

1. Are you concerned that the Government is putting all of their eggs on this idea, and not wanting to address any of the other issues facing the sector?

We provided a perspective that the Commonwealth Government's Critical Minerals Strategy has bipartisan support, having been introduced by the Coalition and subsequently updated by Labor. We acknowledge both the Government and Opposition through their own approaches to address the challenges of building secure supply chains for critical minerals - which are currently dominated by one jurisdiction.

The premise of our submission was to highlight the importance of looking across the supply chain end-to-end. To focus on the downstream at the exclusion of upstream means Australia stands to miss on opportunities to expand domestic capacity across the supply chain. The risk presents if the focus is too heavily on the downstream at the expense of the upstream, given upstream producers in Australia (with the exception of one mine) are not making money. Without raw material feedstock, downstream opportunities won't be there.

Our concern is that the historically bi-partisan approach to the critical mineral sector has become less so and will hurt the competitive advantages we have built over decades if the focus is applied on narrow areas of the supply chain. The critical mineral supply chain is currently dominated by a single jurisdiction that does not act in the same economically rational way western markets do.

2. One of Australia's strength comes from its vast reserves of natural resources. Wouldn't you concede that there is no point trying to get a minerals processing industry developed if we can't even open the mines to get the raw materials?

Upstream production is key to feeding downstream opportunities and we see Australian companies as well placed to seeking out downstream opportunities.

Western Australia is recognised as a tier-one mining jurisdiction worldwide. Whilst costs are higher than some other jurisdictions and approvals in some instances can be slower than industry would like, Australia has historically enjoyed stable sovereign governments across federal and state, a strong financial sector, leading skills and innovation, and high standards of ESG.

For the critical mineral upstream producers in operation, capturing greater value by moving further into the value chain is key to the strategy of many producers, including Liontown. We would be concerned if any level of government dismissed opportunities to enable producers to move downstream.

Our submission requests policy-makers look at the supply chain in its entirety by ensuring the policy settings allow upstream and downstream production the opportunity to develop.

3. In your submission you stated that *"The Australian Government cannot match the breadth of these investment incentives 'dollar for dollar' and should seek to leverage areas of comparable advantage – which begins with upstream production*

– to, in turn, identify opportunities to support incremental expansion and further value-add onshore where we can compete in future.” Can you please elaborate on this?

Many other jurisdictions have led with substantial policies to accelerate critical industry development. For example, the USA’s Inflation Reduction Act contains over A\$500 billion in investment incentives, subsidies and grants, The European Union’s Green Deal Industrial Plan includes over A\$200 billion in funding to support downstream deployment. In Japan, the Government has a program called the Japan Organisation for Metals and Energy Security Project Financing which gives Japanese companies a 50 per cent rebate on CAPEX costs for mining and refinement projects. All of these frameworks include by facilitation services to access land, labour, permitting, etc.

On a dollar-for-dollar measure, we don’t believe Australia can (and should) compete with those subsidies and alternatively believe there are targeted measures government should take that will unlock investment. For example, we support the Production Tax Credit as a well-designed policy to form part of the suite of measures required to incentivise new investment.

4. If our strengths currently lie upstream rather than downstream in the critical minerals space, what current barriers should be addressed to support new mines opening and new sources of critical minerals?

Any measures to simplify and improve timeframes for regulatory approvals whilst maintaining the same level of protection would be well supported by industry and provide greater certainty to industry to bring projects into production faster. Increased certainty of process and timeframes, and removing unnecessary duplication are two tangible and immediate actions which Government can focus on.

For example, continuing to work with State Governments on bilateral agreements and delegated approvals across Departments such that decisions are taken as close to where the impact is to be managed.

5. Do you feel these barriers are currently being adequately addressed?

Refer to previous response.

6. Your submission spent a lot of time talking about your strategy to partner for offtake with strategic partners - in your view could the government be doing more to facilitate those sort of trade relationships between businesses among our allies and trusted partners?

Liontown’s offtake strategy is partner with strategic customers diversified by geography and position on the battery value chain. This is why we have signed long-term offtake agreements with LG Energy Solution, Tesla and Ford. Two of these customers have also directly invested in the development of our Kathleen Valley Project to the tune of ~A\$670m.

There is a role for Government to stimulate trade conditions to expand the global market for critical minerals and in turn stimulate greater price transparency for these emerging commodities. Currently, price discovery for lithium is opaque and dominated by one jurisdiction who controls the majority processing and, therefore, raw material buying capacity. This has contributed to the extreme price volatility for lithium spodumene – which has gone from ~US\$8000/t in 2022 to ~US\$700/t today. If Governments – including our allies – are to achieve their objective of expanding alternative critical minerals supply chains outside, it must be built on the back of free trade principles but also on the acknowledgement that there is a role for Governments to invest in underpin these emerging markets while they're in their infancy.