emission reduction scenarios, and action plans to reach our emissions reduction targets, as well as high-level decarbonisation investment estimates, derived from a baseline of 60% penetration of renewable energy, defined as part of our climate strategy roadmap in FY21.

The report will initially provide us with emissions reduction pathways for scope 1 and 2 emissions, and in the future, we will investigate reduction pathways for scope 3 emissions. Four scenarios will be investigated, each focusing on a unique combination of emissions reduction measures.

Native Title and Human Rights

As per the Kathleen Valley Lithium-Tantalum Project Native Title Agreement (NTA) signed in November 2021, we have continued to engage with the Tjiwarl Native Title Holders. We have issued two quarterly compliance reports for the period January to June 2022 which cover all aspects of NTA compliance, including communication and consultation, environmental management, water management, management of Aboriginal heritage, cultural awareness, access, social opportunities and development, employment and contracting, and compensation.

We are working towards publishing our first Human Rights Policy which will align with the International Bill of Human Rights; the International Labor Organization's Declaration on Fundamental Principles and Rights at Work; the United Nations Declaration on the Rights of Indigenous Peoples; and the United Nations Guiding Principles on Business and Human Rights.

Charters and Policies

In FY22, we conducted a comprehensive review of our charters and policies, updating many of the underpinning governance processes with ESG commitments and responsibilities.

Initiative for Responsible Mining Assurance (IRMA)

As part of our commitment to ESG, we have begun the intensive task of self-assessment against the draft IRMA-Ready Standard. The standard is intended for exploration and development companies that are not yet operational. We will provide our recommendations on the draft standards to IRMA as part of the public comment process and will continue the process of self-assessment with the view to IRMA assurance in future years.

ESG Report

We look forward to sharing the full scope of Liontown's ESG initiatives and performance in our FY22 ESG Report, which will be released in Q4, 2022. The ESG Report is prepared in accordance with the GRI Standards 2021, includes applicable disclosures from the Sustainability Accounting Standards Board (SASB) Metals and Mining Standard 2021, and progresses our reporting on the TCFD.

> "Climate change has not only become a mainstream investment risk but is also the reason that Liontown is in business.

06.

Ore Reserve and Mineral Resource Statement

The Company reviews and reports its Ore Reserves and Mineral Resources at least annually. The date of reporting is 30 June each year, to coincide with the Company's end of financial year balance date. If there are any material changes to the Ore Reserves and Mineral Resource estimates for the Company's mining projects over the course of the year, the Company is required to report these changes.

Kathleen Valley Lithium Project

The Kathleen Valley Project Mineral Resource Estimate:

The Company reported its maiden Mineral Resource estimate for the Kathleen Valley Lithium Project in Western Australia on 4 September 2018. The Company has since announced updated Mineral Resource estimates for the Project on 9 July 2019 and 11 May 2020 and 8 April 2021. There was no change to the Mineral Resource estimate during the year ended 30 June 2022.

	As at 30 June 2022[1]			As at 30 June 2021[1]		
Mineral Resource Category	Million Tonnes	Li_2O %	Ta_2O_5 ppm	Million Tonnes	Li_2O %	Ta_2O_5 ppm
Measured	20	1.3	145	20	1.3	145
Indicated	109	1.4	130	109	1.4	130
Inferred	27	1.3	113	27	1.3	113
TOTAL	**156**	**1.4**	**130**	**156**	**1.4**	**130**

1. Reported above a Li_2O cut-off grade of 0.55% which is commensurate with the cut-off grade determined during the Ore Reserve estimate. Tonnages and grades have been rounded to reflect the relative uncertainty of the estimate. Inconsistencies in the totals are due to rounding.

The Kathleen Valley Project Ore Reserve:

The Company reported its maiden Ore Reserve estimate for the Kathleen Valley Project on 2 December 2019. The Company has since updated the Ore Reserve as part of the Pre-Feasibility Study released on 9 October 2020 and the Definitive Feasibility Study released on 11 November 2021.

	As at 30 June 2022[1]			As at 30 June 2021[1]		
Mineral Resource Category	**Million Tonnes**	**Li_2O %**	**Ta_2O_5 ppm**	**Million Tonnes**	**Li_2O %**	**Ta_2O_5 ppm**
Underground						
Proved	-	-	-	3.9	1.4	130
Probable	65.4	1.3	119	37.6	1.5	120
Sub-Total	**65.4**	**1.3**	**119**	**41.5**	**1.5**	**120**
Open Pit						
Proved	2.7	1.3	141	11.7	1.2	140
Probable	0.5	0.9	148	17.6	1.2	130
Sub-Total	**3.2**	**1.2**	**142**	**29.3**	**1.2**	**130**
TOTAL	**68.5**	**1.3**	**120**	**70.8**	**1.4**	**130**

1. Tonnages and grades are diluted and reported at a Li_2O cut-off grade of 0.5% (open pit) and 0.7-1.2% (underground) and use a US$740/dmt FOB SC6.0 pricing assumption;
2. Tonnages and grades are diluted and reported at a Li_2O cut-off grade of 0.7-0.75% (open pit) and 1.2-1.5% (underground). Tonnages and grades have been rounded.

> Our commitment to move decisively and rapidly, while never sacrificing the highest possible standards of technical excellence and quality, have become the defining hallmarks of Liontown.

Buldania Lithium Project

The Anna Deposit, Buldania Project Mineral Resource estimate:

The Company reported its maiden Mineral Resource estimate for the Anna Deposit, Buldania Lithium Project in Western Australia on 8 November 2019. There was no change during the year ended 30 June 2022.

		As at 30 June 2022[1]			As at 30 June 2021[1]	
Mineral Resource Category	**Million Tonnes**	**Li_2O %**	**Ta_2O_5 ppm**	**Million Tonnes**	**Li_2O %**	**Ta_2O_5 ppm**
Indicated	9.1	1.0	45	9.1	1.0	45
Inferred	5.9	1.0	42	5.9	1.0	42
Total	**15**	**1.0**	**44**	**15**	**1.0**	**44**

1 Reported above a Li_2O cut-off grade of 0.5% for open pit potential. Tonnages and grades have been rounded to reflect the relative uncertainty of the estimate. Inconsistencies in the totals are due to rounding.

Toolebuc Vanadium Project

The Cambridge Deposit, Toolebuc Project Mineral Resource estimate:

The Company reported its maiden Mineral Resource estimate for the Cambridge Deposit, Toolebuc Vanadium Project in North West Queensland on 30 July 2018. A conditional agreement to divest the Toolebuc Project was entered during the December 2021 Quarter. The disposal was completed in the September 2022 Quarter.

		As at 30 June 2022[1]			As at 30 June 2021[1]	
Mineral Resource Category	**Million Tonnes**	**V_2O_5%**	**M_oO_5 ppm**	**Million Tonnes**	**V_2O_5%**	**M_oO_5 ppm**
Inferred	84	0.30	188	84	0.30	188
Total	**84**	**0.30**	**188**	**84**	**0.30**	**188**

1 Reported above a Li_2O cut-off grade of 0.5% for open pit potential. Tonnages and grades have been rounded to reflect the relative uncertainty of the estimate. Inconsistencies in the totals are due to rounding.

Governance Arrangements and Internal Controls

The Company has ensured that the Ore Reserve and Mineral Resources quoted are subject to thorough governance arrangements and internal controls.

The Ore Reserve for the Kathleen Valley Project was prepared by independent mining consulting group Snowden Mining Industry Consultants Pty Ltd (now Snowden Optiro) with metallurgical and engineering input provided by Lycopodium.

The Mineral Resource estimates for the Kathleen Valley, Buldania and Toolebuc Projects were prepared by independent specialist resource and mining consulting group Optiro Pty Ltd (now Snowden Optiro).

The Company's management carries out regular reviews and audits of internal processes and external consultants that have been engaged by the Company.

The Company confirms the following:

- The Ore Reserve and Mineral Resource statements above are based on and fairly represents information and supporting documentation prepared by a Competent Person or Persons.
- The Mineral Resource statement above has, as a whole, been approved by Mrs Christine Standing. Mrs Standing is an employee of Snowden Optiro and a Member of the Australian Institute of Mining and Metallurgy.
- Mrs Standing has provided prior written consent to the issue of the Mineral Resource statement in the form and context in which it appears in this annual report.
- The Ore Reserve statement above has, as a whole, been approved by Mr Allan Earl. Mr Earl is an employee of Snowden Optiro and a Fellow of the Australasian Institute of Mining and Metallurgy.
- Mr Earl has provided prior written consent to the issue of the Ore Reserve statement in the form and context in which it appears in this annual report.

07.

Tenement Schedule (As at 31 August 2022)

Located in Australia

Project	Tenement Number	Registered Holder	Nature of Interests
Kathleen Valley	M36/264	LRL (Aust) Pty Ltd (wholly owned subsidiary of Liontown Resources Limited).	100% - nickel claw back rights retained by other party
	M36/265		
	M36/459		
	M36/460		
	M36/696	LRL (Aust) Pty Ltd	100%
	E36/879		
	L36/248		
	L36/251		
	L36/236		
	L36/237		
	L36/0255		
	L36/0256		
	G36/0052		
	E36/1041	LRL (Aust) Pty Ltd	0% - pending application
	L36/248		
	L36/251		
	L53/253		
	L53/254		
	L53/255		
	L53/256		
	L36/0261		
	L36/0262		
	L36/0263		
	L53/0263		
	L53/0264		
	L53/0265		
	L36/0264		
	L36/0265		
	L36/0266		
	L36/0267		
	L36/0268		
	L53/0266		
	L53/0267		

Project	Tenement No.	Registered Holder	Nature of Interests
Buldania	E63/856	Avoca Resources Pty Ltd	100% of rights to lithium and related metals secured by Lithium Rights Agreement
	P63/1977		
	M63/647		
	M63/676		0% - pending application
	E63/1660	LRL (Aust) Pty Ltd	100%
	E63/2165	LRL (Aust) Pty Ltd	0% - pending application
	E63/2267		
	E63/2268		
	E63/2266		
Monjebup	E70/6042	LBM (Aust) Pty Ltd	100%
	E70/6043		
	E70/6044		

08.

Competent Person Statement

The Information in this Report that relates to Exploration Results, Mineral Resources and Metallurgical Test Work for the Kathleen Valley Project is extracted from the ASX announcement “Strong progress with Kathleen Valley Definitive Feasibility Study as ongoing work identifies further key project enhancements” released on 8 April 2021 which is available on www.ltresources.com.au.

The Information in this Report that relates to Production Target and DFS 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 Information in this Report that relates to the DSS for the Kathleen Valley Project is extracted from the ASX announcement “Updated Downstream Scoping Study Highlights Next Growth Horizon for Kathleen Valley Project” released on 11 November 2021 which is available on www.ltresources.com.au.

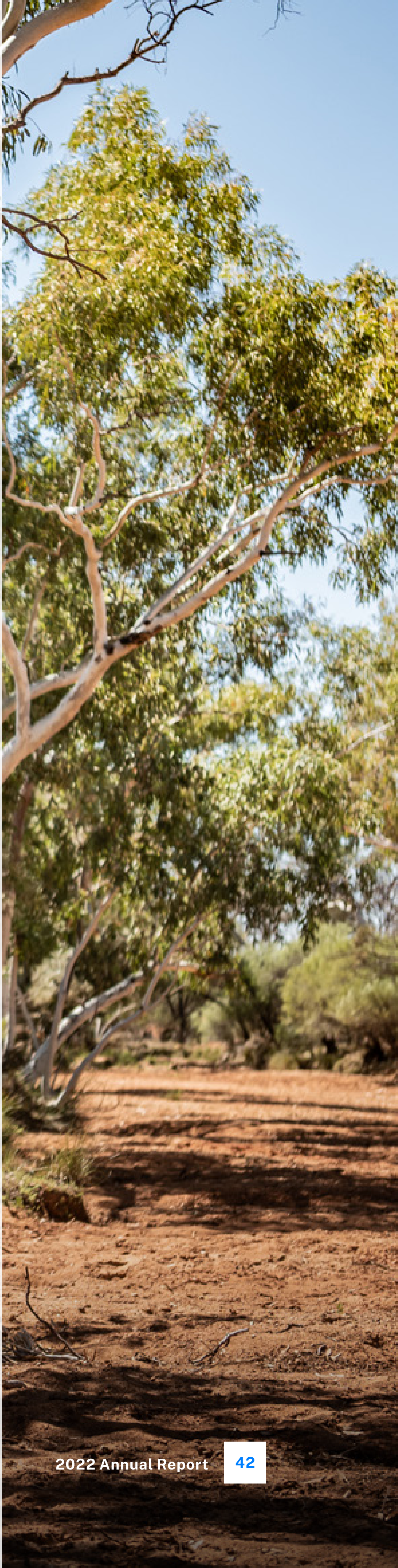
The Information in this Report that relates to Exploration Results for the Buldania Project is extracted from the ASX announcement “Positive Drilling Results Confirm Growth Potential at Buldania Lithium Project, WA” released on 21 March 2022 which is available on www.ltresources.com.au.

The Information in this Report that relates to Mineral Resources for the Buldania Project is extracted from the ASX announcement “Liontown announces maiden Mineral Resource Estimate for its 100%-owned Buldania Lithium Project, WA” released on 8 November 2019 which is available on www.ltresources.com.au.

As detailed in the ASX announcement “Liontown Board approves development of Kathleen Valley Lithium Project” released on 29 June 2022, as part of the Final Investment Decision, the capital expenditure budget for the Kathleen Valley Project was increased to $545 million. The Company confirms that it is not aware of any other new information or data that materially affects the information included in the original market announcements and the updated capital expenditure budget referenced in the announcement dated 29 June 2022 and that all material assumptions and technical parameters underpinning the estimates or production targets or forecast financial information derived from a production target (as applicable) 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 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.



Directors' Report

The Directors present their report together with the consolidated financial statements of the Group consisting of Liontown Resources Limited (Liontown Resources or the Company) and its controlled entities for the financial year ended 30 June 2022 and the independent auditor's report thereon.

1. DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Timothy Goyder **Non-Executive Chair**	
Experience:	Mr Goyder is an experienced mining executive with over 40 years' experience in the resource industry. He has been involved in the formation and management of a number of publicly listed companies and is currently Chairman of DevEx Resources Limited. Mr Goyder was appointed as Non-Executive Chairman on 2 February 2006.
Interest in shares and options at the date of this report:	328,533,766 ordinary shares
Special responsibilities:	Member of the Remuneration Committee.
Directorships held in other listed entities in the last three years:	Mr Goyder is currently Non-Executive Chairman of DevEx Resources Limited, Non-Executive Director of Minerals 260 Limited, Non-Executive Director of entX Limited and was previously Non-Executive Chairman of Chalice Mining Limited (resigned 24 November 2021).

