



LIONTOWN RESOURCES LIMITED

ACN 118 153 825

PROSPECTUS

For a non-renounceable rights issue to raise approximately \$3,428,158 (before costs) at an issue price of 3.5 cents per New Share with Eligible Shareholders having an Entitlement to subscribe for 1 New Share for every 3 Shares held with 1 free attaching New Option for every 3 New Shares subscribed (**Entitlement Offer**).

The Entitlement Offer is underwritten by Bell Potter Securities Limited.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If, after reading this Prospectus, you have any questions about the New Securities being offered under this Prospectus or any other matter, then you should consult your professional adviser.

Investment in the New Securities offered by this Prospectus should be considered speculative.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

IMPORTANT NOTICE

1. Prospectus

This Prospectus is dated 20 August 2012. A copy of this Prospectus has been lodged with ASIC on that date. ASIC takes no responsibility for the contents of this Prospectus.

No New Securities will be issued or allotted on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Liontown Resources Limited (**Liontown** or the **Company**) will apply to ASX within 7 days of the date of this Prospectus for quotation of the New Securities offered under this Prospectus. ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may quote the New Securities is not to be taken in any way as an indication of the merits of the Company.

In making representations in this Prospectus, regard has been made to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult. Further information is provided in Section 6.7 and 6.8 of this Prospectus.

Applications for New Securities offered pursuant to this Prospectus can only be submitted on the applicable original Entitlement and Acceptance Form which accompanies this Prospectus.

2. Disclaimer

The information contained in this Prospectus is not investment advice. Before deciding to invest in the Company, you should read and understand the entire Prospectus and, in particular, in considering the Company's prospects, you should consider the risk factors that could affect the Company's performance. You should carefully consider these factors in Section 5 in light of your personal circumstances (including financial and taxation issues) and seek advice from your professional adviser before deciding to invest. Investing in the Company involves risks.

Any references to past performance of the Company are no guarantee of future performance.

3. No Representations other than this Prospectus

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer that is not contained in this Prospectus or has not been released to ASX with the authorisation of the Company.

The Entitlement and Acceptance Form accompanying this Prospectus is important. Please refer to the instructions in Section 3 of this Prospectus regarding the acceptance of the Entitlement Offer. Application can only be submitted on the Entitlement and Acceptance Form that is only available with this Prospectus.

4. Forward looking information

Some of the statements appearing in this Prospectus may be in the nature of forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate.

Forward looking statements are subject to many inherent risks and uncertainties before actual outcomes are achieved. Those risks and uncertainties include factors and risks specific to the industry in which the Company operates as well as general economic conditions, interest rates, exchange rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and any variation may be materially positive or negative. Forward looking information (including forecast financial information) is subject to uncertainty and contingencies, many of which are outside the control of the Company.

5. No cooling off rights apply to this Offer

Cooling off rights do not apply to an investment pursuant to the Entitlement Offer. This means that, in most circumstances, you cannot withdraw your Entitlement and Acceptance Form once it has been lodged.

6. Offer Restrictions on Distribution

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to lodge this Prospectus in any jurisdiction outside of Australia or to otherwise permit a public offering of New Securities in any jurisdiction outside Australia. This Prospectus is not to be distributed in, and the Entitlement Offer is not to be made in, countries other than Australia and New Zealand.

The New Securities 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 (**Ineligible Foreign Shareholders**) should refer to Section 1.10 of this Prospectus for details of how their Entitlement will be dealt with.

7. Prospectus availability

ASIC has exempted compliance under an ASIC Class Order with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

This Prospectus is available in electronic form at www.ltresources.com.au for persons within Australia only. Persons who access the electronic form of this Prospectus must ensure that they download and read the entire Prospectus. A printed copy of this Prospectus is available free of charge by calling the Company.

8. Definitions and glossary, financial amounts and time

Definitions of certain terms used in this Prospectus are contained in Section 8. Unless otherwise indicated, all references to currency are to Australian dollars and all references to time (such as "WST") are to Perth, Western Australian time, unless otherwise indicated.

