



LIONTOWN RESOURCES LIMITED

ACN 118 153 825

OFFER DOCUMENT

For a non renounceable pro-rata offer to Eligible Shareholders on the basis of 1 New Share for every 4 Shares held as at the Record Date at an Issue Price of \$0.03 (**Offer**).

IMPORTANT NOTICE

This Offer Document is not a prospectus or other form of disclosure document under the Corporations Act. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding the Offer or about the rights attaching to the New Shares offered by this Offer Document.

This Offer Document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

This Offer opens on 28 October 2011 and closes at 5:00pm (WST) on 14 November 2011 (unless extended). Valid acceptances must be received before that time.

Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

IMPORTANT NOTES

1. Offer document

This Offer Document has been prepared by Liontown Resources Limited ACN 118 153 825 (**Liontown Resources** or the **Company**) and is dated 28 October 2011. This Offer Document is not a prospectus or other form of disclosure document under the Corporations Act and has not been lodged with ASIC. The Offer contained in this Offer Document is being made without disclosure in accordance with section 708AA of the Corporations Act, as modified by ASIC Class Order 08/35.

2. This is an important document

The information contained in this Offer Document does not constitute investment advice and has been prepared without taking into account each Eligible Shareholder's investment objectives or financial circumstances. You should seek advice from your professional adviser before deciding to invest. Investing in the Company involves risks. The Offer Document does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding the Offer or about the rights attaching to the New Shares offered by this Offer Document.

3. Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer. To the extent permitted by law, neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Offer Document, except as required by law and then only to the extent so required.

4. Future performance and forward looking statements

Neither the Company nor any other person warrants, represents or guarantees (expressly or by implication) the future performance of the New Shares or any particular rate of return on any investment made pursuant to Offer, or any particular tax treatment.

This Offer Document contains certain "forward looking statements". Forward-looking statements, opinions and estimates provided in the information in this Offer Document are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

No representation or warranty (express or implied) is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in this Offer Document.

While due care and attention have been used in the preparation of forward-looking statements, you are cautioned not to place undue reliance on such statements. Forward-looking statements only speak as to the date of this Offer Document. To the maximum extent permitted by law, the Company disclaims any obligation or undertaking to release any updates or revisions to such information to reflect any change in expectations or assumptions.

An investment in the Company is subject to investment and other known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its board, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward-looking statements in this Offer Document.

5. Past performance

Investors should note that the past share price performance of Shares provides no guarantee or guidance as to future share price performance. Past performance information given in this Offer Document is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

6. Eligibility

Applications for New Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

7. Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Offer Document. No action has been taken to permit a public offering of the New Shares under the Offer in any jurisdiction outside of Australia and New Zealand.

It is not practicable for the Company to comply with the securities laws of any other overseas jurisdictions other than Australia and New Zealand having regard to the number of overseas Shareholders, the number and value of the New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

The New Shares have not been and will not be registered under the US Securities Act of 1933 and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

It is the responsibility of any Applicant to ensure compliance with any laws of a country relevant to their application. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company as a representation that there has been no breach of such laws, that the Applicant is an Eligible Shareholder and that the Applicant is physically present in Australia or New Zealand. Shareholders outside Australia and New Zealand (**Ineligible Foreign Shareholders**) should refer to Section 1.13 for details of how their Entitlement will be dealt with.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to take up their Entitlements under the Offer.

8. Privacy Act

If you complete an application for New Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for New Shares, the Company may not be able to accept or process your application.