Antonino Ottaviano BEng (Mechanical), MBA **Managing Director and Chief Executive Officer**	
Experience:	Mr Ottaviano is a global mining executive, with over 30 years leading operations across Australia, the Americas, Asia, Europe and Africa. Prior to joining Liontown, he held senior executive roles with two of the world's largest mining companies, BHP and Rio Tinto, establishing a successful track record in Operations, M&A, project delivery and business transformation programs, most recently as Group Performance and Improvement Officer with BHP Limited.
Interest in shares and options at the date of this report:	1,624,692 ordinary shares 5,000,000 unlisted options 2,500,000 unlisted sign-on performance rights 393,866 unlisted short-term incentive (STI) performance rights 1,181,600 unlisted long-term incentive (LTI) performance rights
Special responsibilities:	None
Directorships held in other listed entities in the last three years:	None

David Richards BSc (Hons), MAIG **Technical Director (resigned 24 November 2021)**	
Experience:	Mr Richards has over 40 years' experience in mineral exploration in Australia, Southeast Asia and western USA. His career includes exploration and resource definition for a variety of gold and base metal deposit styles, and he led the team that discovered the multi-million ounce, high grade Vera-Nancy gold deposits in North Queensland and more recently led the team that discovered Liontown's world class Kathleen Valley Lithium and Tantalum deposit. He has held senior positions with Battle Mountain Australia Inc, Delta Gold Limited, AurionGold

	Limited and was Managing Director of ASX-listed Glengarry Resources Limited from 2003 - 2009. Mr Richards was appointed as Managing Director on 1 May 2010. On 5 May 2021, he transitioned from Managing Director to Technical Director and on 1 October 2021 from Technical to Non-Executive Director.
Interest in shares and options at the date of resignation:	22,661,067 ordinary shares
Special responsibilities:	None
Directorships held in other listed entities in the last three years at date of resignation:	Mr Richards is a Non-Executive Director of Woomera Mining Limited and Managing Director of Minerals 260 Limited.

Anthony Cipriano B.Bus, CA, GAICD **Independent Non-Executive Director**	
Experience:	Mr Cipriano is a Chartered Accountant with over 30 years accounting, corporate and finance experience. Mr Cipriano was formerly a senior partner at Deloitte and at the time of his retirement he was the Deloitte National Tax Leader for Energy and Resources and leader of its Western Australian Tax Practice. Mr Cipriano has significant experience working in the resource sector, and in particular dealing with corporate, legal and financial matters. Mr Cipriano was appointed as a Non-Executive Director on 1 July 2014.
Interest in shares and options at the date of this report:	16,100,000 ordinary shares
Special responsibilities:	Chair of the Audit Committee, Member of the Remuneration Committee, Lead Independent Director (effective 1 January 2022) and previously Chair of the Remuneration Committee until 24 November 2021.
Directorships held in other listed entities in the last three years:	Mr Cipriano is Non-Executive Chairman of Minerals 260 Limited.

Craig Williams BSC (Hons) **Independent Non-Executive Director**	
Experience:	Mr Williams is a Geologist with over 40 years' experience in mineral exploration and development. Mr Williams co-founded Equinox Minerals Limited in 1993 and was President, Chief Executive Officer and Director prior to Barrick Gold's takeover of Equinox. He has been directly involved in several significant discoveries, including the Ernest Henry Deposit in Queensland and a series of gold deposits in Western Australia. In addition to his technical capabilities, Mr Williams also has extensive corporate management and financing experience. Mr Williams was appointed as a Non-Executive Director on 14 November 2006.
Interest in shares and options at the date of this report:	29,767,515 ordinary shares 1,000,000 unlisted options
Special responsibilities:	Member of the Audit Committee until 30 June 2022 and Member of the Remuneration Committee until 30 April 2022.
Directorships held in other listed entities in the last three years:	Mr Williams is currently Non-Executive Chairman of OreCorp Limited, Non-Executive Chairman of Solstice Minerals Limited and Non-Executive Director of Minerals 260 Limited.

Steven Chadwick BAppSc, AusIMM **Independent Non-Executive Director (resigned 4 July 2022)**	
Experience:	Mr Chadwick has over 40 years' experience in the mining industry, incorporating technical, operating and management roles, as well as a strong metallurgical background. He was a founding Director of BC Iron Limited and a former Managing Director of Coventry Resources, PacMin Mining Limited and Northern Gold

	Limited, prior to their corporate acquisitions. Mr Chadwick was also a Director of and consulted to major Canadian miner Teck Resources' Australian subsidiary for ten years. Mr Chadwick was appointed as a Non-Executive Director on 10 January 2019.
Interest in shares and options at the date of retirement:	10,047,636 ordinary shares
Special responsibilities:	None
Directorships held in other listed entities in the last three years at date of resignation:	Mr Chadwick is a Non-Executive Director of Lycopodium Limited and was previously an Executive Director of Quantum Graphite Limited (resigned 30 November 2020).

Jennifer Morris B.Arts, AICD, INSEAD **Independent Non-Executive Director (appointed 24 November 2021)**	
Experience:	Ms Morris is an accomplished corporate executive and Non-Executive director, with key experience in advising corporations and government entities on strategy development, governance controls, complex large-scale business transformation, human capital related work, the embedding of environment, social and governance related policies and the understanding of high-performance environments learned during her varied career including elite sport. Ms Morris is a former partner of global professional services firm Deloitte where her career spanned more than 10 years working across the mining, government and transport sectors. Ms Morris was also previously a Senior Marketing Analyst for Rio Tinto Iron Ore.
Interest in shares and options at the date of this report:	66,210 ordinary shares 500,000 unlisted options
Special responsibilities:	Chair of the Remuneration Committee from 24 November 2021 and Member of the Audit Committee from 24 November 2021.
Directorships held in other listed entities in the last three years:	Ms Morris is a Non-Executive Director of Fortescue Metals Group Ltd and Sandfire Resources Ltd.

Shane McLeay B Eng Mining (Hons) FAusIMM AWASM **Independent Non-Executive Director (appointed 3 May 2022)**	
Experience:	Mr McLeay is a mining engineer and senior manager in the resource sector with over 25 years' experience. He has a strong track record in starting up and operating mines of varying scale, with a skillset that includes project management, building highly capable teams and overseeing operational ramp-up to steady-state production. He has extensive experience in senior operational site management, predominantly in gold and base metal hard rock mines, prior to founding Entech in 2010.
Interest in shares and options at the date of this report:	160,000 ordinary shares
Special responsibilities:	Member of the Audit Committee from 1 July 2022.
Directorships held in other listed entities in the last three years:	None

2. COMPANY SECRETARY

The name and details of the Company Secretary in office during the financial year and until the date of this report are as follows:

Mr Clint McGhie B.Com, CA, AGIA	
Experience:	Mr McGhie is an experienced Chartered Accountant and Company Secretary who commenced his career at a large international accounting firm and has since been

involved with several ASX and AIM listed exploration and development companies operating in the resources sector, including Minerals 260 Limited, Salt Lake Potash Limited, Berkeley Energia Limited and Sovereign Metals Limited. Mr McGhie is a Fellow of the Governance Institute of Australia (Chartered Secretary), and a Fellow of the Financial Services Institute of Australasia. He was appointed Company Secretary on 5 May 2021.

3. DIRECTORS' MEETINGS

The number of board and committee meetings attended by each Director during the year are as follows:

	Board Meeting [1]		Audit Committee		Remuneration Committee	
No. of meetings held:	18		2		2	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
T Goyder	18	18	-	-	2	2
T Ottaviano	18	18	-	-	-	-
D Richards	7	7	-	-	-	-
C Williams	17	18	2	2	-	1
A Cipriano	18	18	2	2	2	2
S Chadwick	18	18	-	-	-	-
J Morris	11	11	1	1	2	2
S McLeay	3	3	-	-	-	-

1. Given the current size and composition of the Board, the Company has not established a separate nomination or risk committee. The role of these committees are performed by the Board and any matters to be dealt with by these committees are included in board meetings.

4. PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the financial year were mineral exploration, evaluation and development.

5. REVIEW OF OPERATIONS

The Directors present the operating and financial review of the Company for the year ended 30 June 2022.

Operating performance

The information provided in the review is set out in pages 14 to 32 of this Annual Report and forms part of the Directors' Report and provides information to assist users in assessing the operations and activities of the Company.

Financial performance

The Group 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). Exploration and evaluation expenditure, excluding $30.25 million relating to the termination of a Kathleen Valley royalty, was $8.4 million being an increase of $1.3 million from 2021. 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.

Financial position

At balance date net assets were $466.8 million (2021: net assets of $13.5 million), and an excess of current assets over current liabilities of $434.6 million (2021: excess of current assets over current liabilities of $11.0 million).

Current assets increased from $12.8 million as at 30 June 2021 to $454.5 million at 30 June 2022 due to a significant increase in cash from proceeds of equity raisings of $516.9 million (before costs). Current liabilities increased from $1.9 million at 30 June

2021 to $19.9 million at 30 June 2022 due primarily to an increase in trade and other payables associated with the Kathleen Valley Lithium Project development activities.

Kathleen Valley Lithium Project development costs of $26.2 million were capitalised during the period and $5.0 million in borrowing costs associated with the Ford debt facility were capitalised during the period.

Statement of cashflows

Cash and cash equivalents as at 30 June 2022 were $453.1 million (2021: $12.5 million). The net increase in cash of $440.5 million is due primarily to proceeds received from placements and the SPP totalling $514.9 million (before costs). A further $2.0 million was received from the exercise of share options. Key cash outflows included $30.3 million for the termination of the Kathleen Valley royalty termination, $13.3 million in payments for property, plant and equipment (mainly related to the Kathleen Valley Lithium Project development), $9.1 million in payments for exploration and evaluation expenditure (including the Kathleen Valley DFS), and $8.4 million paid to suppliers and employees. The increase in payment to suppliers and employees was driven by increased corporate activity and resources associated with development of the Kathleen Valley Lithium Project.

Corporate

Equity Capital Raisings and Financing Facility

During the period, Liontown completed two placements and a share purchase plan (SPP) for total proceeds of $514.9 million (before costs). The Company received strong demand from high-quality domestic and offshore institutions reinforcing the strength of Liontown's world-class Kathleen Valley Lithium Project. On 22 July 2021, the Company completed a placement to raise $52.0 million (before costs) by issuing 68,420,000 fully paid ordinary shares at an issue price of $0.76 per share. On 7 December 2021, the Company completed a placement to raise $450 million (before costs) by issuing 272,727,273 fully paid ordinary shares at an issue price of $1.65 per share. On 4 February 2022, the Company completed the SPP to raise $12.9 million (before costs) by issuing 7,819,543 fully paid ordinary shares at an issue price of $1.65 per share.

In June 2022, the Company executed a binding full-form funding facility agreement (Funding Facility) with Ford for a $300 million debt facility. The senior-secured Funding Facility has a 5-year maturity commencing from the spodumene supply commencement date and interest is payable at the Bank Bill Swap Rate (BBSW) plus a fixed margin of 1.5%.

Final Investment Decision (FID)

In June 2022, the Company's Board endorsed the full development of the Kathleen Valley Lithium Project. The FID followed the execution of the third and final foundational offtake agreement and the $300 million Funding Facility, with leading global automaker, Ford Motor Company (Ford). Liontown's offtake commitments (representing approximately 90% of Kathleen Valley's initial SC6.0 production capacity of ~500ktpa), together with the Funding Facility and the proceeds from Liontown's capital raisings, supported the Board's decision to endorse the FID.

Termination of Kathleen Valley Royalty

The Company executed a royalty termination deed with Ramelius Resources Limited (ASX: RMS) with the Company paying $30.3 million to terminate the royalty rights Ramelius Resources Limited held over the Kathleen Valley Lithium Project. Removal of the royalty obligation aligns clearly with the Company's stated objective of reducing the operating costs of the Project.

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 projects divested include Moora, Koojan JV, Dingo Rocks and Yalwest. The demerger was undertaken by way of an in-specie distribution.

The Minerals 260 IPO successfully raised $30 million and closed heavily subscribed. Minerals 260 commenced trading on the Australian Securities Exchange on 12 October 2021 under the ASX code "MI6".

S&P ASX 200 & MSCI Australia Index Inclusion

The Company was included in the benchmark S&P ASX 300 Index of the ASX effective 20 September 2021 and then subsequently included in the S&P ASX 200 Index of the ASX effective 20 December 2021. This reflected the substantial increase in the Company's market capitalisation and increased depth of its share register during the period.

The Company was also included in the MSCI Australia Index with effect from 30 November 2021.

Board Changes

Highly regarded company director Ms Jennifer Morris OAM joined the Company's Board as an Independent Non-Executive Director having been elected at the Annual General Meeting in November 2021. Ms Morris is an accomplished corporate executive and non-executive director and is currently a Non-Executive Director of ASX-listed iron ore producer Fortescue Metals Group Ltd (ASX: FMG) and copper producer Sandfire Resources Ltd (ASX: SFR).

Experienced mining engineer Shane McLeay joined the Board as an Independent Non-Executive Director on 3 May 2022. Mr McLeay's expertise in underground mining and in adopting innovative, technology-led solutions will be extremely valuable during the development and operational phases of the Kathleen Valley Lithium Project.

Subsequent to the year-end, highly experienced lawyer Ms Adrienne Parker was appointed as Independent Non-Executive Director effective 1 October 2022. Ms Parker's experience and her specialisation in the infrastructure and resources sector will bring strong legal, commercial and corporate experience to the Board.

These appointments add further experience, independence and diversity to the Board as it continues on its rapid growth trajectory to become a leading global battery materials producer through the development of its world-class Kathleen Valley Lithium Project in Western Australia.

During the year Mr David Richards retired from his position as a Director and commenced his new role as Managing Director of Minerals 260 Ltd. Mr Richards retired at the Annual General Meeting in November 2021.

Subsequent to year-end, Mr Steven Chadwick announced his retirement as a Non-Executive Director of the Company and long-serving Independent Non-Executive Director Mr Craig Williams announced his intention to retire from the Board at the upcoming Annual General Meeting (AGM) in November 2022.

Mr Williams and Mr Chadwick have played instrumental roles and made enormous contributions to the Company's growth and success.

Impact of COVID-19

The COVID-19 pandemic has had an impact on, individuals, communities and businesses globally. Employees at all levels of the business have changed the way they work and how they interact professionally and socially. Together with the various Government health measures, the Group implemented controls and requirements to protect the health and safety of its workforce, their families, local supplies and neighbouring communities while ensuring a safe working environment.