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IMPORTANT DATES

Event	Date
Prospectus lodged with ASIC and ASX	Monday, 20 August 2012
Notice sent to Shareholders containing information required for Appendix 3B in relation to the Entitlement Offer	Tuesday, 28 August 2012
"Ex" date	Wednesday, 29 August 2012
Record Date to determine Entitlements under the Entitlement Offer	Tuesday, 4 September 2012
Opening Date of Entitlement Offer	Thursday, 6 September 2012
Despatch Prospectuses and Entitlement and Acceptance Forms and the Company announces the despatch has been completed	Thursday, 6 September 2012
Closing Date for acceptances under the Entitlement Offer	Thursday, 20 September 2012
Company notifies ASX of under subscription*	Monday, 24 September 2012
Expected despatch date with the allotment of New Securities	Thursday, 27 September 2012
Trading of New Securities expected to commence	Friday, 28 September 2012

*This timetable is drafted on the basis that the New Securities will not be quoted on a deferred settlement basis.

The above dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend these dates without prior notice including extending the last date for receipt of the Entitlement and Acceptance Form, or to delay or withdraw the Entitlement Offer at any time without prior notice. If withdrawn, all Application Monies for New Securities which have not been issued will be refunded (without interest) as soon as practicable.

WHAT YOU NEED TO DO TO APPLY FOR NEW SECURITIES

Read

Read this Prospectus in full paying careful attention to the benefits and risks associated with acceptance of the Entitlement Offer.

Consider and Consult

After reading the Prospectus, consider whether the investment is suitable for you in light of your particular financial position and investment objectives. If necessary please consult with your financial or investment adviser before making an investment decision.

Complete Entitlement and Acceptance Form

If you are an Eligible Shareholder and have decided to take up your Entitlement in full or in part, complete the Entitlement and Acceptance Form accompanying this Prospectus and lodge the form together with your Application Money by **5pm (WST)** on Thursday, 20 September 2012.

If you have any queries concerning the Entitlement Offer or what to do with this Prospectus, please contact:

Computershare Investor Services Pty Limited

Telephone number: 1300 787 272

Or contact your stockbroker or professional adviser.

Letter from the Chairman

Dear Shareholder

The Company is pleased to offer shareholders the opportunity to further participate in the development of Liontown Resources Limited (**Liontown** or the **Company**) by participating in an Entitlement Offer to fast-track exploration drilling at its emerging Jubilee Reef Project in Tanzania, East Africa.

The funds from the Entitlement Offer will be used to underpin a major new drilling program comprising over 14,000m of reverse circulation ("RC") and aircore drilling to follow up recent broad intersections of gold mineralisation.

The raising will be undertaken through a 1-for-3 pro-rata non-renounceable rights issue (**Entitlement Offer**) to shareholders at 3.5 cents per New Share. The Company will also issue 1 free attaching New Option for every 3 New Shares subscribed. Each free attaching New Option will have an exercise price of 5 cents and will expire on the third anniversary of the date of issue. Application will be made to list the New Options on ASX.

The Entitlement Offer is underwritten by Bell Potter Securities Limited with firm commitments being received by several of the Company's largest shareholders, including myself, in respect to our respective shareholdings.

All Shareholders with address in Australia and New Zealand and registered as at 5:00pm (WST) on Tuesday, 4 September 2012 will be entitled to participate in the Entitlement Offer. The closing date for the Entitlement Offer is 5:00pm (WST) on Thursday, 20 September 2012.

Shareholders are also invited to subscribe for New Shares in excess of their Entitlement.

The Jubilee Reef Project is located in the world-class Lake Victoria Goldfield. Drilling during 2011 and 2012 from the Masabi Hill and the Shangaza/Panapendesa prospects has confirmed the potential for economic mineralisation.

Liontown has the right to earn 51% by drilling 14,000 metres by December 2012 (approximately 11,000 metres has been drilled so far). At that stage, Liontown can elect to sole fund to completion of a definitive feasibility study or the joint venture parties, being Liontown and Currie Rose Inc (**Currie Rose**) form a contributing joint venture of Liontown 51% and Currie Rose 49%.