KEY OFFER DETAILS

| Key details of the Offer | |
|--|--|
| Offer to Eligible Shareholders | 1 New Share for every 4 Shares held at the Record Date |
| Issue Price per New Share | \$0.03 |
| Discount on the Issue Price to the volume weighted average closing price of Shares on the ASX for the 10 trading days before the announcement of the Offer | 33.3% |
| Maximum number of New Shares under the Offer* | 52,768,395 New Shares |
| Proceeds from the Offer (excluding costs associated with the Offer)* | \$1,583,052 |
| Maximum number of Shares on issue following the Offer (refer to Section 2 below) | 263,841,976 Shares |

IMPORTANT DATES

| Event | Date |
|---|----------------------------|
| Announcement of the Offer | Tuesday, 11 October 2011 |
| Cleansing Notice, Appendix 3B and Offer Document lodged with ASX | |
| "Ex" date for the Offer (being the date that Shares start trading without the Entitlements to participate in the Offer) | Wednesday, 19 October 2011 |
| Record Date to determine Entitlements under the Offer | Tuesday, 25 October 2011 |
| Opening Date of Offer | Friday, 28 October 2011 |
| Despatch of the Offer Document and Entitlement and Acceptance Form to Eligible Shareholders | |
| Closing Date for acceptances under the Offer | Monday, 14 November 2011 |
| ASX notified of under subscriptions under the Offer | Thursday, 17 November 2011 |
| Allotment of the New Shares and despatch of holding statements for the New Shares | Monday, 21 November 2011 |
| Trading of New Shares expected to commence | Tuesday, 22 November 2011 |

The above dates are indicative only. The Company reserves the right, subject to the Corporations Act, the Listing Rules and the Underwriting Agreement, to extend the Closing Date or to withdraw the Offer at any time without prior notice, in which case all Application Monies will be refunded (without interest) as soon as practicable.

LETTER FROM THE CHAIRMAN

11 October 2011

Dear Shareholder,

On behalf of the Board of Liontown Resources Limited (**Liontown or the Company**), I am pleased to invite you to participate in the Company's non-renounceable pro-rata entitlement offer of 1 New Share for every 4 Shares held at the Record Date of 5.00pm (WST) on 25 October 2011, at an Issue Price of \$0.03 per Share (**Offer**).

The Offer of approximately 52,768,395 New Shares is intended to raise approximately \$1.58 million before the costs of the offer. It is partially underwritten by Patersons Securities Limited, with the balance being met by firm commitments in respect of my shareholding.

The net proceeds from the Offer, together with existing cash reserves, will primarily be used to advance the Company's Jubilee Reef Gold Project in Northern Tanzania and the Panhandle Gold-Silver Project in Queensland.

The Jubilee Reef Project is located in the Lake Victoria Goldfield where Liontown is currently earning up to 75% equity in the project via a joint venture with TSX-V listed Currie Rose Resources Limited.

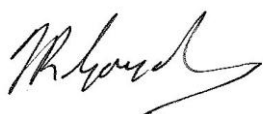
Recently announced drill results from the Masabi Hill and the Shangaza/Panapendesa prospects have confirmed the potential of the Jubilee Reef Project to host economic mineralisation. Whilst it is early days, the Board is confident that further drilling may lead to potential new discoveries.

Liontown has also continued to explore its North Queensland projects where we have a total land position of approximately 5,000 square kilometres. In particular (and as previously announced), geochemical, geophysical and geological surveys at the 100% owned Panhandle Project have defined three prospects with potential to host high grade gold and/or silver mineralisation. Drilling has recently been completed at the Powerline Prospect and assay results are awaited.

In addition to the project work and consistent with our strategy to focus on Tanzania and Australia, we continue to actively review growth opportunities in these regions.

On behalf of my fellow Directors I would like to express my appreciation for your ongoing support of the Company and encourage you to subscribe to the offer in what looks to be an exciting time for the Company.

Yours sincerely



Tim Goyder
Chairman

1. DETAILS OF THE OFFER

1.1 The Offer

The Company is offering Eligible Shareholders the opportunity to subscribe for 1 New Share for every 4 Shares held at 5:00pm (WST) on 25 October 2011 at an Issue Price of \$0.03 per New Share.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share, that will be rounded up to the nearest whole New Share.

