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14 October 2011

Dear Shareholder

Non-Renounceable Rights Issue - Notice to Shareholders

This letter is to notify you on 11 October 2011, Liontown Resources Limited (**Company** or **Liontown**) announced a 1 for 4 non-renounceable pro rata entitlements issue of up to approximately 52.76 million new shares (**New Shares**) at an issue price of \$0.03 for each New Share to raise approximately \$1.58 million (**Rights Issue**).

Each eligible shareholder will be entitled to subscribe for 1 New Share for every 4 shares held at 5:00pm (WST) on Tuesday, 25 October (**Record Date**). On the basis that no option holders of the Company exercise their options before the Record Date, a maximum of 52,768,395 New Shares will be offered under the Rights Issue.

Underwriting of the Rights Issue

The Rights Issue will be partially underwritten by Patersons Securities Limited (**Patersons**) with the balance being met by firm commitments in respect of my shareholding. Patersons will receive an underwriting fee equal to 5% of the amount underwritten under the Rights Issue.

Eligibility to the Rights Issue

The Rights Issue is only open to shareholders of the Company who are registered as shareholders at 5.00pm (WST) on the Record Date with registered addresses in Australia or New Zealand (**Eligible Shareholders**).

Shareholders with registered addresses outside Australia and New Zealand are considered ineligible shareholders (**Ineligible Foreign Shareholders**) and cannot participate in the Rights Issue.

The Company has determined that it is not practicable for Ineligible Foreign Shareholders to participate in the Rights Issue having regard to the number of Ineligible Foreign Shareholders, the number and value of New Shares they would be offered and the costs of complying with the regulatory requirements of those jurisdictions.

Purpose of the Rights Issue

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, Liontown continues to actively review growth opportunities in these regions.

Offer Document and Rights Issue Details

The Rights Issue will be made to Eligible Shareholders without disclosure under Part 6D.2 of the Corporations Act 2001 (Cth) (**Corporations Act**).

Details of the Rights Issue including the rights attaching to the New Shares, together with all other relevant information relating to the Rights Issue are set out in the offer document which was lodged with the Australian Securities Exchange (**ASX**) on 11 October 2011 (**Offer Document**). The Offer Document is currently available from the Company's website, www.ltresources.com.au, or the ASX website, www.asx.com.au, by searching under the Company's ASX code "LTR".

A copy of the Offer Document together with the Entitlement and Acceptance Form will be sent to shareholders on or about 28 October 2011. The Offer Document will be sent to Ineligible Foreign Shareholders for information purposes only.

The Rights Issue is non-renounceable which means that the entitlements to participate in the Rights Issue are not transferable and cannot be traded on the ASX or any other exchange or privately transferred. So, Eligible Shareholders will not receive any value if they do not take up their Entitlements.

The New Shares issued pursuant to the Rights Issue will rank equally in all respects with existing fully paid ordinary shares on issue in the Company. Fractional entitlements will be rounded up to the nearest whole Share.

Key Dates

The proposed timetable for the Rights Issue is as follows:

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	Monday, 21 November 2011

Event	Date
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 Rights Issue without prior notice.

Effect on Capital Structure

The table below sets out the impact of the Rights Issue on the capital structure of the Company:

Detail	Number of Shares
Total issued capital at the date of announcement of the Rights Issue	211,073,581
Maximum Number of New Shares offered under the Rights Issue	52,768,395
Total issued capital at completion of the Rights Issue	263,841,976

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

You should consider the Offer Document carefully in deciding on whether to participate in the Rights Issue, and if in any doubt, consult with your professional adviser.

If you have any queries concerning the Rights Issue please contact the Company Secretary on +61 (0)8 9322 7431.

Yours sincerely



Tim Goyder
Chairman
Liontown Resources Limited