The Company plans 5,400 metres of RC drilling which is aimed at further defining strike and dip extensions of significant intersections at the Masabi Hill prospect as well as following up on other known targets. Approximately 9,000 metres of aircore drilling is also proposed which will further define the extent of gold mineralisation across the broader Jubilee Reef Project and identify further RC drilling targets.

At the time of lodging this Prospectus, all the other Directors and their nominees have indicated that they will take up a majority of their Entitlements under the Entitlement Offer.

On behalf of the Board, I commend the Entitlement Offer to you. Before making your decision to invest, I ask you to carefully read the Prospectus and seek professional advice if required. The Company is at an exciting stage in its development and the Company has particular pleasure in offering its Shareholders the opportunity to participate in its further development.

Kind regards

Tim Goyder - Chairman

1. DETAILS OF THE ENTITLEMENT OFFER

1.1 Entitlement Offer

The Company is making a non-renounceable pro-rata offer of New Shares to Eligible Shareholders of 97,947,394 New Shares on the basis of 1 New Share for every 3 Shares held at the Record Date at an Offer Price of 3.5 cents each, together with 32,649,131 free attaching New Options issued on the basis of 1 New Option for every 3 New Shares subscribed for under the Entitlement Offer to raise approximately \$3.428 million before costs (**Entitlement Offer**). Each free attaching New Option will be listed (subject to ASX granting quotation), have an exercise price of 5 cents each and will expire at 5:00pm (WST) on the third anniversary from the date of issue.

As noted in Section 1.12, application will be made for quotation of the New Shares and New Options on ASX.

As noted also in Section 1.8, Eligible Shareholders (other than directors and related parties of the Company) will be able to apply for Additional Securities in excess of their Entitlements.

1.2 Fractional Entitlements

Fractional Entitlements of the Entitlement Offer will be rounded down to the nearest whole number of New Securities. For this purpose, holdings in the same name are aggregated for calculation of Entitlements.

1.3 Brokerage and Stamp Duty Costs

No brokerage or stamp duty is payable by Eligible Shareholders on the issue of New Securities under this Prospectus.

1.4 Underwriting

The Entitlement Offer is underwritten by Bell Potter Securities Limited (**Underwriter**). The Company and the Underwriter have entered into an underwriting agreement whereby the Underwriter agreed to underwrite the New Shares the subject of the Entitlement Offer at the Offer Price.

The Underwriter has received firm commitments for the Entitlements representing 41,669,431 New Shares.

Pursuant to the Underwriting Agreement, the Underwriter proposed to enter into sub-underwriting arrangements in relation to its underwriting obligations. If the Underwriter is unable to obtain binding sub-underwriting commitments for a minimum number of 47,706,533 New Shares, then the Underwriter will be relieved of its obligations under the Underwriting Agreement. As of the date of the Prospectus, the Underwriter has entered into sub-underwriting arrangements for 56,277,963 New Shares.

A summary of the Underwriting Agreement (including the circumstances in which it may be terminated) is set out in Section 6.4.

1.5 Opening and Closing Date

The Entitlement Offer will open for receipt of acceptances on Thursday, 6 September 2012. The Closing Date for acceptance of your Entitlement is 5.00 pm WST on Thursday, 20 September 2012.

The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the last date for receipt of the Entitlement and Acceptance Form, or to delay or withdraw the Entitlement Offer at any time without prior notice, in which case all Application Monies for New Shares which have not been issued will be refunded (without interest) as soon as practicable.

1.6 Purpose of the Entitlement Offer

The Company expects to receive approximately \$3.428 million under the Entitlement Offer (before costs) and proposes to use the proceeds as set out in Section 2.

1.7 Entitlements under the Offer

Eligible Shareholders who are on the Company's Share register at the close of business on the Record Date, being Tuesday, 4 September 2012, will receive rights to acquire 1 New Share for every 3 Shares held, at the Offer Price of 3.5 cents per New Share. The Eligible Shareholders will also receive a free attaching New Option for every 3 New Shares subscribed under the Entitlement Offer. Each free attaching New Option will have an exercise price of 5 cents and will expire on the third anniversary of the date of issue.

An Entitlement and Acceptance Form setting out an Eligible Shareholder's Entitlement to New Securities accompanies this Prospectus.