Your Entitlement under the Offer is shown on the accompanying Entitlement and Acceptance Form. Details on how to accept the Offer are set out in Section 3.2.

1.2 Size of the Offer

As at 11 October 2011, the Company has on issue:

- (a) 211,073,581 Shares; and
- (b) 11,650,000 Options (which carry no entitlement to participate in the Offer without the Options first being exercised).

On the basis that no Options are exercised prior to the Record Date, approximately 52,768,395 New Shares will be offered under the Offer to raise \$1,583,052 before the expenses of the Offer are taken into account.

1.3 Use of Funds

Completion of the Offer will result in an increase in cash in hand of up to approximately \$1.58 million (before the payment of costs associated with the Offer).

The Company proposes to use the funds raised under the Offer as follows:

- (a) to advance exploration at the Jubilee Reef Project in Tanzania;
- (b) to advance exploration at the Panhandle Project in Queensland, Australia;
- (c) for costs of corporate administration and working capital; and
- (d) for the costs of the Offer.

The funds raised are intended to be allocated as follows:

| Description | Total (approximate) |
|---|---------------------|
| Gold exploration at the Jubilee Reef Project | \$0.70 million |
| Gold and silver exploration at the Panhandle Project | \$0.53 million |
| Costs of corporate administration and working capital | \$0.25 million |
| Costs of the Offer | \$0.10 million |

| Description | Total (approximate) |
|------------------------------------|---------------------|
| Total funds raised under the Offer | \$1.58 million |

The allocation of funds set out above may vary in the future due to exploration results and geological priority.

1.4 Opening and Closing Date

The Offer will open for receipt of acceptances on 28 October 2011. The Closing Date for acceptance of your Entitlement is 5.00 pm (WST) on 14 November 2011.

The Company reserves the right, subject to the Corporations Act, the Listing Rules and the Underwriting Agreement to extend the last date for receipt of the Entitlement and Acceptance Form, or to delay or withdraw the Offer at any time without prior notice, in which case all application monies for will be refunded (without interest) as soon as practicable.

1.5 Entitlements under the Offer

The Offer is non-renounceable, and therefore the Entitlements are not transferable and cannot be traded on the ASX or any other exchange or privately transferred. Shareholders will not receive any value if they do not take up their Entitlements.

As described in Section 1.9, any New Shares not taken up by an Eligible Shareholder by the Closing Date will form part of the Shortfall and will be dealt with by the Underwriters.

1.6 Entitlements and acceptance

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance form accompanying this Offer Document.

Acceptances must not exceed your maximum Entitlement (as shown on the Entitlement and Acceptance Form), although you may accept for a lesser number of New Shares should you wish to take up only part of your Entitlement. If your acceptance exceeds your Entitlement, your acceptance will be deemed to be for your maximum Entitlement and any surplus application monies will be returned to you (without interest).

1.7 Underwriting and Sub-Underwriting

The Offer is partially underwritten by Patersons Securities Limited (**Underwriter**). The Company and the Underwriter have entered into an underwriting agreement whereby the Underwriter agreed to underwrite 38,140,534 of the New Shares the subject of the Offer at the Issue Price (**Underwritten Amount**). Firm commitments have been received for the Entitlements representing the remaining 14,627,861 New Shares, meaning that the Company will receive the full proceeds from the Offer.

A summary of the Underwriting Agreement (including the key circumstances under which it may be terminated) is set out in Section 4.4.

The Underwriter proposes to enter into sub-underwriting arrangements in relation to its underwriting obligations. Further details are set out in Section 4.5.

1.8 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been accepted.

1.9 Shortfall

If Eligible Shareholders do not accept their full Entitlement pursuant to the Offer and there is a Shortfall, the Shortfall will be dealt with by the Underwriter in accordance with the terms of the Underwriting Agreement.

In the event that the Underwriting Agreement is terminated, the Directors reserve the right to issue the Shortfall at their discretion.