No adjustments have been made to the Company's results as at 30 June 2022 for the impacts of COVID-19. However, the scale of duration of the COVID-19 pandemic and possible future Government measures, vaccine rollout and their impact on the Company's operations and financial situation necessarily remains uncertain.

The Company is committed to maintaining a safe environment for its employees, contractors, visitors and the communities in which it works. The Company has implemented a range of measures in response to Covid-19 to ensure the health and safety of its people and to enable the continuation of its activities without interruption where possible. The Company continues to monitor Government advice in relation to Covid-19 to update existing protocols.

6. BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS

The strategy of the Group is to create long-term shareholder value, be an environmental, social and governance (ESG) leader and be a globally significant provider of battery minerals for the rapidly growing clean energy market. To achieve its objective, the Group currently has the following business strategies and prospects:

(i) Realise the Kathleen Valley Lithium Project's full potential: by becoming a globally significant supplier of spodumene;
(ii) Downstream Expansion: develop integrated operations to capture higher margins; and
(iii) Expand the portfolio through organic growth (including the Buldania Lithium Project), value accretive merger and acquisition, and exposure to the circular economy.

The Groups activities have inherent risk and the Board is unable to provide certainty of the expected results of these activities, or that any or all of these likely activities will be achieved. The material business risks faced by the Group that could influence the Group's future prospects, and how the Group manages these risks, are outlined below.

Development risks

As a result of the substantial expenditures involved in mine development projects and the impact on those expenditures from a high inflation environment, mine developments are prone to material cost overruns, cost inflation, labour shortages and supply chain interruptions. The capital expenditures and time required to develop new mines are considerable and changes in cost or construction schedules can significantly increase both the time and capital required to build the project.

Operational risks

The planned schedule for the commissioning and ramp up of the spodumene process plant are subject to operating risks that could impact the amount and quality of spodumene produced or increase the cost of production for varying lengths of time. Such difficulties include: changes or variations in ore grade, metallurgical performance; mining, processing and loading equipment failures and unexpected maintenance problems; limited availability or increased costs of mining, processing and loading equipment and parts and other materials from suppliers; mine safety accidents; export port infrastructure and capacity allocation, adverse weather and natural disasters; and a shortage of skilled labour. If any of these or other conditions or events occur in the future, they may increase the cost of mining or delay or halt planned commissioning, ramp up and production, which could adversely affect our results of operations or decrease the value of our assets. The Group has in place a framework for the management of operational risks and an insurance program which provides coverage for a number of these operating risks.

Sufficient water resources

Securing good quality water sources (less than 3,000 total dissolved solids) has been identified as a key project requirement. Good progress has been made in securing the necessary water required for commencement and exploration work and development activity is continuing on numerous identified targets to further define additional water resources. In the event sufficient locally sourced additional water resources cannot be identified, this may result in an increase in the development cost, cost of operations or impact planned commissioning, ramp up and/or production.

Lithium prices and foreign exchange

The price of lithium products and other commodities fluctuate and are affected by numerous factors beyond the control of the Company. Potential future production from the Company's mineral properties will be dependent upon the price of Lithium products and other commodities being adequate to make these properties economic. The Company executed binding offtakes with high quality offtake partners at different levels of the supply chain and across different jurisdictions. Project financing facilities with Ford are denominated in Australian dollars and most of the planned development and operational activities are denominated in Australian dollars. Sales revenues will be denominated in US dollars and the Company's ability to fund activities and make debt repayments maybe adversely affected if the Australian dollar rises against the US dollar.

The Company's activities may require further capital

The development of the Company's projects may require additional funding. The Company has recently raised significant funds via equity raisings and executed a A$300 million debt financing package with Ford to fund the Kathleen Valley Lithium Project. Whilst current available funding is expected to fund the Kathleen Valley Lithium Project through to first production, there can be no assurance that additional capital or other types of financing will be available if needed for development and operations or that, if available, the terms of such financing will be favourable to the Company.

Native title and Aboriginal Heritage

There are areas of the Company's projects over which legitimate common law and/or statutory Native Title rights of Aboriginal Australians exist. Where Native Title rights do exist, the Company must obtain consent of the relevant landowner to progress the exploration, development and mining phases of its operations. Where there is an Aboriginal Site for the purposes of the Aboriginal Heritage legislation, the Company must obtain consents in accordance with the legislation. The Company has executed a Native Title Land Access Agreement with the Native Title Owners for Kathleen Valley and established a framework for ongoing engagement and obtaining required consents for the continuity of works, but in the event that it is unable to obtain these consents, its activities may be adversely affected.

The Company's activities are subject to Government regulations and approvals

The development of the Kathleen Valley Lithium Project is subject to obtaining further key approvals from relevant government authorities. The Company has an approvals schedule and a management team with significant experience in approvals required for mining projects in Western Australia. A delay or failure to obtain required permits may affect the Company's schedule or ability to develop the project. Any material adverse changes in government policies or legislation in Western Australia and Australia that affect mining, processing, development and mineral exploration activities, export activities, income tax laws, royalty regulations, government subsidies and environmental issues may affect the viability and profitability of any planned development the Kathleen Valley Lithium Project and other projects in the Company's portfolio. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could adversely impact the Group's mineral properties.

Global financial conditions may adversely affect the Company's growth and profitability

Many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil caused by the COVID-19 pandemic, global geopolitical tensions and inflationary economic environments may result in contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. Due to the current nature of the Company's activities, a slowdown in the financial markets or other economic conditions may adversely affect the Company's growth and ability to finance its activities. If these increased levels of volatility and market turmoil continue, the Company's activities could be adversely impacted and the trading price of the Company's shares could be adversely affected.

7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes to the state of affairs other than those noted elsewhere in this financial report.

8. DIVIDENDS

No dividends were declared or paid during the period and the Directors recommend that no dividend be paid.

9. EVENTS SUBSEQUENT TO REPORTING DATE

On 21 July 2022, the Company announced that it had appointed Lycopodium Minerals Pty Ltd to complete the engineering, procurement, construction management and commissioning services for the Kathleen Valley Lithium Project.

On 12 September 2022, the Company announced that it had executed a Letter of Award with Zenith Energy to supply electricity to its Kathleen Valley Lithium Project in Western Australia for a period of 15 years.

There has not been any other matter or circumstance that has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

10. LIKELY DEVELOPMENTS

Other than the development of the Kathleen Valley Lithium Project, there are no likely developments that will impact on the Company other than as disclosed elsewhere in this report.

11. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium under a contract insuring all Directors and Officers of the Company against liability incurred in that capacity. Disclosure of the nature of liabilities insured and the premium is subject to a confidentiality clause under the contract of insurance.

12. PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

13. ENVIRONMENTAL REGULATIONS

The Company is subject to material environmental regulation in respect to its exploration and evaluation activities. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is compliant with all environmental legislation. The Directors of the Company are not aware of any breach of environmental legislation for the period under review.

14. NON-AUDIT SERVICES

During the year HLB Mann Judd, the Company's auditor, other than review of ASX Quarterly 5B announcements and audit report of Minerals 260 Limited, performed no other services in addition to their statutory audit duties.

15. OPTIONS, SERVICE AND PERFORMANCE RIGHTS GRANTED OVER UNISSUED SHARES

(a) Options

At the date of this report 8,500,000 fully paid ordinary shares of the Company are under option on the following terms and conditions:

	Number
Exercisable at $0.1479 each on or before 4 June 2023	2,000,000
Exercisable at $0.2979 each on or before 25 November 2023	1,000,000
Exercisable at $0.5379 each on or before 9 February 2023	2,500,000
Exercisable at $0.5779 each on or before 9 February 2024	2,500,000
Exercisable at $2.45 each on or before 23 November 2024	500,000
Total Options	**8,500,000**

(b) Performance Rights

At the date of this report 6,386,948 fully paid ordinary shares of the Company are under performance rights on the following terms and conditions:

	Number
Sign on Performance Rights Expire on 1 July 2023, with a nil exercise price	1,250,000
Sign on Performance Rights Expire on 1 July 2024, with a nil exercise price	1,250,000
Short Term Incentive Performance Rights Expire 30 June 2023, nil exercise price	971,736
Long Term Incentive Performance Rights Expire 30 June 2025, nil exercise price	2,915,212
Total Performance Rights	**6,386,948**

16. REMUNERATION REPORT - AUDITED

(a) Introduction

This remuneration report for the year ended 30 June 2022 outlines remuneration arrangements in place for Directors and other members of the Key Management Personnel (KMP) of the Company in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company. KMP's during or since year end were:

(i) Non-Executive Directors

- T Goyder - Chair
- C Williams - Non-Executive Director
- A Cipriano - Lead Independent Non-Executive Director
- S Chadwick - Non-Executive Director (resigned 4 July 2022)
- J Morris – Non-Executive Director (appointed 24 November 2021)
- S McLeay - Non-Executive Director (appointed 3 May 2022)

(ii) Executives

- T Ottaviano - Managing Director and Chief Executive Officer (CEO)
- D Richards - Technical Director (resigned 24 November 2021)
- A Smits – Chief Operating Officer (COO)
- C Hasson – Chief Financial Officer (CFO)

There were no other changes to KMP after the reporting date and before the date the financial report was authorised for issue.

(b) Remuneration Committee

The Remuneration Committee members are Ms Morris (Chair), Mr Goyder and Mr Cipriano (all non-executive directors) and the Committee is responsible for advising and making recommendations to the Board regarding the remuneration framework, policy, vesting of awards and compensation arrangements for the non-executive and executive directors, executives and employees.

Details of the Remuneration Committees Charter can be found at the Company's website www.ltresources.com.au.

Use of Remuneration consultants

To ensure the Remuneration committee is fully informed when making remuneration decisions, the Remuneration Committee may seek external advice, as it requires, on remuneration policies and practices. Remuneration consultants can be engaged by, and report directly to, the Committee. In selecting remuneration consultants, the committee would consider potential conflicts of interest and independence from the Group's KMP and other executives. During the financial year the Committee has sought some advice from external consultants in relation to remuneration benchmarking. This did not involve providing the Remuneration Committee with any remuneration recommendations as defined by the Corporations Act 2001.

Remuneration Report approval at 2021 Annual General Meeting (AGM)

The Remuneration Report for the financial year ended 30 June 2021 received positive shareholder support at the 2021 Annual General Meeting with a vote of 82.49% in favour.

(c) Remuneration Framework

The performance of the Company depends upon the quality of the directors and executives. The strategy of the Company in determining remuneration levels is to set competitive remuneration packages to attract and retain high calibre Directors, Executives and employees and to link a significant component of executive rewards to shareholder value creation. The size, nature and financial strength of the Company is also considered when setting remuneration levels to ensure that the operations of the Company remain sustainable.

In accordance with best practice corporate governance, the structure of non-executive and executive remuneration is separate and distinct.

The Company may issue equity securities (i.e. options, service rights or performance rights) under the Employee Securities Incentive Plan (Plan) to retain and reward short and long term performance of directors, executives and, employees which is aligned to strategic objectives and shareholder returns. The Plan was last approved by Shareholders at the 2021 AGM.

Executive Remuneration

The Company's executive remuneration strategy is designed to attract, motivate and retain high performance individuals and align the interests of executives and shareholders. Remuneration consists of elements of fixed remuneration and variable 'at risk' remuneration (comprising short-term and long-term incentive).

Fixed remuneration

Fixed remuneration is key in attracting and retaining executive talent and it is reviewed on an annual basis by the Remuneration Committee and the Board. The annual review will generally include a comparison to relevant comparative remuneration in the market which can be provided by an external consultant or sourced externally. There were no changes to executive fixed remuneration during FY2022.

Short-term incentives

The Board may consider short-term 'at risk' performance related remuneration in the form of cash or share-based payments to reward performance in relation to shorter term strategic objectives of the Company.

The Company currently has no formal performance related remuneration policy that governs the payment of annual cash bonuses upon meeting pre-determined performance targets. There were no cash bonuses paid to or received by executives in the years ended 30 June 2021 and 30 June 2022.

The Company, under the Plan, can issue either share options or rights that focus on aligning the interests of executives and shareholders. In addition to vesting service periods, performance hurdles are set on performance rights issued to executives.

Short-term performance rights will vest to the extent the Board, using its discretion, determines that the short-term incentive criteria have been satisfied.

Short-term incentives were issued to executives in May 2021 in relation to FY2022 (refer section (g) of the remuneration report).

Long-term incentives

The Company may issue equity securities (i.e. options or performance rights) under the Plan to reward longer term performance and retention of Executives that provides an opportunity to participate in the growth of the Company.

The Company, under the Plan, can issue either share options or rights that focus on aligning the interests of executives and shareholders. In addition to vesting service periods, performance hurdles are set on performance rights issued to executives in certain circumstances. Options issued to executives can have performance hurdles or non-performance vesting service periods. Where options are issued the Company believes that by issuing options at a price in excess of the Company's share price at the date of issue of those options, there is an inherent performance hurdle as the share price of the Company's shares has to increase before any reward can accrue to the executive.

Long-term performance rights will vest to the extent the Board, using its sole discretion, determines that the long-term incentive criteria have been satisfied.

Long-term incentives were issued to executives in May 2021 in relation to FY2022 (refer section (g) of the remuneration report).

Link between performance and executive remuneration

The focus of executive remuneration over the financial year was fixed remuneration, options and performance rights under the Plan (i.e. growing the value of Company as reflected through share price) which seeks to ensure that executive remuneration is appropriately aligned with the Business strategy and shareholder interests.

The performance over the last 5 years is as follows:

	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022
Share price ($)	0.028	0.100	0.105	0.850	1.055
Market Capitalisation ($'000)	30,912	153,289	179,685	1,546,243	2,312,798

Targeted remuneration mix

The target maximum remuneration is set each year for executives each year by the Committee that is optimal in response to market conditions and strategic business objectives.

The table below represents STI and LTI opportunities as a percentage of fixed annual remuneration (FAR) for executives in the current year.

		At Risk	
Position	Total STI and LTI as % of FAR	Short-Term Incentive as % of FAR	Long-Term Incentive as % of FAR
CEO	100%	25%	75%
COO	80%	20%	60%
CFO	70%	17.5%	52.5%

FAR: fixed annual remuneration consisting of base salary and superannuation. This excludes sign-on incentives.
Technical Director David Richards resigned 24 November 2021 and did not receive any at risk remuneration.

The table below represents the target remuneration mix for executives based on maximum incentive opportunity in the current year.

		At Risk	
Position	FAR (1)	Short-Term Incentive	Long-Term Incentive
CEO	50%	12%	38%
COO	55%	12%	33%
CFO	60%	10%	30%

1.Refer to section (d) for details of executive fixed remuneration from 1 July 2022.