The Entitlement 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. Eligible Shareholders will not receive any value if they do not take up their Entitlement for New Securities.

1.8 Application for Additional Securities

Eligible Shareholders (other than directors and related parties of the Company) may, in addition to taking up their Entitlements in full, apply for Additional Securities (ie. additional New Shares and New Options) in excess of their Entitlements. Additional Securities will only be available where there is a shortfall between Applications received from Eligible Shareholders and the number of New Securities proposed to be issued under the Entitlement Offer. Additional Securities will be issued at the Offer Price of 3.5 cents per New Share with a free attaching New Option for every 3 additional New Shares subscribed.

Eligible Shareholders who have applied for Additional Securities will receive all Additional Securities they have applied for, unless there is an over subscription for Additional Securities, in which case all applications for Additional Securities will be scaled back on a pro rata basis having regard to the number of Additional Securities applied for by each Eligible Shareholder.

In the event Eligible Shareholders who apply for Additional Securities are allocated a lesser number of Additional Securities than applied for, or are allocated no Additional Securities, any excess Application Monies will be refunded without interest.

If any shortfall remains after the allocation of Additional Securities to Eligible Shareholders as described above (**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.

1.9 Application required for New Securities

A detailed explanation of the actions required by Eligible Shareholders to apply for New Securities is set out in Section 3.

1.10 Treatment of Overseas Shareholders under the Entitlement Offer

The Company is of the view that it is unreasonable to make the Entitlement Offer to any Shareholder whose registered address as at the Record Date is outside of Australia or New Zealand having regard to:

- (a) the number of Shareholders outside these jurisdictions;
- (b) the number and value of the New Securities that could be offered outside these jurisdictions; and
- (c) the cost of complying with applicable regulations in jurisdictions outside these jurisdictions.

This Prospectus has not been and will not be registered under the securities laws of jurisdictions outside these jurisdictions. Accordingly, no Entitlement and Acceptance Forms will be sent, and no offer will be made, to Ineligible Foreign Shareholders. This Prospectus (without an Entitlement and Acceptance Form) will be sent to them for information purposes only.

Eligible Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how they should proceed.

Non-Australian Eligible Shareholders should note that the Entitlement Offer is being conducted in accordance with the laws in force in Australia and the Listing Rules.

The Entitlement Offer contained in this Prospectus 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.

Recipients of this Prospectus may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia (other than to Eligible Shareholders).

1.11 Minimum Subscription

There is no minimum subscription for the Entitlement Offer.

1.12 Applying for quotation of New Securities

The Company will apply to the ASX within 7 days after the date of this Prospectus for the New Securities (ie. the New Shares and New Options) to be granted quotation.

The fact that the ASX may grant official quotation of the New Securities is not to be taken in any way as an indication of the merits of the Company or the New Securities now offered for subscription.

1.13 Allotment of New Securities under the Entitlement Offer

New Securities will be issued only after all Application Monies has been received and ASX has granted permission for the New Securities to be quoted. It is expected that New Securities will be allotted on or about Thursday, 27 September 2012 and normal trading of the New Securities on ASX is expected to commence on or about Friday, 28 September 2012.

All Application Monies received before New Securities are allotted will be held in a special purpose account. After any Application Money is refunded (if required) and New Securities are allotted to Applicants, the balance of funds in the account plus any accrued interest will be received by the Company.

If the New Shares are not quoted by ASX within three months after the date of this Prospectus, the Company will refund all Application Monies in full (without interest).

If ASX has granted permission for the New Shares to be quoted on ASX but not the New Options, the New Share and New Options will still be allotted. However, the New Options will not be admitted to official quotation. No Application Monies will be repaid if the New Options offered under this Prospectus are not admitted to official quotation.

1.14 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS, operated by ASX Settlement Pty Ltd (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement hat set out the number of New Securities issued to each successful Applicant under this Prospectus

It is the responsibility of Applicants to determine their allocation before trading in the New Securities. Applicants who sell New Securities before they receive their statement do so at their own risk.