1.10 Issue and despatch

The issue of New Shares offered by this Offer Document is expected to occur on 21 November 2011 with despatch of holding statements expected to also occur on that day. The New Shares will not be traded on a deferred settlement basis.

It is the responsibility of Applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

1.11 ASX listing

The Company has made an application for official quotation by ASX of the New Shares offered under this Offer Document. If that permission is not granted by ASX, the Company will not issue any New Shares and all Application Monies received (without interest) will be refunded in full to the Applicants. The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares.

1.12 CHESS

The Company will apply to ASX to participate in CHESS for those Shareholders who have, or wish to have, a sponsoring stockbroker. Shareholders who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, Shareholders will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number (**HIN**) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

1.13 Ineligible Foreign Shareholders

This Offer Document and Entitlement and Acceptance Form are only being sent to Eligible Shareholders with registered addresses in Australia and New Zealand on the Record Date.

The Offer is not being extended to any Shareholders whose registered address is outside Australia or New Zealand. In accordance with the Listing Rules and the Corporations Act, the Company is of the view that it is unreasonable to make the Offer to Ineligible Foreign Shareholders, having regard to:

- (a) the number of Ineligible Foreign Shareholders;
- (b) the number and value of New Shares to be offered to those Ineligible Foreign Shareholders; and
- (c) the cost of complying with overseas legal requirements in those jurisdictions.

Accordingly, no Entitlement and Acceptance Forms will be sent, and no offer will be made, to Ineligible Foreign Shareholders. This Offer Document will be sent to them for information purposes only.

The Offer contained in this Offer Document to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

To the extent that a person holds Shares on behalf of another person resident outside Australia or New Zealand, it is that person's responsibility to ensure that any acceptance complies with applicable foreign laws.

1.14 Rights and liability attaching to New Shares

The New Shares issued under the Offer will be on a fully paid basis and will rank equally in all respects with existing Shares. Full details of the rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which is available for inspection at the Company's registered office during normal business hours. You may also contact the Company Secretary by telephone on +61 (0)8 9322 7431 for a copy of the Company's constitution.

2. EFFECT OF THE OFFER

2.1 Effect of the Offer on the capital structure of the Company

The total number of New Shares to be issued under the Offer will be approximately 52,768,395 (the exact number depends on the rounding up of individual holdings).

The table below sets out, for illustrative purposes only, the existing capital structure (before the Offer) together with the impact of the issue of the New Shares under the Offer.

| Shares | Number |
|--|--------------------|
| Existing Shares as at 11 October 2011 | 211,073,581 |
| Maximum number of New Shares issued pursuant to the Offer | 52,768,395 |
| Total issued Shares following completion of the Offer | 263,841,976 |

*Assuming no options are exercised prior to the Record Date.

The effect of the Offer will be to increase the number of Shares on issue in the Company and increase the cash held by the Company by approximately \$1.58 million (before taking into account the expenses of the Offer).

Expenses of the Offer are expected to be approximately \$100,000.

2.2 Potential effect on control of the Company

Eligible Shareholders who take up their Entitlements in full should not have their interest in the Company diluted by the Offer (subject to immaterial movements as a result of rounding of Entitlements).

The potential effect of the Offer on the control of the Company is as follows (assuming that no Options have been exercised prior to the Record Date):

- (a) If all Eligible Shareholders take up their Entitlements under the Offer, then the Offer will have no significant effect on the control of the Company.
- (b) If some Eligible Shareholders do not take up all of their Entitlements under the Offer, then the interests of those Eligible Shareholders will be diluted.
- (c) The proportional interests of Ineligible Foreign Shareholders will be diluted because those Ineligible Foreign Shareholders are not entitled to participate in the Offer.
- (d) As detailed above, the Offer is partially underwritten by the Underwriter up to 38,140,534 New Shares (with firm commitments having been received for the balance). If the relevant Eligible Shareholders do not take up their Entitlements under the Offer, then the Underwriter would be required to take up its full commitment under the Underwriting Agreement which would result in the Underwriter, subject to any sub-underwriting arrangements it has

entered into (as further detailed in Section 4.5), acquiring a maximum of approximately 38,140,534 New Shares under the Offer resulting in a maximum voting power in the Company of 14.45%.