Non-Executive Director Remuneration

The Board recognises the importance of attracting and retaining talented non-executive directors and aims to align remuneration with companies of a similar size and complexity in the mining and exploration industry. The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Company's Constitution and the ASX Listing Rules specify that the aggregate fees to be paid to non-executive directors for their role as a director are to be approved by shareholders at a general meeting. At the Company's 2021 AGM, Shareholders approved to increase the total aggregate pool amount of fees of $500,000 that was approved in November 2018 to $1,000,000 per annum (including superannuation). The increase in the total fees was to reflect the increase time and commitment of non-executive directors given the rapid expansion in the scope and nature of the Company's activities and to ensure that the Company can attract new directors with the appropriate skills and experience to complement the Board.

The amount of total compensation apportioned amongst directors is reviewed annually and the Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

The remuneration of non-executive directors includes of directors' fees, and board committee fees as outlined below:

	At 30 June 2022
Annual board fees	
Chair	$150,000
Lead independent director	$100,000
Other non-executive directors	$70,000
Annual committee fees	
Chair	$15,000
Member	$7,500

The non-executive directors are not entitled to receive retirement benefits and, at the discretion of the Board, may participate in the Employee Securities Incentive Plan (Plan) subject to approvals required by shareholders.

Use of Non-Executive Directors as consultants

Apart from their duties as directors, some non-executive directors may undertake work for the Company on a consultancy basis pursuant to the terms of any consultancy services agreement. The nature of the consultancy work may vary depending on the expertise of the relevant non-executive director. Under the terms of any consultancy agreements non-executive directors would receive a daily rate or a monthly retainer for the work performed at a rate comparable to market rates that they would otherwise receive for their consultancy services.

During the year, Mr Chadwick received fees for his consultancy services of $56,000 (2021: $49,000). Refer section (i) of the remuneration report for further details).

During the year, Mr Cipriano received fees for his consultancy services of $147,500 (2021: $87,500). Refer section (i) of the remuneration report for further details).

No fees were paid to other non-executive directors under consultancy services agreements.

(d) Executive Remuneration in FY2023

The remuneration committee undertook a comprehensive review of KMP remuneration in late 2022 that included the external benchmarking of executives to comparator companies. The changes in remuneration are reflective of the Company's inclusion in the S&P ASX200, progression from explorer to developer and the laying of foundations for future production. The change in total fixed remuneration for executives is effective from 1 July 2022 as follows:

Name	Position	FAR effective 1 July 2022[1]
T Ottaviano	CEO	$750,000
A Smits	COO	$420,000
C Hasson	CFO	$335,000

1. Includes Base salary plus superannuation.

The table below represents STI and LTI opportunities as a percentage of FAR for executives for FY2023.

		At Risk	
	Total STI and LTI as % of FAR	Short-Term Incentive as % of FAR	Long-Term Incentive as % of FAR
CEO	165%	40%	125%
COO	105%	35%	70%
CFO	105%	35%	70%

(e) Remuneration of Key Management Personnel

The table below shows the fixed and variable remuneration for key management personnel.

2022	Short-Term Benefits					Post-Employment Benefits	Long Term Incentives		Total	Proportion of Remuneration Performance Based
	Salary and Fees	Consultancy Fees	Service Rights	Other Amounts(1)	Performance Rights(2)	Superannuation	Options(3)	Performance Rights(2)		
	$	$	$	$	$	$	$	$	$	%
Non-Executive Directors										
T Goyder	149,886	-	-	4,459	-	14,989	-	-	169,334	-
C Williams	64,703	-	-	-	-	6,470	-	-	71,173	-
A Cipriano(6)	85,470	147,500	-	-	-	8,547	-	-	241,517	-
S Chadwick(7)	60,358	56,000	-	-	-	-	-	-	116,358	-
J Morris(8)	55,710	-	-	-	-	5,571	389,149	-	450,430	86
S McLeay(9)	11,402	-	-	-	-	1,140	-	-	12,542	-
Executives			-							
T Ottaviano(4)	550,126	-	-	50,442	123,281	27,500	556,358	794,334	2,102,041	70
D Richards(5)	79,611	-	-	(3,640)	-	7,362	-	-	83,333	-
A Smits	296,804	-	-	34,856	55,744	29,680	59,292	59,367	535,743	33
C Hasson	255,708	-	-	20,187	42,023	25,571	31,891	44,754	420,134	28
Total	**1,609,778**	**203,500**	**-**	**106,304**	**221,048**	**126,830**	**1,036,690**	**898,455**	**4,202,605**	

2021	Short-Term Benefits					Post-Employment Benefits	Long Term Incentives		Total	Proportion of Remuneration Performance Based
	Salary and Fees	Consultancy Fees	Service Rights	Other Amounts(1)	Performance Rights(2)	Superannuation	Options(3)	Performance Rights(2)		
	$	$	$	$	$	$	$	$	$	%
Non-Executive Directors										
T Goyder	34,589	-	133,015	6,636	-	3,286	-	-	177,526	-
C Williams	9,278	-	35,677	6,636	-	881	154,862	-	207,334	75
A Cipriano(6)	9,278	87,500	35,677	6,636	-	881	154,862	-	294,834	53
S Chadwick(7)	8,789	49,000	30,867	6,636	-	-	193,577	-	288,869	67
Executives										
T Ottaviano(4)	87,519	-	-	10,193	19,493	8,314	709,207	126,223	960,949	89
D Richards(5)	249,354	-	31,031	35,949	-	21,063	-	-	337,397	-
A Smits	207,801	-	58,871	35,226	8,814	19,741	202,143	9,434	542,030	41
C Hasson	198,451	-	32,379	16,833	6,645	18,853	160,280	7,112	440,553	40
C McGhie(10)	44,551	-	-	4,841	6,495	4,232	-	6,951	67,070	20
Total	**849,610**	**136,500**	**357,517**	**129,586**	**41,447**	**77,251**	**1,574,931**	**149,720**	**3,316,562**	

1. Other amounts, where applicable, includes the cost to the Company of providing time off in lieu, annual leave, long service leave, fringe benefits and any other non-cash benefit.
2. The fair value of performance rights was calculated by an independent expert and allocated to each reporting period starting from the grant date to vesting date.
3. The fair value of the options is calculated using a Black-Scholes valuation model and allocated to each reporting period starting from grant date to vesting date.
4. Mr Ottaviano commenced as CEO on 1 May 2021 and Managing Director on 5 May 2021.
5. Mr Richards resigned 24 November 2021. Amounts above do not include unused leave entitlements of $74,535 transferred by way of payment to Minerals 260 Ltd.
6. Mr Cipriano entered into a consultancy agreement with the Company to provide corporate, financial advisory and general support services through a consultancy agreement (as disclosed to ASX on 12 May 2021). Amounts are billed on normal market rates for such consultancy services are due and payable under normal payment terms. The consultancy agreement was terminated on 31 December 2021.
7. Mr Chadwick resigned 4 July 2022. Up until retirement he received Directors' fees and consulting fees via a consultancy agreement with the Company. Amounts were billed based on normal market rates for such consultancy services and were due and payable under normal payment terms.
8. Ms Morris appointed 24 November 2021.
9. Mr McLeay appointed 3 May 2022.
10. The Company have determined that Mr McGhie is no longer a KMP effective from 1 July 2021. He was appointed Company Secretary on 5 May 2021

(f) Key Management Personnel Shareholdings

The relevant interest of each of the key management personnel in the share capital of the Company was:

	Balance 1 July 2021	Held at Commencement Date	Exercise of Options	Net Acquisitions/ (Disposals) [1]	Held at Resignation Date	Balance 30 June 2022
	No. Shares					
Non-Executive Directors						
T Goyder	328,515,585	-	-	18,181	-	328,533,766
C Williams	29,767,515	-	-	-	-	29,767,515
A Cipriano	16,531,343	-	2,000,000	-	-	18,531,343
S Chadwick[3]	10,797,636	-	1,250,000	(2,000,000)	-	10,047,636
J Morris[4]	-	24,695	-	41,515	-	66,210
S McLeay[5]	-	160,000	-	-	-	160,000
Executives						
T Ottaviano	-	-	1,624,692	-	-	1,624,692
D Richards[2]	19,826,067	-	3,975,000	(1,140,000)	22,661,067	-
A Smits	772,963	-	6,185,116	(1,640,000)	-	5,318,079
C Hasson	236,126	-	1,818,325	(436,126)	-	1,618,325

1. Acquisitions and disposals refer to shares purchased and sold on the open market or via participation in the Company's capital raisings that have taken place during the year.
2. Mr Richards resigned 24 November 2021.
3. Mr Chadwick resigned 4 July 2022.
4. Ms Morris appointed 24 November 2021.
5. Mr McLeay appointed 3 May 2022.

(g) Share-Based Payments

Directors, executives, key employees and consultants may be eligible to participate in equity-based compensation via the Employee Securities Incentive Plan.

Options

Under the terms and conditions of the Plan, options issued allow the holder the right to subscribe to one fully paid ordinary share. Any option not exercised before expiry will lapse on the expiry date.

There are no participating rights or entitlements inherent in the options and the holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. All shares allotted upon the exercise of options will rank pari passu in all respect with other shares.

Options over Equity Instruments granted as Compensation Instruments

Details of unlisted options over ordinary shares that were granted as compensation to each KMP during the year:

	No. Options	Fair Value $	Exercise Price $	Expiry Date	No. Options Vested during the year
J Morris	500,000	389,149	$2.45	23-Nov-24	500,000

The options have been valued using the Black-Scholes option valuation method and the following table lists the inputs to the model:

Option Class:	Director O24
Grant date	24 Nov-21
Dividend yield	Nil
Expected volatility	78%
Risk-free interest rate	0.99%
Expected life of options (years)	3
Exercise price	$2.45
Grant date share price	$1.805
Vesting date	24-Nov-21
Expiry date	23-Nov-24
Number	500,000
Fair value at grant date	$0.778

The below table shows a reconciliation of the number of options held by each KMP during the year:

2022	Balance 1 July 2021	Granted as Remuneration	Grant Date	Options Exercised	Amount paid per share	Held at Date of Resignation	Balance 30 June 2022	Vested – Held
	No.	No.		No.		No.	No.	%
Non-Executive Directors								
T Goyder	-	-	-	-	-	-	-	-
C Williams	1,000,000	-	-	-		-	1,000,000	100%
A Cipriano	3,000,000	-	-	(2,000,000)	$0.15	-	1,000,000	100%
S Chadwick [(2)]	1,250,000	-	-	(1,250,000)	$0.30	-	-	-
J Morris [(3)]	-	500,000	24-Nov-21	-		-	500,000	100%
S McLeay [(4)]	-	-	-	-		-	-	-
Executives								
T Ottaviano	7,500,000	-	-	(2,500,000)	$0.50	-	5,000,000	50%
D Richards [(1)(5)]	5,000,000	-	-	(5,000,000)	$0.15	-	-	-
A Smits [(6)]	10,000,000	-	-	(6,666,666)	$0.1122	-	3,333,334	100%
C Hasson [(7)]	4,000,000	-	-	(2,000,000)	$0.15	-	2,000,000	100%

1. Mr Richards resigned 24 November 2021.
2. Mr Chadwick resigned 4 July 2022.
3. Ms Morris appointed 24 November 2021.
4. Mr McLeay appointed 3 May 2022.
5. Exercised 2,000,000 options under the cashless exercise facility available under the Plan
6. Exercised 3,333,333 options under the cashless exercise facility available under the Plan
7. Exercised 1,000,000 options under the cashless exercise facility available under the Plan

Vesting of Options in FY2022

During the year the following KMP options vested:

	Grant Date	No. Options Vested	Vesting Date	Expiry Date
T Ottaviano	10-Feb-21	2,500,000	1-May-22	9-Feb-23
J Morris	24-Nov-21	500,000	24-Nov-21	23-Nov-24
A Smits	16-Mar-20	3,333,334	16-Mar-22	16-Mar-23
C Hasson	6-Nov-19	1,000,000	6-Nov-21	28-Nov-22
C Hasson	5-Jun-20	666,667	4-Jun-22	4-Jun-23

The options had no performance conditions other than service periods.

Performance Rights

During the year no performance rights were issued to KMP or employees. At 30 June 2022, 5,324,879 performance rights with a nil exercise price were on issue to KMP. The performance rights are subject to criteria (including market, non-market based and employment status conditions) which is required to be met, subject to Board discretion, before vesting, at the discretion of the Board.

The below table shows a reconciliation of the number of performance rights held by each KMP during the year:

2022	Balance 1 July 2021	Granted as Remuneration - STI	Granted as Remuneration - LTI	Performance Rights Exercised	Balance 30 June 2022
	Number				
Executives					
T Ottaviano	4,075,466	-	-	-	4,075,466
A Smits	712,385	-	-	-	712,385
C Hasson	537,028	-	-	-	537,028

Vesting of Rights in FY2022 and Expiry Dates

FY2022 Sign-on Performance Rights

On 1 July 2022, 1,250,000 sign-on performance rights issued 4 May 2021, vested. The performance rights were issued to Mr Ottaviano the Managing Director and Chief Executive Officer when he commenced with the Company as a sign-on incentive. The performance rights vest for nil consideration. The remaining 1,250,000 performance rights (expiring 1 July 2024) vest on continued employment until 1 July 2023 for nil consideration.

STI Performance Rights – FY2022 Measurement

706,219 STI performance rights (expiring 30 June 2023) issued to KMP in May 2021 had a measurement date of 30 June 2022 with vesting subject to Board approval upon an assessment of the non-market conditions outlined below. In August 2022, the Board assessed the performance against the criteria and determined that the performance conditions had been achieved and awarded 100% vesting of the performance rights. The rights vested for nil consideration.