1.15 Effect of the Entitlement Offer on the Control of Liontown

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

The potential effect of the Entitlement Offer on the control of the Company is as follows:

- If all Eligible Shareholders take up their Entitlements under the Entitlement Offer, then the Entitlement Offer will have no significant effect on the control of the Company.
- If some Eligible Shareholders do not take up all of their Entitlements under the Entitlement Offer, then the interests of those Eligible Shareholders will be diluted.

- The proportional interests of Ineligible Foreign Shareholders will be diluted because those Ineligible Shareholders are not entitled to participate in the Entitlement Offer.
- The Entitlement Offer is underwritten. If the Underwriter is required to take up its commitment under the Underwriting Agreement after it has put in place sub-underwriting arrangements in respect of 56,277,963 New Shares and no Eligible Shareholder takes up their Entitlement under the Entitlement Offer other than the Eligible Shareholders who have provided their firm commitments to subscribe for New Shares, the Underwriter would acquire no New Shares or New Options. If neither the sub-underwriters and the providers of the firm commitments meet their obligations, the Underwriter would acquire a maximum of 97,947,394 New Shares resulting in the Underwriter acquiring a maximum voting power in the Company of 25%. The Underwriter would also receive 32,649,131 New Options which if exercised would result in the Underwriter having a maximum voting power in the Company of 30.77% (assuming that the Company has not issued any further Shares and no other optionholders have exercised their Options).

1.16 Rights attaching to New Securities

The New Shares issued under this Prospectus will be on a fully paid basis and will rank equally in all respects with existing Shares.

A summary of the important rights attaching to the New Securities is contained in Section 4 of this Prospectus.

1.17 Risk Factors

An investment in the Company carries certain risks that may impact on the future profitability of the Company and the value of the Company's securities. The New Securities should be considered speculative. The Directors recommend that potential investors carefully consider this Prospectus and consult their professional advisors before deciding whether to apply for New Securities pursuant to this Prospectus.

The risk factors affecting an investment in the Company are discussed in Section 5 of this Prospectus.

2. PURPOSE AND EFFECT OF THE ENTITLEMENT OFFER

2.1 Purpose of the Entitlement Offer

The funds raised from the Entitlement Offer will be applied towards the following:

- (a) To advance exploration for gold at the Jubilee Reef Project and Mega JV Project in Tanzania;
- (b) general working capital; and
- (c) meeting the costs of the Entitlement Offer.

The application of approximately \$3.428 million raised under the Entitlement Offer is summarised as follows:

Use of Funds	Amount (\$)
Drilling and other exploration activities at the Jubilee Reef and Mega JV Project in Tanzania	\$2,558,000
Working capital and administration	\$700,000
Costs of the Entitlement Offer	\$170,000
TOTAL	\$3,428,000

The use of the funds raised from the Entitlement Offer may vary depending upon results of exploration at the Jubilee Reef Project and Mega JV Prospect.

2.2 Effect of the Entitlement Offer

The principal effects of the Entitlement Offer will be to:

- (a) increase the Company's cash reserves by approximately \$3.428 million (before taking into account the costs of the Entitlement Offer and prior to the deployment of those funds);
- (b) provide the Company with additional capital for the purposes referred to in Section 2.1; and
- (c) increase the total number of issued Shares and Options (refer to Section 2.3).

Pro forma financial information summarising the effects of the Entitlement Offer is provided in Section 2.4.

2.3 Effect of the Entitlement Offer on Capital Structure

The ultimate effect of the Entitlement Offer on the Company's capital structure is dependent on whether Optionholders elect to exercise their Options prior to the Record Date.

(a) Existing Capital Structure

Set out below, for illustrative purposes only, is the existing capital structure (as at the date of this Prospectus) together with the impact of the issue of New Shares under the Entitlement Offer.

Ordinary Shares	Number
Existing Issued Capital	293,842,181
New Shares offered pursuant to the Entitlement Offer	97,947,394
Total issued Shares post completion of the Entitlement Offer	391,789,575

In addition, the Company has on issue the following unlisted Options as at the date of this Prospectus and the table below sets out for illustrative purposes only the impact of the issue of the New Options under the Entitlement.