3. ACTION REQUIRED BY SHAREHOLDERS

3.1 What Eligible Shareholders may do

The number of New Shares to which you are entitled (**your Entitlement**) is shown on the accompanying Entitlement and Acceptance Form.

If you do not take up your Entitlement, then your percentage holding in the Company will be diluted.

As an Eligible Shareholder you may:

- (a) take up all or part of your Entitlement (refer to Section 3.2 below); or
- (b) allow all of your Entitlement to lapse (refer to Section 3.3 below).

As detailed in Section 1.13, Ineligible Foreign Shareholders cannot take any of the steps set out in Sections 3.2 and 3.3.

3.2 Applying for New Shares

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Offer Document. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full, complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; or
- (b) if you only wish to accept part of your Entitlement, fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form,

and forward the completed Entitlement and Acceptance Form, unless payment is made by BPay[®], together with your Application Monies to reach Computershare Investor Services Pty Limited (**Share Registry**) by no later than 5:00pm (WST) on the Closing Date.

The Issue Price for each New Share accepted under your Entitlement is payable on application. You have the following payment options:

- **By cheque, bank or money order.** All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “**Liontown Resources Limited**” and crossed “**Not Negotiable**”.
- **By BPay[®].** If paying via BPay[®], Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPay[®] by the date and time mentioned above. If you elect to pay via BPay[®], you must follow the instructions for BPay[®] set out in the Entitlement and Acceptance Form and you do not need to return the Entitlement and Acceptance Form.

3.3 Entitlements not taken up

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. The number of Shares you currently hold and the entitlement attaching to those Shares will not be affected should you choose not to accept any part of your Entitlement.

In this case, your whole Entitlement will form part of the Shortfall and will be dealt with by the Underwriter.

3.4 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this letter of offer and, once lodged, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

3.5 Brokerage

No brokerage is payable by Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for an Entitlement.

3.6 Queries concerning your Entitlement

If you have any queries concerning your Entitlement please contact Computershare Investor Services Pty Ltd at 1300 55 70 10.

4. ADDITIONAL INFORMATION REGARDING THE OFFER

4.1 Reliance on Offer Document

The Offer is made pursuant to section 708AA of the Corporations Act without the issue of a prospectus or disclosure document under Chapter 6D of the Corporations Act. This Offer Document is not a prospectus, disclosure document or other offering document under the Corporations Act (or any other Australian or foreign law) and has not been lodged with ASIC.

For the Company to rely on the disclosure exemption in section 708AA of the Corporations Act, the Company is required to lodge a "cleansing notice" under section 708AA(2)(f) of the Corporations Act. That notice is required to:

- (a) set out any information that has been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (ii) the rights and liabilities attaching to the New Shares; and
- (b) state the potential effect of the issue of the New Shares on the control of the Company and the consequences of that effect.

The Company has lodged a cleansing notice in respect of the Offer with ASX on 11 October 2011.

4.2 Announcements

Eligible Shareholders intending to participate in the Offer should refer to the announcements made by the Company to the ASX. This information is available from the ASX website, www.asx.com.au (ASX Code: LTR), and the Company's website, www.ltresources.com.au. Copies of the announcements will also be available from the Company's secretary.

4.3 Risks

An investment in New Shares should be regarded as speculative and involves many risks.

Shareholders should consider the investment in the context of their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Shareholder should consult their own stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest in the New Shares.

The New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those shares.

The information in the Offer Document does not constitute a recommendation to subscribe for New Shares and this Offer Document does not purport to contain all

the information that you may require to evaluate a possible application for New Shares. You should make your assessment of what information is relevant to your decision to participate in the Offer.