Performance Conditions Category	Performance Conditions Will Be Assessed Against Board Criteria Relating To:	Max Percentage Upon Vesting	Vesting Outcome
ESG and Health and Safety Objectives	(i) No material incidents resulting in loss of access or commercial delays; (ii) Zero fatalities; (iii) Lost time injury frequency rates; (iv) No material environmental incidents; and (v) Mining Cooperation Agreements. In the event there is one or more breaches of assessed objectives, Board discretion will be applied to reduce the allocation of any incentive commensurate with the nature and severity of any breach.	15%	The Board assessed the ESG, health and safety outcomes and determined: (i) No material incidents resulting in loss of access or commercial delays; (ii) Zero fatalities; (iii) Zero Lost time injury frequency rates; (iv) No material environmental incidents; and (v) Mining Cooperation Agreements executed. Based on this assessment, it was assessed that the maximum award weighting of 15% was achieved.
Project Study Advancements	(i) Kathleen Valley DFS against Board criteria; (ii) Advancement of Kathleen Valley Engineering and Design; and (iii) ESG targets. Board discretion to be applied in allocating the incentive.	25%	The Board assessed the Project Study Advancement outcomes and determined: (i) Kathleen Valley DFS was delivered with strong credentials and within Board criteria; (ii) Kathleen Valley Engineering and Design well advanced to permit development to commence; and (iii) Strong ESG targets established. Based on this assessment, it was assessed that the maximum award weighting of 25% was achieved.
Commercial Achievements	(i) Offtake arrangements; (ii) Downstream opportunities; and (iii) Project funding. Board discretion to be applied in allocating the incentive.	35%	The Board assessed the Commercial outcomes and determined: (i) High quality offtake arrangements executed; (ii) Commenced downstream considerations; and (iii) Project funding secured. Based on this assessment, it was assessed that the maximum award weighting of 35% was achieved.
Shareholder Return Milestones	Total Shareholder Return (TSR) will be assessed on a both an Absolute and Relative basis. Absolute Total Shareholder Return (TSR) - 12.5% Allocation • 0% allocation, if Absolute TSR <20% • Pro-rata allocation, if Absolute TSR between 20% - 50% • 100%, allocation if Absolute TSR >50%	12.5%	The Absolute TSR objective is tested by measuring the Company's TSR performance over the performance measurement period against predetermined targets set by the Board. On 30 June 2022, the absolute TSR portion of the 2022 STI award was tested. The Company achieved a TSR of 188%, resulting in the maximum award weighting of 12.5% being achieved.

Performance Conditions Category	Performance Conditions Will Be Assessed Against Board Criteria Relating To:	Max Percentage Upon Vesting	Vesting Outcome
	Relative Total Shareholder Return* (TSR) - 12.5% Allocation • Below 50th percentile, 0% allocation • Between 50th and 75th percentile, pro-rata allocation • At or above 75th percentile, 100% of allocation TSR measurement period is between 1 May 2021 and 30 June 2022 using 20 day-VWAP. **relative to a comparator group of companies*	12.5%	The Relative TSR measure compares the Company's TSR against that of companies in a peer group selected at the commencement of the performance measurement period. On 30 June 2022, the relative TSR portion of the 2021 STI award was tested. The Company was ranked at the 76th percentile, resulting in the maximum award weighting of 12.5% being achieved.

LTI Performance Rights

2,118,660 LTI performance rights issued to KMP in May 2021 with an expiry of 30 June 2025 have a measurement date of 30 June 2024 with vesting to occur for nil consideration based upon an assessment of the non-market conditions outlined below, subject to Board discretion.

Performance Conditions Category	Performance Conditions Will Be Assessed Against Board Criteria Relating To:	Max Percentage Upon Vesting
ESG and Health and Safety Milestones	(i) Permits and licences for commencement of Kathleen Valley operation; (ii) Lost time injury frequency rates; and (iii) ESG objectives. In the event there is one or more breaches of the stated objectives, the Board will exercise its discretion to reduce the allocation of any incentive commensurate with the nature and severity of any breach.	15%
Strategic and Commercial Achievements	(i) Offtake arrangements; (ii) Downstream opportunities; (iii) Project funding; and (iv) Project advancement. Board discretion to be applied in allocating this incentive.	35%
Shareholder Return Milestones	Total Shareholder Return (TSR) will be assessed on both an Absolute and Relative basis. Absolute Total Shareholder Return (TSR) - 25% Allocation • 0%, if Absolute TSR <50% • Pro-rata, if Absolute TSR between 50% - 100% • 100% allocation, if Absolute TSR >100% Relative Total Shareholder Return* (TSR) - 25% Allocation • Below 50th percentile, 0% allocation • Between 50th and 75th percentile, pro-rata, allocation • At or above 75th percentile, 100% of allocation TSR measurement period is between 1 May 2021 and 30 June 2024 using 20 day-VWAP. *Relative to a comparator group of companies.	50%

Details of Equity Incentives affecting Current and Future Remuneration

Details of vesting profiles of unlisted options and performance rights held by each KMP of the Group during the year ended 30 June 2022 are detailed below:

	Instrument	*No. Instruments*	*Grant Date*	*% Vested In Year*	*% Forfeited in Year*	*Financial Vesting Year*
J Morris	Options	500,000	24-Nov-21	100%	-	2022
T Ottaviano	Options	5,000,000	10-Feb-21	50%	-	2022 and 2023
T Ottaviano	Performance Rights	2,500,000	4-May-21	-	-	2023 and 2024
T Ottaviano	Performance Rights	393,866	4-May-21	-	-	2023
T Ottaviano	Performance Rights	1,181,600	4-May-21	-	-	2025
A Smits	Options	3,333,334	16-Mar-20	100%	-	2022
A Smits	Performance Rights	178,096	4-May-21	-	-	2023
A Smits	Performance Rights	534,289	4-May-21	-	-	2025
C Hasson	Options	666,667	5-Jun-20	100%	-	2022
C Hasson	Performance Rights	134,257	4-May-21	-	-	2023
C Hasson	Performance Rights	402,771	4-May-21	-	-	2025

(h) Employment Contracts

Remuneration arrangements for executives are formalised in employment agreements. Details of these contracts are provided below.

Name	Employment Contract Duration	Notice Period	Termination Provisions
T Ottaviano	Unlimited	6 months by the Company and employee	12 months in the event of a change of control event 6 months in the event of a material change
A Smits	Unlimited	3 months by the Company and employee	6 months in the event of a material change
C Hasson	Unlimited	3 months by the Company and employee	6 months in the event of a material change

(i) Other Transactions with Key Management Personnel

Several key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Group during the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

The Group received database administrative services and field services from related parties to the Technical Director, Mr Richards. These services were provided on arm's length commercial terms. The total value of these services was $41,063 (2021: $120,566) and the amount unpaid as at 30 June 2022 was nil (2021: $1,552).

Mr Chadwick provided general metallurgical and technical advisory services to the Company through a consultancy agreement. There is no fixed remuneration component under the consultancy agreement for these services and those services are provided on an "as required basis" at a rate of $2,000 per day. Either party may terminate the agreement by providing one month's notice. Consultancy fees are due and payable under normal payment terms. For the reporting period, the amount incurred was $56,000 (2021: $49,000) and the amount unpaid as at 30 June 2022 was $5,000 (2021:$19,000).

Mr Cipriano provides corporate, financial advisory services and general support services to the Company through a consultancy agreement (as disclosed to ASX on 12 May 2021). There is no fixed remuneration component under the consultancy agreement for these services and those services are provided on an "as required basis" at a rate of $2,500 per day. Either party may terminate the agreement by providing one month's notice. Consultancy fees are due and payable under normal payment terms.

The consultancy arrangement was terminated effective on 31 December 2021. For the reporting period the amount incurred was $147,500 (2021: $87,500) and the amount unpaid as at 30 June 2022 was nil (2021: $22,500).

Mr McLeay is the Managing Director of mining consulting company Entech Pty Ltd. The Company used the services of Entech Pty Ltd prior to the appointment Mr McLeay becoming non-executive director and the Company continues to use Entech Pty Ltd for mining consulting services, as required. During the reporting period and since Mr McLeay's appointment, the amount incurred and unpaid as at 30 June 2022 was $1,040.

End of the Audited Remuneration Report.

17. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 66 and forms part of the Directors' Report for the year ended 30 June 2022.

18. CORPORATE GOVERNANCE

The Directors of the Group support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability.

Please refer to the Company website at http://www.ltresources.com.au/corporate-governance.

This report is made with a resolution of the Directors:

Antonino Ottaviano
Managing Director

Dated at Perth the 29th day of September 2022


Liontown
Welcome to the
Kathleen Valley
Accommodation Village

Auditor's Independence Declaration

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Liontown Resources Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**D I Buckley**
29 September 2022	**Partner**

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Financial Report

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDING 30 JUNE 2022

	Note	2022 $'000	2021 $'000
Other income	5(a)	1,314	600
Gain on demerger	5(a), 15	90,960	-
Exploration and evaluation expenditure expensed	5(d)	(38,686)	(7,105)
Corporate administrative expenses	5(b)	(10,369)	(2,339)
Share based payments	8	(3,156)	(2,234)
Profit/(loss) before financing and tax		**40,063**	**(11,078)**
Net financing income	5(e)	1,284	19
Profit/(loss) before income tax		**41,347**	**(11,059)**
Income tax (expense)/benefit	6	(492)	492
Net profit/(loss) after tax		**40,855**	**(10,567)**
Other comprehensive (loss)/income Items that will not be reclassified to profit or loss			
Net (loss)/gain on fair value of financial assets, net of tax	16	(1,268)	1,148
Total comprehensive income/(loss) for the year attributable to owners of the Company		**39,587**	**(9,419)**
Basic earnings/(loss) per share (dollars per share)	7	$0.020	($0.006)
Diluted earnings/(loss) per share (dollars per share)	7	$0.020	($0.006)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2022

	Note	2022 $'000	2021 $'000
Current assets			
Cash and cash equivalents	9	453,076	12,545
Trade and other receivables	10	1,438	286
Total current assets		**454,514**	**12,831**
Non-current assets			
Financial assets	10	558	2,317
Property, plant and equipment	11	26,985	242
Other assets	12	5,001	-
Total non-current assets		**32,544**	**2,559**
Total assets		**487,058**	**15,390**
Current liabilities			
Trade and other payables	13	19,464	1,629
Employee benefits	14	297	193
Lease liabilities		178	49
Total current liabilities		**19,939**	**1,871**
Non-current liabilities			
Employee benefits	14	18	5
Lease liabilities		53	27
Other liabilities		201	-
		272	**32**
Total liabilities		**20,211**	**1,903**
Net assets		**466,847**	**13,487**
Equity			
Share capital	15	576,219	77,922
Accumulated losses		(112,683)	(68,469)
Reserves	16	3,311	4,034
Total equity		**466,847**	**13,487**

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDING 30 JUNE 2022

	Issued capital $'000	Accumulated losses $'000	Share based payments reserve $'000	Investment revaluation reserve $'000	Foreign currency translation reserve $'000	Total equity $'000
As at 1 July 2021	**77,922**	**(68,469)**	**2,747**	**1,148**	**139**	**13,487**
Profit for the period	-	40,855	-	-	-	40,855
Other comprehensive loss	-	-	-	(1,268)	-	(1,268)
Total comprehensive profit for the year	**-**	**40,855**	**-**	**(1,268)**	**-**	**39,587**
Transactions with owners in their capacity as owners:						
Issue of shares (net of costs)	501,577	-	-	-	-	501,577
Share-based payments	820	-	2,336	-	-	3,156
Transfer between equity items	-	1,791	(1,791)	-	-	-
Demerger of Minerals 260 Ltd	(4,100)	(86,860)	-	-	-	(90,960)
As at 30 June 2022	**576,219**	**(112,683)**	**3,292**	**(120)**	**139**	**466,847**

	Issued Capital $'000	Accumulated Losses $'000	Share-Based Payments Reserve $'000	Investment Revaluation Reserve $'000	Foreign Currency Translation Reserve $'000	Total Equity $'000
As at 1 July 2020	**63,219**	**(58,996)**	**2,157**	**-**	**139**	**6,519**
Loss for the period	-	(10,567)	-	-	-	(10,567)
Other Comprehensive Income	-	-	-	1,148	-	1,148
Total comprehensive loss for the year	**-**	**(10,567)**	**-**	**1,148**	**-**	**(9,419)**
Transactions with owners in their capacity as owners:						
Issue of shares (net of costs)	14,153	-	-	-	-	14,153
Share-based payments	-	-	2,234	-	-	2,234
Transfer between equity items	550	1,094	(1,644)	-	-	-
As at 30 June 2021	**77,922**	**(68,469)**	**2,747**	**1,148**	**139**	**13,487**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDING 30 JUNE 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Cash paid to suppliers and employees		(8,403)	(2,076)
Payments for exploration and evaluation		(9,136)	(6,563)
Interest received		783	27
Government grants and incentives		-	389
Acquisition of royalty rights		(30,250)	-
Net cash used in operating activities	**9**	**(47,006)**	**(8,223)**
Cash flows from investing activities			
Proceeds from the sale of exploration and evaluation tenements		-	1,500
Payments for plant and equipment		(13,274)	(93)
Minerals 260 demerger and IPO costs		(680)	-
Net cash (used in)/from investing activities		**(13,954)**	**1,407**
Cash flows from financing activities			
Proceeds from issue of shares		516,895	14,772
Payment for share issue costs		(15,319)	(619)
Repayment of lease liabilities		(68)	(41)
Interest paid		(17)	(9)
Net cash from financing activities		**501,491**	**14,103**
Net increase in cash and cash equivalents		440,531	7,287
Effect of exchange rate fluctuations on cash held		-	-
Cash and cash equivalents at the beginning of the financial year		12,545	5,258
Cash and cash equivalents at the end of the financial year	**9**	**453,076**	**12,545**

The consolidated statement of cash flows to be read in conjunction with the accompanying notes.

Contents of the Notes to the Financial Statements

FOR THE YEAR ENDING 30 JUNE 2022

BASIS OF PREPARATION

This section of the financial report sets out the Group's (being Liontown Resources Limited and its controlled entities) accounting policies that relate to the Consolidated Financial Statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

The notes include information which is required to understand the Financial Statements and is material and relevant to the operations and the financial position and performance of the Group.

Information is considered relevant and material if:

- The amount is significant due to its size or nature
- The amount is important in understanding the results of the Group
- It helps to explain the impact of significant changes in the Group's business
- It relates to an aspect of the Group's operations that is important to its future performance.

1. CORPORATE INFORMATION

The consolidated financial report of Liontown Resources Limited for the year ended 30 June 2022 was authorised for issue on 28 September 2022.

Liontown Resources Limited (the 'Company' or 'Liontown') is a for-profit company limited by shares, whose shares are publicly traded on the Australian Securities Exchange. The Company and most of its subsidiaries were incorporated and domiciled in Australia. Refer to note 18 for details of subsidiaries and country of incorporation. The registered office and principal place of business of the Company is Level 2, 1292 Hay Street, West Perth, WA 6005.

The nature of the operations and principal activities are disclosed in the Directors' Report.

2. REPORTING ENTITY

The Financial Statements are for the Group consisting of Liontown Resources Limited and its subsidiaries. A list of the Group's subsidiaries is provided at note 18.

3. BASIS OF PREPARATION

These general purpose Financial Statements have been prepared in accordance with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

These Financial Statements have been prepared under the historical cost convention except where certain financial assets and liabilities are required to be measured at fair value.

All amounts have been rounded to the nearest thousand, unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and Instrument 2022/519.

(a) Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Any non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(b) Significant accounting judgements and key estimates

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Key estimates and assumptions may have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period.