Options	Expiry Date	Exercise Price	Number
Unlisted Options as at the date of the Prospectus	1 December 2012	\$0.35	2,000,000
	1 May 2013	\$0.10	3,000,000
	31 July 2013	\$0.20	500,000
	1 November 2013	\$0.20	1,150,000
	2 December 2013	\$0.20	3,000,000
Total number of Options as at the date of the Prospectus			9,650,000
New Options offered pursuant to the Entitlement Offer			32,649,131
Total issued Options post completion of the Entitlement Offer			42,299,131

If any of the Company's existing Options are exercised prior to the Record Date, the Shares issued on such exercise will be eligible to participate in the Entitlement Offer.

Accordingly, the total issued capital of the Company following the Entitlement Offer may be more than the number shown in Section 2.3(a) above but will be no more than 395,006,242 Shares.

2.4 Effect of the Entitlement Offer on the Company's Financial Position

Set out below for illustrative purposes is the unaudited consolidated statement of financial position as at 30 June 2012 including the effect of the Entitlement Offer, assuming that:

- (a) the issue of 97,947,394 New Shares offered pursuant to the Entitlement Offer at \$0.035 to raise approximately \$3.428 million has been completed; and
- (b) the estimated costs of the Entitlement Offer is approximately \$170,000.

Unaudited Statement of Financial Position at 30 June 2012

	Unaudited Consolidated 30 June 2012 \$	Proforma Adjustments	Unaudited Consolidated 30 June 2012 \$
Current assets			
Cash and cash equivalents	1,489,378	3,258,000	4,747,378
Trade and other receivables	61,343	-	61,343
Total current assets	1,550,721	3,258,000	4,808,721
Non-current assets			
Financial assets	54,369	-	54,369
Exploration and evaluation assets	3,853,608	-	3,853,608
Property, plant and equipment	82,720	-	82,720
Total non-current assets	3,990,697	-	3,990,697
Total assets	5,541,418	3,258,000	8,799,418
Current liabilities			
Trade and other payables	687,721	-	687,721
Employee benefits	30,848	-	30,848
Total current liabilities	718,569	-	718,569
Total liabilities	718,569	-	718,569
Net assets	4,822,849	3,258,000	8,080,849
Equity			
Issued capital	22,884,163	3,258,000	26,142,163
Accumulated losses	(19,699,866)	-	(19,699,866)
Reserves	1,638,552	-	1,638,552
Total equity	4,822,849	3,258,000	8,080,849

2.5 Market Price of Shares

The highest and lowest closing market prices of the Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales, are:

Highest: \$0.059 on 12 June 2012

Lowest: \$0.039 on 28 May 2012

The volume weighted average sale price on ASX of the Shares during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC (**VWAP**) is \$0.055. The Offer Price represents a discount of 36% to the VWAP.

The latest available market sale price of the Shares on ASX prior to the day of lodgement of this Prospectus with ASIC was \$0.051 on 17 August 2012.

3. ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS

3.1 What Eligible Shareholders may do

The number of New Securities to which Eligible Shareholders 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:

- take up all or part of your Entitlement (refer to Section 3.2 below);
- take up all of your Entitlement and apply for Additional Securities (refer to Section 3.3 below); or
- allow all or part of your Entitlement to lapse (refer to Section 3.4 below).

Ineligible Foreign Shareholders may not take any of the steps set out in Sections 3.2 to 3.3.

3.2 Taking up all or part of your Entitlement

You may take up all or part of your Entitlement by completing the Entitlement and Acceptance Form and attaching payment to reach Computershare Investor Services Pty Limited (**Share Registry**) by no later than 5:00pm (WST) on the Closing Date or by paying by BPay®.

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

- By attaching to your completed Entitlement and Acceptance Form a cheque, bank or money order in Australian currency for the amount of your Application Monies to "**Liontown Resources Limited**" and crossed "**Not Negotiable**".
- You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Securities you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared application monies will pay for (and to have specified that number of New Shares on your Entitlement and Acceptance Form). Alternatively, your Application will not be accepted.
- If paying via BPay®:
 - (i) 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;
 - (ii) you must follow the instructions for BPay® set out in the Entitlement and Acceptance Form;

- (iii) you do not need to return the Entitlement and Acceptance Form but are taken to make each of the statements and representations on that form; and
- (iv) if you subscribe for less than your Entitlement or do not pay for your full Entitlement, you are taken to have accepted your Entitlement in respect of such whole number of New Securities which is covered in full by your application monies.