4.4 Underwriting Agreement

In accordance with the Underwriting Agreement, the Underwriter has agreed to partially underwrite the Offer up to up to 38,140,534 New Shares. Firm commitments have been received for the Entitlements representing the remaining 14,627,861 New Shares.

Under the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 5% of the Underwritten Amount as well as a lead manager fee of \$20,000 (exclusive of GST) in consideration of the Underwriter performing its obligations under the Underwriting Agreement.

The Underwriter may terminate its obligations under the Underwriting Agreement with the Company in circumstances typically found in agreements of this nature (in certain of these circumstances including having regard to the materiality of certain events). These circumstances include (but are not limited to), where:

- (a) the All Ordinaries Index is, for three consecutive days at any time after the date of the Underwriting Agreement, 10% or more below its respective level as at the close of business on the business day prior to the date of the Underwriting Agreement;
- (b) the Company is prevented from allotting and issuing the New Shares;
- (c) the ASX will not grant official quotation for the New Shares or the Shortfall Shares;
- (d) there is a material adverse change or effect, affecting the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company and its subsidiaries;
- (e) there is a change in the capital structure of the Company; and
- (f) there is a suspension or material limitation in trading of the Shares imposed by the ASX.

The Company may terminate the Underwriting Agreement in certain circumstances, including if it withdraws the Offer.

As is customary with these types of arrangements:

- the Company has agreed to indemnify the Underwriter, its officers, employees, agents and advisers against losses incurred in connection with the Offer, the Offer Document and the performance of the Underwriting Agreement other than for potential statutory liability and where the Underwriter's losses have resulted from the fraud, wilful default, misconduct, breach of contract or negligence of the indemnified person or in certain other circumstances; and
- the Company has provided a full range of warranties and representations to the Underwriter, including about the Offer and its compliance with

applicable laws.

The Underwriting Agreement generally restricts the Company from issuing, without the Underwriters' consent, equity securities three months after the Closing Date, with the exception of Shares issued upon the conversion of the Options, or as disclosed to the ASX or the Underwriter prior to the date of the Underwriting Agreement.

4.5 Sub-underwriting

In accordance with the Underwriting Agreement, the Underwriter proposes to enter into sub-underwriting arrangements in relation to its underwriting obligations. The Company may introduce sub-underwriters to the Underwriter for this purpose. Any sub-underwriters will be paid a fee by the Underwriter.

Each of the Directors and the Company Secretary (through their controlled entities) has agreed with the Underwriter to act as sub-underwriters for the Offer as set out in the following table.

| Name | Position | Sub-Underwriting Commitment | Current Interest | New Interest* |
|-----------------|-------------------|----------------------------------|------------------|---------------|
| Anthony Kiernan | Director | 2,500,000 New Shares (\$75,000) | 1.15% | 2.10% |
| Tim Goyder | Director | 6,666,667 New Shares (\$200,000) | 27.72% | 30.25% |
| David Richards | Director | 833,333 New Shares (\$25,000) | 0.23% | 0.54% |
| Craig Williams | Director | 2,666,667 New Shares (\$80,000) | 0.29% | 1.30% |
| Douglas Jones | Director | 1,666,667 New Shares (\$50,000) | 0.54% | 1.16% |
| Richard Hacker | Company Secretary | 1,666,667 New Shares (\$50,000) | 0.46% | 1.09% |

* Note – This assumes that each of the related parties set out above take up their full Entitlements under the Offer and their full sub-underwriting commitments.

4.6 Underwriter's consent to be named

The Underwriter has given, and at the time of lodgement of this Offer Document, has not withdrawn its consent to be named as Lead Manager and Underwriter to the offer of securities under this Offer Document, in the form and context in which it is named.