Judgement and estimates that are material to the financial report are found in the following sections:

Other income (note 5)	- fair value recognition on the gain on demerger of Minerals 260 Ltd
Share based payments (note 8)	- measurement of share based payment transactions
Property, plant and equipment (note 11)	- judgements in assessing the viability and timing of assets for capitalisation
	- judgements in relation to lease extension options
Employee benefits (note 14)	- measurement of long service leave provisions
Rehabilitation liability	- measurement of mine closure provisions

(c) Functional currency translation

The functional currency of the Company is Australian dollars and the functional currency of the controlled entity based in Tanzania is United States dollars (US$). The presentation currency of the Group is Australian dollars.

Transactions in foreign currencies are translated to the Group's functional currency at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date. Foreign currency differences arising on retranslation are recognised in profit or loss as incurred. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at exchange rates at the date of the initial transaction.

Foreign currency differences are recognised in other comprehensive income and presented in foreign currency translation reserve (translation reserve) in equity upon translation to presentation currency.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that foreign operation is recognised in profit or loss.

(d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australia Taxation Office (ATO) is included as a current asset or liability in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(e) Adoption of new and revised Accounting Standards

In the year ended 30 June 2022, the Directors have reviewed the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period. It has been determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group.

Standards and Interpretations on issue not yet effective

Several accounting standards and interpretations have been issued and will be applicable in future periods. While these remain subject to ongoing assessment, no significant impacts have been identified to date. The Group has not early adopted the following standards and interpretations:

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments – effective date 1 January 2022;
- AASB 2020-1 and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – effective date 1 January 2023;

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates – effective date 1 January 2023;
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction – effective date 1 January 2023;
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between Investor and its Associate or Joint Venture – effective date 1 January 2025.

(f) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

PERFORMANCE FOR THE YEAR

This section provides additional information about those individual line items in the consolidated statement of profit or loss and other comprehensive income that the Directors consider most relevant in the context of the operations of the entity.

4. SEGMENT REPORTING

The Group has one reportable operating segment which is exploration and development of minerals in Western Australia. The Group's operating segment has been determined with regard to information and reporting provided to the Group's decision makers which are used to make strategic decisions regarding the Group's resources. The Managing Director is considered to be the chief decision maker. Reports to the Managing Director and the Board are based upon the Group as one segment and the financial results of this segment are equivalent to the financial statements of the Group as a whole.

5. OTHER INCOME AND EXPENSES

(a) Other income and gain on demerger

	2022 $'000	2021 $'000
Other income	1,314	600
Gain on demerger [1]	90,960	-
	92,274	600

1. Fair value gain on demerger of Minerals 260 Limited (refer note 15).

Accounting policy

Other income is recognised when it is received or when the right to receive payment is established.

(b) Corporate and administration expenses

	2022 $'000	2021 $'000
Administration and general costs	3,446	1,235
Business development costs	2,017	-
Depreciation and amortisation	226	83
Personnel expenses (5(c))	4,000	1,021
Minerals 260 demerger and IPO costs	680	-
	10,369	2,339

(c) Personnel expenses

	2022 $'000	2021 $'000
Directors' fees, employee wages and salaries	3,199	623
Other associated personnel expenses	608	351
Leave entitlements	193	47
	4,000	1,021

(d) Exploration and evaluation expenditure

	2022 $'000	2021 $'000
Exploration Expenditure		
Kathleen Valley, WA	3,962	889
Buldania, WA	1,549	367
Other [(1)]	319	1,727
	5,830	2,983
Feasibility Studies and evaluation		
Kathleen Valley, WA – Pre-feasibility and other evaluation	-	1,246
Kathleen Valley, WA – Definitive Feasibility Study and other evaluation	2,606	2,876
	2,606	4,122
Royalty Acquisition [(2)]	30,250	-
	38,686	7,105

1. *During 1HY2022, the Company demerged the subsidiary Minerals 260 Limited which held the Moora Gold-Nickel-Copper-PGE Project, a right to earn an interest in the Koojan JV Project, Dingo Rocks Project and the Yalwest Project. Other includes amounts related to these projects prior to demerging.*

2. *In August 2021 the Company completed an agreement to terminate the lithium royalty (that covered the majority of the Kathleen Valley Lithium Project) owned by Ramelius Resources Ltd for $30.25M consideration in cash.*

Accounting policy

Costs incurred in the exploration and evaluation stages of specific areas are expensed in the consolidated statement of profit or loss and other comprehensive income as incurred. All exploration and evaluation expenditure, including general permit activity, geological and geophysical costs, project generation and drilling costs, are expensed as incurred. In addition, costs associated with acquiring interests in new exploration licences and study related costs are also expensed. Once the technical feasibility and commercial viability of extracting a mineral resource is demonstrable in respect to an area of interest, development expenditure is capitalised to the consolidated statement of financial position.

(e) Net financing income

	2022 $'000	2021 $'000
Interest income	1,302	27
Interest expense	(18)	(8)
	1,284	19

Accounting policy

Net financing costs comprise interest receivable on funds invested and the finance costs associated with the lease liabilities for right-of-use assets.

Interest income is recognised in the consolidated statement of profit or loss and other comprehensive income as it accrues, using the effective interest method. The interest expense component of lease liabilities is recognised in the consolidated statement of profit or loss and other comprehensive income using the effective interest method.

6. INCOME TAX

Components of income tax as follows:

	2022 $'000	2021 $'000
Current tax	-	-
Deferred tax	(492)	492
Total income tax (expense)/benefit reported in the statement of profit or loss and other comprehensive income	(492)	492

Numerical reconciliation between tax expense and pre-tax net loss:

	2022 $'000	2021 $'000
Profit/(loss) before tax	41,347	(11,059)
Income tax benefit using the domestic corporation tax rate of 30% (2021: 30%)	12,404	(3,318)
Decrease in income tax benefit due to:		
Non-deductible expenses	954	675
Non-assessable income	(27,288)	(18)
Deferred tax assets and liabilities not recognised	13,930	2,661
Derecognition of tax assets	(492)	-
Previously unrecognised tax losses to offset DTL on financial assets	-	492
Income tax (expense)/benefit on loss before tax	(492)	492

Income tax in the consolidated statement of profit or loss and other comprehensive income comprises current and deferred tax. Income tax is recognised in the consolidated statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on all temporary differences at balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

In FY2021 a deferred tax asset and a deferred tax liability of $492,000 resulting from the fair-value gain recorded on financial assets were netted off.

Unrecognised deferred tax assets and liabilities for the Group are attributable to the following:

	2022 $'000	2021 $'000
Assets		
Revenue losses available to offset against future taxable income	16,982	7,215
Other deferred tax assets	11,773	976
	28,755	8,191
Liabilities		
Other deferred tax liabilities	(142)	(177)
	(142)	(177)

The unrecognised benefit from temporary differences on capital items amounts to $3,924,412 (2021 $389,162).

Deferred tax liabilities have not been recognised in respect of these taxable temporary differences as the entity is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Liontown and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own. The Company recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Group.

7. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share at 30 June 2022 is based on the loss attributable to ordinary shareholders of the parent entity and a weighted average number of ordinary shares outstanding during the year ended 30 June 2022.

The weighted average number of ordinary shares outstanding during the financial years comprised the following:

	2022	2021
Profit/(loss) attributable to ordinary shareholders for basic earnings ($'000)	40,855	(10,567)
Weighted average number of ordinary shares on issue at the end of the year ('000)	2,061,199	1,779,977
Weighted average number of ordinary shares (diluted) on issue at the end of the year ('000)	2,076,969	1,779,977
Basic earnings/(loss) per share (dollars per share)	$0.020	($0.006)
Diluted earnings/(loss) per share (dollars per share)	$0.020	($0.006)

Accounting policy

Basic earnings/loss per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings/loss per share is calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

SHARE-BASED PAYMENTS

This section of the notes includes information that must be disclosed to comply with accounting standards and other pronouncements relating to the provision of services and remuneration of employees and consultants of the Group, but that is not immediately related to individual line items in the Financial Statements.

8. SHARE-BASED PAYMENTS

Employee securities incentives

The Company provides benefits to employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The Company currently provides benefits under an Employee Securities Incentive Plan (Plan). The Plan was last approved by Shareholders at the 2021 AGM.

The total expenditure recognised in the consolidated statement of profit and loss and comprehensive income is $3,155,518, (2021: $2,233,833).

Under the terms of the Plan, the Board may offer equity securities (i.e. options, performance or service rights) at no consideration to full-time or part-time employees (including persons engaged under a consultancy agreement) and executive and non-executive directors.

Options issued

Each option entitles the holder, on exercise, to one ordinary fully paid share in the Company. There is no issue price for the options. The exercise price for the options is such price as determined by the Board. An option may only be exercised after that option has vested and any other conditions imposed by the Board on exercise are satisfied. The Board may determine the vesting period, if any.

There are no voting or dividend rights attached to the options. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

The following unlisted options were in place at the end of the year:

Series	Number	Grant date	Expiry Date	Exercise Price (1) $	Fair Value at Grant Date $	Vesting Date
O17	3,333,334	16-Mar-20	16-Mar-23	0.1101	0.0501	16-Mar-22
O18	1,333,333	5-Jun-20	4-Jun-23	0.1479	0.0692	4-Jun-21
O18	666,667	5-Jun-20	4-Jun-23	0.1479	0.0692	4-Jun-22
O20	2,000,000	25-Nov-20	25-Nov-23	0.2979	0.1549	25-Nov-20
O22	2,500,000	10-Feb-21	9-Feb-23	0.5379	0.1813	1-May-22
O23	2,500,000	10-Feb-21	9-Feb-24	0.5779	0.2180	1-May-23
O24	500,000	24-Nov-21	23-Nov-24	2.4500	0.7783	24-Nov-21
TOTAL	12,833,334					

1. As a result of the Minerals 260 Demerger and as announced on 26 November 2021, the option exercise price of 12,333,334 options on issue at the date of the demerger was reduced by $0.0021 per option.

The number and weighted average exercise prices of share options is as follows:

	Weighted Average Exercise Price 2022 $	Number of Options 2022	Weighted Average Exercise Price 2021 $	Number of Options 2021
Outstanding at beginning of the year	0.233	36,900,000	0.082	70,150,000
Granted during the period	2.450	500,000	0.464	11,000,000
Exercised during the period	0.185	(24,566,666)	0.048	(43,500,000)
Lapsed/expired during the period	-	-	0.150	(750,000)
Adjustment to exercise price for Minerals 260 Demerger [1]	(0.002)	-	-	-
Outstanding at the end of the year	0.411	12,833,334	0.233	36,900,000
Exercisable at the end of the year	0.370	10,333,334	0.192	26,649,999

1. As a result of the Minerals 260 Demerger and as announced on 26th November 2021, the option exercise price of 12,333,334 options on issue at the date of the demerger was reduced by $0.0021 per option.

The weighted average contractual life remaining as at 30 June 2022 is 1.08 years (2021: 1.72 years).

The weighted average fair value of options granted during the year was $0.778 (2021: $0.182).

Non-market performance conditions are not taken into account in the grant date fair value measurement of the services received.

The following share options were exercised during the year:

Series	2022		
	Exercised Number	Exercise Date	Share Price at Exercise Date $
O15	2,500,000	9-Aug-21	0.790
O15	2,300,000	16-Jul-21	0.719
O15	100,000	10-Sep-21	1.003
O15	1,000,000	16-Jul-21	0.719
O15	1,000,000	10-Sep-21	1.003
O15	2,000,000	20-Jul-21	0.674
O15	3,000,000	3-Aug-21	0.843
O15	2,000,000	26-Aug-21	0.790
O17	6,666,666	16-Jul-21	0.719
O19	250,000	11-Sep-21	1.003
O20	1,250,000	13-Sep-21	1.207
O21	2,500,000	17-Sep-21	1.371
TOTAL	24,566,666		

The fair value of the options is estimated at the grant date using a Black Scholes option-pricing model considering the terms and conditions upon which the options were granted. Refer to the table below for weighted average inputs to the Black Scholes option-pricing model:

	2022	2021
Share price at grant date (weighted average)	$1.805	$0.366
Exercise price (weighted average)	$2.45	$0.460
Expected volatility (weighted average)	78%	96%
Expected life (weighted average years)	3	2.55
Vesting period (weighted average years)	Nil	0.85
Expected dividends	Nil	Nil
Risk-free interest rate (weighted average)	0.99%	0.10%

Refer to the table below for inputs to the Black Scholes option-pricing model for options granted during the year:

Series	O24
Grant Date	24-Nov-21
Dividend yield (%)	-
Expected volatility (%)	78%
Risk-free interest rate (%)	0.99%
Expected life of option (years)	3
Exercise price ($)	2.45
Grant date share price ($)	1.805

Performance rights issued

No performance rights were issued during the year. As at 30 June 2022, the 6,386,948 performance rights were on issue to certain directors and employees that have certain objectives required to be met (including market, non-market based and employment status) before they can vest. The performance rights have an expiry date and nil exercise price. The fair value of the performance rights are calculated as at grant date.

A summary of the number performance rights on issue is as follows:

30 June 2022

Grant date	Opening Balance	Granted	Vested	Exercised	Outstanding at 30 June 2022		Share Price at Date of grant ($)
					Unvested	Vested	
4-May-21	6,386,948	-	-	-	6,386,948	-	0.4000
Total	6,386,948	-	-	-	6,386,948	-	

Other share-based payments

Shares

During the year the Company issued 500,000 shares to a consultant of the Company as consideration for work performed. The fair value of the shares issued was $820,000.

Options

During the financial year the company issued nil (2021: nil) unlisted share options that were issued outside the Plan (Non-Plan).

Each option entitles the holder, on exercise, to one ordinary fully paid share in the Company. There is no issue price for the options. The exercise price for the options is determined by the Board. An option may only be exercised after that option has vested and any other conditions imposed by the Board on exercise are satisfied. The Board may determine the vesting period, if any.

There are no voting or dividend rights attached to the options. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

There were no Non-Plan unlisted options on issue at the end of the year.

The number and weighted average exercise prices of Non-Plan options is as follows:

	Weighted Average Exercise Price 2022 $	Number of Options 2022	Weighted Average Exercise Price 2021 $	Number of Options 2021
Outstanding at beginning of the year	0.035	1,500,000	0.041	7,900,000
Granted during the period	-	-	-	-
Exercised during the period	0.035	(1,500,000)	0.042	(6,400,000)
Outstanding at the end of the year	-	-	0.035	1,500,000
Exercisable at the end of the year	-	-	0.035	1,500,000

Non-market performance conditions are not taken into account in the grant date fair value measurement of the services received.