The Underwriter was not involved in the preparation of any part of this Offer Document and did not authorise or cause the issue of this Offer Document. The Underwriter makes no express or implied representation or warranty in relation to the Company, this Offer Document or the offer and does not make any statement in this Offer Document, nor is any statement in it based on any statement made by the Underwriter. To the maximum extent permitted by law, the Underwriter expressly disclaims and takes no responsibility for any material in, or omission from, this Offer Document other than the reference to its name.

4.7 Taxation implications

Eligible Shareholders should be aware that there may be taxation implications associated with participating in the Offer. The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

4.8 Governing law

This Offer Document and the contracts which arise on the acceptance of the personalised Entitlement and Acceptance Forms are governed by the laws applicable in Western Australia, Australia. Each Eligible Shareholder submits to the non-exclusive jurisdiction of the courts of Western Australia.

4.9 Enquiries concerning this Offer Document

Enquiries relating to this Offer Document should be directed to the Company Secretary by telephone on +61 (0)8 9322 7431.

5. DEFINED TERMS

\$ or AUD means Australian dollar.

Applicant refers to a person who submits an Entitlement and Acceptance Form.

Application refers to the submission of an Entitlement and Acceptance Form.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as appropriate.

Board means the board of Directors.

Closing Date means the closing date of the Offer being 14 November 2011 (subject to the right of the Company to vary the date without notice).

Company means Lontown Resources Limited (ACN 118 153 825).

Directors means the directors of the Company.

Eligible Shareholder means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date whose registered address is in Australia or New Zealand.

Entitlement means the entitlement to subscribe for 1 New Share for every 4 Shares held by an Eligible Shareholder on the Record Date and as set out in the Entitlement and Acceptance Form and **Entitlements** has a corresponding meaning.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

Ineligible Foreign Shareholder means a Shareholder, at the Record Date whose registered address is not situated in Australia or New Zealand.

Issue Price means \$0.03 per New Share.

Listing Rules means the listing rules of the ASX.

New Shares means the Shares proposed to be issued pursuant to this Offer.

Offer means non-renounceable pro rata offer of New Shares on the basis of 1 New Share for every 4 Shares held on the Record Date at the Issue Price pursuant to this Offer Document.

Offer Document means this Offer Document dated 11 October 2011.

Opening Date means the opening date of the Offer being 28 October 2011.

Option means an unlisted option to subscribe for Shares.

Patersons means Patersons Securities Limited (ACN 008 896 311)

Record Date means 25 October 2011.

Section means a section of this Offer Document.

Share means an ordinary fully paid share in the capital of the Company.

Shortfall and **Shortfall Shares** means those New Shares under the Offer not applied for by Shareholders pursuant to the Offer Document by the Closing Date.

Shareholder means a holder of Shares.

Underwriter means Patersons Securities Limited (ACN 008 896 311)

Underwriting Agreement means the underwriting Agreement between the Company and the Underwriter dated 11 October 2011.

Underwritten Amount means the 38,140,534 New Shares that the Underwriter has agreed to underwrite, as further described in Section 1.7.

WST means Australian Western Standard Time.

6. CORPORATE DIRECTORY

DIRECTORS

Timothy Goyder (*Executive Chairman*)
David Richards (*Managing Director*)
Anthony Kiernan (*Non-Executive Director*)
Craig Williams (*Non-Executive Director*)
Douglas Jones (*Non-Executive Director*)

COMPANY SECRETARY

Richard Hacker

REGISTERED OFFICE

Level 2, 1292 Hay Street
West Perth
Western Australia 6000

Tel: (+61 8) 9322 3960

Fax: (+61 8) 9322 5800

WEBSITE

<http://www.ltresources.com.au>

LEAD MANAGER & UNDERWRITER

Patersons Securities Limited
Level 23, Exchange Plaza
2 The Esplanade
Perth Western Australia 6000

Tel: (+61 8) 9263 1111

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2
45 St Georges Terrace
Perth Western Australia 6000

Tel: 1300 55 70 10