The following Non-Plan share options were exercised during the year:

Series	2022			2021		
	Exercised Number	Exercise Date	Share Price at Exercise Date $	Exercised Number	Exercise Date	Share Price at Exercise Date $
O14	500,000	6-Jul-21	0.728	2,000,000	20-Oct-20	0.265
O14	500,000	29-Jul-21	0.750	2,000,000	10-Dec-20	0.315
O14	500,000	2-Aug-21	0.812	2,000,000	12-Feb-21	0.445
O16	-	-	-	400,000	29-Jan-21	0.390
Total	1,500,000			6,400,000		

Accounting policy

The cost of equity-settled transactions with employees and KMP and those providing similar services are measured by reference to the fair value of the share options or performance rights at grant date.

In valuing equity-settled transactions, account is taken of any performance conditions, conditions linked to the price of the shares of the Company (market conditions) and non-market conditions. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

(i) the extent to which the vesting period has expired; and
(ii) the number of awards that, in the opinion of the Directors, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction arising from the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options and rights is reflected as additional share dilution in the computation of earnings per share.

Significant accounting judgements and key estimates

The Group measures the cost of equity-settled share-based payments at fair value at the grant date using a Black Scholes option-pricing model or another appropriate valuation methodology taking into account the terms and conditions upon which the instruments were granted and the assumptions outlined in this note.

The expected life of the share-based payments is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

ASSETS

This section provides additional information about those individual line items in the consolidated statement of financial position that the Directors consider most relevant in the context of the operations of the entity.

9. CASH AND CASH EQUIVALENTS

	2022 $'000	2021 $'000
Cash at bank	28,057	12,544
Term deposits	425,018	-
Petty cash	1	1
	453,076	12,545

Reconciliation of profit/(loss) after income tax to net cash flows from operating activities:

	2022 $'000	2021 $'000
Profit/(loss) for the year	40,855	(10,567)
Depreciation and amortisation	226	83
Interest expense	18	8
Gain on demerger, net of costs	(90,280)	-
(Gain) from disposal of tenement	-	(600)
Share-based payments	3,156	2,234
Loss on asset disposal	1	1
	(46,024)	(8,841)
Changes in operating assets and liabilities:		
(Increase) in trade and other receivables	(1,152)	(13)
(Decrease)/increase in trade and other payables	(439)	1,076
Decrease/(increase) in deferred taxes	492	(492)
Increase in provisions	117	47
Net operating cash flows	(47,006)	(8,223)

Non-cash and financing activities

During the year the Company made additions of $222,614 to right-of-use assets (2021: nil).

Changes in liabilities arising from financing activities

	Lease Liability $'000
Balance at 30 June 2020	117
Net cash used in financing activities	(41)
Balance at 30 June 2021	76
Acquisition of leases	223
Net cash used in financing activities	(68)
Balance at 30 June 2022	231

Accounting policy

Cash and cash equivalents comprise cash balances and term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. The carrying value of cash and cash equivalents is considered to approximate fair value.

10. TRADE AND OTHER RECEIVABLES, FINANCIAL ASSETS

Current – Trade and other receivables	2022 $'000	2021 $'000
Trade and other receivables	1,112	176
Prepayments	326	110
	1,438	286

There was no expected credit loss at balance date.

Non-current – Financial assets	2022 $'000	2021 $'000
Investment in equity securities	480	2,240
Other financial assets	78	77
	558	2,317

Accounting policy

Trade receivables are non-interest bearing and are measured at fair value less any allowance for expected credit losses. Trade receivables are generally due for settlement within periods ranging from 30 to 60 days. Any expected credit loss is provided for.

The value of equity securities held as an investment are initially measured at fair value. These are assessed at reporting date to ensure their separate carrying values represents their holding value. Any movements (net of tax) are recorded through the Investment Revaluation reserve and Other Comprehensive Income.

Investments held in Equity Securities

The Company received 40,000,000 shares in Lachlan Star Limited (ASX: LSA) in April 2021 for the sale of the Killaloe Gold Project. These shares have been revalued at year end to market value, based on Lachlan Stars share price on ASX at 30 June 2022. The Board views the shares as a long-term investment and have elected to designate them as fair value through Other Comprehensive Income. Change to the fair value of the investment are accounted for through Other Comprehensive Income and the Investment Revaluation Reserve.

The financial asset is level 1 in the fair value measurement hierarchy.

11. PROPERTY, PLANT AND EQUIPMENT

2022	Mine Properties $'000	Plant and equipment $'000	Right-of-use assets $'000	Assets under construction $'000	Total $'000
Cost	186	661	369	26,178	27,394
Accumulated depreciation	-	(188)	(221)	-	(409)
Net book value	**186**	**473**	**148**	**26,178**	**26,985**
Opening net book value	-	181	61	-	242
Additions	186	394	223	26,178	26,981
Disposals	-	(12)	-	-	(12)
Depreciation charge	-	(90)	(136)	-	(226)
Net book value	**186**	**473**	**148**	**26,178**	**26,985**
2021					
Cost	-	289	146	-	435
Accumulated depreciation	-	(108)	(85)	-	(193)
Net book value	**-**	**181**	**61**	**-**	**242**
Opening net book value	-	123	110	-	233
Additions	-	93	-	-	93
Disposals	-	(1)	-	-	(1)
Depreciation charge	-	(34)	(49)	-	(83)
Net book value	**-**	**181**	**61**	**-**	**242**

At 30 June 2022 the Group had outstanding contractual capital commitments of $62.0 million which are expected to be settled prior to 30 June 2023.

Accounting policy

Mine properties
Mine property assets include costs incurred in accessing the ore body and costs to develop the mine to the production phase once the technical feasibility and commercial viability of a mining operation has been established. Assets are stated at historical cost less accumulated amortisation and any accumulated impairment losses recognised. The initial cost of an asset comprises of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation and the estimate of the rehabilitation costs.

Plant and equipment
Plant and equipment assets are stated at historical cost less accumulated depreciation and accumulated impairment losses recognised. Historical cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing the asset into use. Items of plant and equipment that were initially recognised are derecognised upon disposal or when no future economic benefit is expected from its use or disposal. Gains or losses arising on derecognition of the asset are included in the Consolidated Statement of Profit or Loss when the asset is derecognised.

Right-of-use asset
The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the lease term. Right-of-use assets are subject to impairment.

Assets under construction
Assets under construction include the cost of developing mine property and plant and equipment assets once the technical feasibility and commercial viability of a project has been established. When construction is completed, or commercial production has been determined the asset is reclassified to the relevant category of property, plant and equipment.

Development expenditure includes the direct costs of construction, pre-production costs and qualifying borrowing costs incurred during the construction phase. These costs are not amortised until the asset is determined to be available for use. The carrying value is assessed for impairment whenever the facts and circumstances suggest that the carrying amount of the asset may exceed the recoverable amount.

12. OTHER ASSETS

	2022 $'000	2021 $'000
Borrowing costs	5,001	-

Borrowing transaction costs relate to the $300 million debt facility the Company executed in late June 2022 with the Ford Motor Company. The facility is subject to ordinary conditions precedent which are within the Company's control. The facility was not available for use as at 30 June 2022. When the facility funding is drawn down the borrowing costs will be transferred to offset borrowings liabilities on the consolidated statement of financial position and amortised over the life of the debt facility.

Accounting policy

Borrowings are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured and amortised at cost using the effective interest method.

EQUITY AND LIABILITIES

13. TRADE AND OTHER PAYABLES

	2022 $'000	2021 $'000
Trade payables	403	585
Accrued expenses	18,857	972
Other payables	204	72
	19,464	1,629

Accounting policy

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

14. EMPLOYEE BENEFITS

	2022 $'000	2021 $'000
Current		
Annual leave	292	116
Provision for long service leave	-	63
Other accrued employee entitlements	5	14
	297	193
Non-Current		
Provision for long service leave	18	5
	18	5

Accounting policy

Liabilities for employee benefits for annual leave and other current entitlements represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date, including related on-costs.

The Group's obligation in respect of long-term employee benefits such as long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value using corresponding government bond yields as a discount rate.

15. CAPITAL AND CAPITAL MANAGEMENT

Ordinary shares on issue:

	2022		2021	
	No. ('000)	$'000	No. ('000)	$'000
On issue at the beginning of the year	1,819,110	77,922	1,711,285	63,219
Rights issues and placements [(1) (2) (3)]	341,147	501,999	54,348	12,500
Issue of shares for unlisted options [(4)]	23,648	1,993	49,642	2,272
Issue of shares (share purchase plan) [(5)]	7,820	12,903	-	-
Issue of shares for service rights	-	-	3,835	550
Issue of shares for consulting services [(6)]	500	820	-	-
Less reduction in share capital [(7)]	-	(4,100)	-	-
Less share issue costs	-	(15,318)	-	(619)
Movement during the year	373,115	498,297	107,825	14,703
On issue at the end of the year	**2,192,225**	**576,219**	**1,819,110**	**77,922**

1. In November 2020, the Company completed a placement to raise $12.5 million by issuing 54,347,826 fully paid ordinary shares at an issue price of $0.23 per share.

2. On 22 July 2021, the Company completed a placement to raise $52 million (before costs) by issuing 68,420,000 fully paid ordinary shares at an issue price of $0.76 per share.

3. On 7 December 2021, the Company completed a placement to raise $450 million (before costs) by issuing 272,727,273 fully paid ordinary shares at an issue price of $1.65 per share.

4. In FY2022, 12,091,666 options were exercised on a cashless basis for 9,673,401 ordinary shares. In FY2021, 3,000,000 options were exercise on a cashless basis for 2,742,394 ordinary shares.

5. On 4 February 2022, the Company completed a Share Purchase Plan to raise $12.9 million by issuing 7,819,543 fully paid ordinary shares at an issue price of $1.65 per share.

6.The shares were recognised as share-based payments and were expensed during the year.

7. Refer to the note below and the announcement dated 26 November 2021 for further information regarding reduction in share capital in relation to the demerger of Minerals 260 Limited.

Demerger of Minerals 260 Limited

On 1 October 2021, by way of an in-specie distribution, the Company completed the demerger of Minerals 260 Limited (a wholly owned subsidiary). The demerger was undertaken to divest the non-lithium exploration assets in Western Australia. Projects divested include Moora, Koojan JV, Dingo Rocks and Yalwest.

The fair value of Minerals 260 at the date of demerger was determined to be of $90.96 million calculated using the volume weighted average price (VWAP) of Mineral 260s' shares as traded on the ASX over the first five trading days after the IPO date ($0.5685) multiplied by the number of Mineral 260s' shares on initial listing (160,000,000). The demerger has no tax impact for the Group and the demerged assets were carried at zero value resulting in the fair value being equal to the gain on demerger.

The demerger distribution is accounted for as a reduction in equity, split between a reduction in share capital of $4.10 million and a reduction in accumulated losses (Demerger Dividend) of $86.86 million. The amount treated as a reduction in share capital has been calculated by reference to the market value of Mineral 260 Limited's shares and the market value of the Company's shares post demerger. The difference between the fair value and the capital reduction amount is the Demerger Dividend.

Refer to the announcement dated 26 November 2021 for further information regarding the Australian Tax Office Class Ruling 2021/81 and reduction in share capital in relation to the demerger of Minerals 260 Limited.

Accounting policy

Issued share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised, net of tax, directly in equity as a reduction of the share proceeds received.

Ordinary shares entitle the holder to participate in dividends in proportion to the number of and amounts paid on the shares held.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll, each share is entitled to one vote.

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders.

16. RESERVES

	2022 $'000	2021 $'000
Share-based payments reserve	3,292	2,747
Investment revaluation reserve	(120)	1,148
Foreign currency translation reserve	139	139
Total Reserves	**3,311**	**4,034**

Share-based payment reserve

The share-based payments reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration and other parties as part of their compensation for services. Refer to note 8 for further details of share-based payment plans.

	2022 $	2021 $
Balance at beginning of the financial year	2,747	2,157
Share-based payments	2,336	2,234
Transfers to Accumulated Losses and Share Capital	(1,791)	(1,644)
	3,292	**2,747**

Investment revaluation reserve

The investment revaluation reserve is used to record the value of financial assets held at balance date. Refer to note 10 for further details.

	2022 $'000	2021 $'000
Balance at beginning of the financial year	1,148	-
Fair value movement on revaluation of financial assets	(1,760)	1,640
Tax effect on investment revaluations and disposals	492	(492)
Balance at the end of the financial year	**(120)**	**1,148**

Foreign currency translation reserve

The foreign currency translation reserve is used to record the exchange differences arising from the translation of the financial statements of foreign subsidiaries.

FINANCIAL INSTRUMENTS

17. FINANCIAL INSTRUMENTS

(a) Capital risk management

The capital structure of the Group consists of equity attributable to equity holders, comprising issued capital, reserves and accumulated losses as disclosed in notes 15 and 16, and in the consolidated statement of financial position. A $300 million debt facility was executed in late June 2022 with the Ford Motor Company. While the facility was not available for use as at 30 June 2022, it will form part of the Company's capital structure for funding the Kathleen Valley Lithium Project development.

The Board reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues as well as the issue or refinancing of debt (where appropriate), if the need arises.

(b) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, equity prices, commodity prices and interest rates will affect the Group's income or value of its holdings of financial instruments.

The Group currently has exposure to both equity price risk and interest rate risk. As part of the Kathleen Valley Lithium Project development and operations, the Company will have exposure to commodity price risk. The Board reviews the exposure to these risks on a regular basis to ensure that the Group is not adversely affected by movements in these exposures.

(c) Foreign exchange rate risk

The Group undertakes certain transactions denominated in foreign currencies, hence has exposure to exchange rate fluctuations. The Group does not currently hedge this exposure. The Group currently has no significant exposure to foreign exchange rates.

The Board reviews the exposure to these risks on a regular basis to ensure that the Group is not adversely affected by movements in these exposures.

(d) Interest rate risk

Interest rate risk is the risk that changes in deposit or borrowing rates either affects the consolidated entity's income and future cash flow from interest income in the cash of deposits or affects the consolidated entity's expenses and future cash outflow on interest expenses in the case of borrowings.

The exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

2022	Interest Maturing in: <1 Year $'000	1-5 Years $'000	Floating Interest $'000	Non-Interest Bearing $'000	Total $'000	Weighted Average Interest Rate %
Financial assets						
Cash and cash equivalents	-	-	453,075	1	453,076	1.37
Trade and other receivables	-	-	-	1,438	1,438	-
Financial assets	78	-	-	-	78	0.03
Financial liabilities						
Trade and other payables	-	-	-	(19,464)	(19,464)	-
Lease liabilities	(178)	(53)	-	-	(231)	8.85

2021	Interest Maturing in: <1 Year $'000	1-5 Years $'000	Floating Interest $'000	Non-Interest Bearing $'000	Total $'000	Weighted Average Interest Rate %
Financial assets						
Cash and cash equivalents	-	-	12,544	1	12,545	0.22
Trade and other receivables	-	-	-	286	286	-
Financial assets	77	-	-	-	77	1.10
Financial liabilities						
Trade and other payables	-	-	-	(1,629)	(1,629)	-
Lease liabilities	(49)	(27)	-	-	(76)	8.85

A change of 100 basis points in interest rates (other than where a decrease would result in negative interest rates) on bank balances and term deposits over the reporting period would have increased the Group's profit by $2,648,672 (2021: $122,902) and decreased the Group's profit by $1,236,836 (2021: $27,947).

In future periods, upon draw down of the Ford financing facility, Company will pay interest costs at the Bank Bill Swap Rate (BBSW) plus a fixed margin of 1.5%. The Company will have exposure to Interest rate risk on movements in the BBSW rate.

(e) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The consolidated entity's exposure to credit risk is not significant and currently arises principally from sundry receivables which represent an insignificant proportion of the Group's activities and cash and cash equivalents.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the notes to the financial statements.

(f) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board actively monitors the Group's ability to pay its debts as and when they fall due by regularly reviewing the current and forecast cash position based on the expected future activities.

The Group has non-derivative financial liabilities which include trade and other payables of $19,463,680 (2021: $1,628,902) all of which are due within 60 days and undiscounted lease liabilities of $247,205 (2021: $79,512).

(g) Net fair values of financial instruments

The carrying amount of all financial assets and liabilities approximate their net fair values.

GROUP COMPOSITION

This section of the notes includes information that must be disclosed to comply with accounting standards and other pronouncements relating to the structure of the Group, but that is not immediately related to individual line items in the Financial Statements.

18. LIST OF SUBSIDIARIES

	Country of Incorporation	Ownership Interest	
		2022 %	2021 %
Parent entity			
Liontown Resources Limited	Australia		
Subsidiaries			
Liontown Resources (Tanzania) Limited	Tanzania	100%	100%
LRL (Aust) Pty Ltd	Australia	100%	100%
ERL (Aust) Pty Ltd [1]	Australia	-	100%
Minerals 260 Limited [1]	Australia	-	100%
Kathleen Valley Holdings Pty Ltd [2]	Australia	100%	-
LTR BM Pty Ltd [2]	Australia	100%	-
LBM (Aust) Pty Ltd [2]	Australia	100%	-
Buldania Holdings Pty Ltd [2]	Australia	100%	-
Buldania Lithium Pty Ltd [2]	Australia	100%	-

1. Demerger with Minerals 260 Limited and its wholly owned subsidiary ERL (Aust) Pty Ltd completed in October 2021 (refer note 15).
2. During the year these companies were incorporated as wholly owned subsidiaries of the Group.

19. PARENT ENTITY INFORMATION

The financial information for the parent entity, Liontown Resources Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries are accounted for at cost less impairment in the parent entity's financial statements.

	2022 $'000	2021 $'000
Statement of profit and loss and other comprehensive income		
Profit/(loss) for the year	77,143	(10,082)
Total comprehensive profit/(loss)	77,143	(10,082)
Statement of Financial Position		
Current assets	453,971	12,891
Non-current assets	84,740	2,509
Total assets	538,711	15,400
Current liabilities	6,444	1,170
Non-current liabilities	106	32
Total liabilities	6,550	1,202

	2022 $'000	2021 $'000
Net assets	**532,161**	**14,198**
Equity		
Share capital	576,219	77,922
Reserves	3,172	3,895
Accumulated losses	(47,230)	(67,619)
Total equity	**532,161**	**14,198**

OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with accounting standards and other pronouncements, but that is not immediately related to individual line items in the Financial Statements.

20. CONTINGENT ASSETS AND LIABILITIES

During the year Liontown reached an agreement with Currie Rose Resources Inc (TSXV: CUI) to dispose of the Toolebuc Vanadium Project, located in north-west Queensland, in consideration for 12.5 million ordinary shares, 4 million share purchase warrants at C$0.10 with a two-year expiry and a 2% Net Gross Revenue Royalty. The sale was contingent on CUI receiving statutory approvals and completing a placement to raise funds. The contingent consideration is valued at approximately $1.16 million as at 30 June 2022.

As at 30 June 2022, the contingent consideration was not recorded as income in the financial statements as it was contingent upon the outcome of a possible future event, however, the Directors determined, that based on information available, it was considered probable that the consideration will become due and payable to Liontown. Subsequent to 30 June 2022, the final conditions were satisfied, the transaction was completed, and contingent consideration was received.

For the year ended 30 June 2022, there are no contingent liabilities (2021: nil).

21. REMUNERATION OF AUDITORS

	2022 $	2021 $
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Audit and review services	40,327	36,018
Other services – tax compliance	2,200	-
	42,527	36,018

22. COMMITMENTS

In order to maintain current rights of tenure to exploration tenements the Group, together with its joint venture partners, is required to perform exploration work to meet the minimum expenditure requirements specified by various State governments. These amounts are subject to negotiation when application for a lease application and renewal is made and at other times. The approximate minimum level of expenditure to retain current tenements which are not provided for in the consolidated financial statements are detailed below:

	2022 $'000	2021 $'000
Within 1 year	590	968
1-5 years	2,425	1,389
>5 years	3,418	3,081
	6,433	5,438

To the extent that expenditure commitments are not met, tenement areas may be reduced, and other arrangements made in negotiation with the relevant State and Territory government departments on renewal of tenements to defer expenditure commitments or partially exempt the Company.

23. RELATED PARTY TRANSACTIONS

(a) Key management personnel

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-Executive Directors
- T Goyder - Chair
- C Williams - Non-Executive Director
- A Cipriano - Lead Independent Non-Executive Director
- S Chadwick - Non-Executive Director (resigned 4 July 2022)
- J Morris – Non-Executive Director (appointed 24 November 2021)
- S McLeay - Non-Executive Director (appointed 3 May 2022)

Executives
- T Ottaviano - Managing Director and Chief Executive Officer (CEO)
- D Richards - Technical Director (resigned 24 November 2021)
- A Smits – Chief Operating Officer (COO)
- C Hasson – Chief Financial Officer (CFO)

The key management personnel compensation is as follows:

	2022 $	2021 $
Short-term employee benefits	1,919,582	1,115,696
Post-employment benefits	126,830	77,251
Share-based payments	2,156,193	2,123,615
	4,202,605	3,316,562

(b) Loans made to key management personnel and related parties

No loans were made to key management personnel and their related parties.

(c) Other transactions with key management personnel

A few key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

	2022 $	2021 $
Corporate services recharge(1)	102,965	-
Minerals 260 Demerger and IPO related costs(2)	943,419	-
Corporate advisory services of KMP(3)	147,500	87,500
Technical consultancy services of KMP(4)	56,000	49,000
Mining consulting services (5)	1,040	-
Database management and field services(6)	41,063	120,566
Accounting services(7)	-	5,160
	1,291,987	262,226

1. The Company supplied office facilities and corporate services to Minerals 260 Limited under a share service agreement. Amounts were billed on a proportionate share of the costs to the Company of providing the services and are due and payable under normal commercial terms. Mr Richards was concurrently a director of the demerged Minerals 260 Limited and the Company between October and November 2021.

2. The Company incurred costs related to the Demerger, Initial Public Offer (IPO) and project costs of Minerals 260 Limited which were recharged subsequent to and conditional on the successful listing on the Australian Securities Exchange (ASX) in October 2021.

3. The Company received corporate, financial advisory and general support services through a consultancy agreement (as disclosed to ASX on 12 May 2021) from Mr Cipriano at a rate of $2,500 per day and are payable under normal payment terms. The consultancy agreement was terminated on 31 December 2021.

4. The Company's non-executive director Mr Chadwick provided general metallurgical and technical advisory services to the Company through a consultancy agreement. There was no fixed remuneration component under the consultancy agreement for these services and those services were provided on an "as required basis" at a rate of $2,000 per day and are payable on normal payment terms. Either party may terminate the agreement by providing one months' notice.

5. The Company's non-executive director Mr Shane McLeay is Managing Director of Entech Pty Ltd who provide mining consulting services to the Company. The services are provided on "as required basis" and on normal commercial terms.

6. The Group received database management and field services from related parties of Director, Mr Richards. Amounts paid were on normal commercial terms.

7. In FY2021 the Group received accounting services from a related party of the CFO, Mr Hasson. The amounts paid were on normal commercial terms.

Amounts payable to KMP and related parties at reporting date arising from these transactions was $6,040 (2021: $43,052).

24. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 21 July 2022, the Company announced that it had appointed Lycopodium Minerals Pty Ltd to complete the engineering, procurement, construction management and commissioning services for the Kathleen Valley Lithium Project.

On 12 September 2022, the Company announced that it had executed a Letter of Award with Zenith Energy, to supply electricity to its Kathleen Valley Lithium Project in Western Australia for a period of 15 years.

There has not been any other matter or circumstance that has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' Declaration

1. In the opinion of the Directors of Liontown Resources Limited (the Company):

   (a) the financial statements, notes and additional disclosures of the Group are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the financial position of the Group as at 30 June 2022 and of its performance for the year then ended; and

      ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

   (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2022.

This declaration is signed in accordance with a resolution of the Directors:

Antonino Ottaviano

Managing Director

Dated this 29th day of September 2022

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT
To the Members of Liontown Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Liontown Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Accounting treatment – Demerger of Minerals 260 Note 5 & 15	
In October 2021, by way of an in-specie distribution, the Company completed the demerger of its a wholly owned subsidiary, Minerals 260 Limited (. The demerger was undertaken to divest the non-lithium exploration assets of the Group in Western Australia. This distribution is accounted for at fair value in accordance with Interpretation 17 *Distributions of Non-cash Assets to Owners* The fair value of Minerals 260 at the date of demerger was determined to be of $90.96 million. The demerger distribution is accounted for as a reduction in equity, split between a reduction in share capital of $4.10 million and an increase in accumulated losses (Demerger Dividend) of $86.86 million. We focussed on this matter because of the importance to readers of the financial report.	Our procedures included but were not limited to the following: • We reviewed the Demerger Implementation Deed and Share Sale Agreement between Liontown Recourses Limited, Minerals 260 Limited and ERL (Aust) Pty Ltd. • We ensured the transaction was recognised in accordance with Accounting Standards and Interpretations; • We recalculated the distribution and its split between share capital and accumulated losses; and

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes

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ADVISORY AND ACCOUNTING

our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Liontown Resources Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D I Buckley
Partner

Perth, Western Australia
29 September 2022

14.

ASX Additional Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report applicable as at 31 August 2022 is set out below.

SHAREHOLDINGS

Substantial shareholders

The number of shares held by substantial shareholders and their associated interests were:

Shareholder	Number of ordinary shares held	Percentage of capital held %
Mr Timothy Goyder	328,533,766	14.96

Voting Rights

The voting rights to the ordinary shares set out in the Company's Constitution are:

"Subject to any rights or restrictions for the time being attached to any class or Classes of shares -

(a) at meetings of members or classes of members each member entitled to vote in person or by proxy or attorney; and

(b) on a show of hands every person who is a member has one vote and on a poll every person in person or by proxy or attorney has one vote for each ordinary share held."

Holders of options or performance rights do not have voting rights.

Restricted Securities

There are no restricted ordinary shares on issue.

On-Market Buy-Back

There are no current no-market buy-back of securities.

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**

Unquoted securities

Unlisted Security [1]	Total in Class	Number of Holders
Options (expiring 9 February 2023)	2,500,000	1
Options (expiring 4 June 2023)	2,000,000	1
Options (expiring 25 November 2023)	1,000,000	1
Options (expiring 9 February 2024)	2,500,000	1
Options (expiring 23 November 2024)	500,000	1
Performance rights (expiring 30 June 2023)	971,736	5
Performance rights (expiring 1 July 2023)	1,250,000	1
Performance rights (expiring 1 July 2024)	1,250,000	1
Performance rights (expiring 30 June 2025)	2,915,212	5

1. The size of holding for all unlisted options and unlisted performance rights is 100,001 and over

Marketable Parcel

The number of shareholders holding less than a marketable parcel was 646.

TWENTY LARGEST ORDINARY FULLY PAID SHAREHOLDERS

Name	Number of ordinary shares held	Percentage of capital held %
Mr Timothy Goyder	328,533,766	14.96
HSBC Custody Nominees (Australia) Limited	198,630,283	9.04
J P Morgan Nominees Australia Pty Limited	101,102,789	4.60
BNP Paribas Nominees Pty Ltd ACF Clearstream	91,151,991	4.15
Citicorp Nominees Pty Limited	61,345,100	2.79
Clement Pty Ltd <D&M Goyder Family S/Fund A/C>	39,930,000	1.82
BNP Paribas Noms Pty Ltd <DRP>	39,772,628	1.81
Invia Custodian Pty Limited <Orpheus Geoscience S/F A/C>	29,767,515	1.36
GKCF Super Pty Ltd <Graham Kluck Drilli S/F A/C>	29,405,998	1.34
National Nominees Limited	26,548,310	1.21
The Universal Zone Pty Ltd <Kluck Property A/C>	26,290,000	1.20
Anisimoff Super Fund Pty Limited <Anisimoff Super Fund A/C>	20,770,977	0.95
Soderholme Co Pty Ltd <Soderholm Super Fund A/C>	18,216,792	0.83
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	17,961,639	0.82
Mr Anthony Cipriano	16,100,000	0.73
Gremlyn Pty Ltd <Gremlyn Super Fund A/C>	14,201,000	0.65
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	13,754,333	0.63
Mr David Ross Richards + Mrs Wan Lai Richards <Richards Family Sf A/C>	13,714,789	0.62
GKCF Super Pty Ltd <Graham K Drilling S/F A/C>	12,100,002	0.55
Double Eagle Pty Ltd	11,005,700	0.50
Total Top 20	**1,110,303,612**	**50.56**
Others	1,086,131,738	49.44
Total	**2,196,435,350**	**100.00**

CORORATE GOVERNANCE STATEMENT

Liontown has adopted a Corporate Governance Manual which forms the basis of a comprehensive system of control and accountability for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

In establishing the Company's corporate governance framework, to the extent they are applicable to the Company, the Board has referred to the recommendations set out in the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 4th Edition'.

The Company's Corporate Governance Statement 2022, which explains how Liontown complies with the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 4th Edition' in relation to the year ended 30 June 2022, is available in the Corporate Governance section of the Company's website, www.ltresources.com.au/about/corporate-governance and will be lodged with ASX together with an Appendix 4G at the same time that this Annual Report is lodged with ASX.

Liontown Resources Limited

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