3.3 Applying for Additional Securities

As detailed in Section 1.8 above, Eligible Shareholders (other than Directors and related parties of the Company) may, in addition to taking up their Entitlements in full, apply for Additional Securities in excess of their Entitlements.

If you wish to subscribe for Additional Securities in addition to your Entitlement, then you should nominate the maximum number of Additional Securities you wish to subscribe for on the Entitlement and Acceptance Form and make payment for your full Entitlement and the Additional Securities (at the Offer Price of \$0.035 for each Additional Share).

If your payment is being made by BPay[®]:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make each of the statements and representations on that form; and
- if your payment exceeds the amount payable for your full Entitlement, you are taken to have accepted your Entitlement in full and to have applied for such number of Additional Securities which is covered in full by your Application Monies.

Eligible Shareholders who apply for Additional Securities may be allocated a lesser number of Additional Securities than applied for, or may be allocated no Additional Securities at all, in which case excess Application Monies will be refunded without interest.

3.4 Allow all or part of your Entitlement to lapse

If you wish to allow all or part of your Entitlement to lapse, you are not obliged to do anything in relation to that part of your Entitlement.

Entitlements of Eligible Shareholders are non-renounceable, which prevents Eligible Shareholders who do not wish to accept some or all of their Entitlement from transferring, selling or trading their rights on ASX.

3.5 Enquiries

If you have any questions about your Entitlement, please contact the Company's Share Registry, Computershare Investor Services Pty Limited, the address and contact details for which are given in the Corporate Directory section located at the end of this Prospectus. Alternatively, contact your stockbroker or other professional adviser.

3.6 Privacy

Applicants will provide personal information to the Company and the Share Registry. Company laws and tax laws require some of the information to be collected and kept.

The Company will collect, hold and use the information provided by Applicants to process applications and to administer investments in the Company.

If the information requested in the Entitlement and Acceptance Form is not provided, the Company and the Share Registry may not be able to process the relevant application.

The Company may disclose personal information for purposes related to shareholders' investments to the Company's agents and service providers. The types of agents and service providers that may be provided with personal information and the circumstances in which personal information may be shared are:

- (a) the Share Registry for ongoing administration of the shareholder register;
- (b) printers and other companies for the purpose of preparation and distribution of statements and for handling mail; and
- (c) legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering and advising on the Shares and Options and for associated actions.

The Company complies with its legal obligations under the *Privacy Act 1988* (Cth).

Shareholders may request access to their personal information held by (or on behalf of) the Company, and may be required to pay a reasonable charge to the Share Registry in order to access this personal information. Request for access to personal information should be made by writing to or telephoning the Share Registry, the address and contact details for which are given in the Corporate Directory section located at the end of this Prospectus.

4. RIGHTS AND LIABILITIES ATTACHING TO THE NEW SECURITIES

4.1 Rights attaching to the New Shares

The Company is incorporated in Australia and is subject to the Corporations Act. As a company listed on ASX, the Company is also regulated by the Listing Rules.

The rights attaching to ownership of Shares (including New Shares) are:

- (a) described in the Constitution; and
- (b) regulated by the Corporations Act, Listing Rules and the general law (the **applicable law**).

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours. The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. All New Shares issued pursuant to this Prospectus will, from the time they are issued, rank *pari passu* with all the Company's existing Shares.

(a) **Voting Rights**

Subject to the Constitution of the Company and any rights or restrictions at the time being attached to a class of shares, at a general meeting of the Company every Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands, and upon a poll, one vote for each Share held by the Shareholder and for each partly paid share held, a fraction of one vote equal to the proportion which the amount paid up bears to the amounts paid or payable on that share. In the case of an equality of votes, the chairperson does not have a casting vote.

(b) **Dividends**

Subject to the Corporations Act and the Listing Rules, the Directors may determine that a dividend (whether interim, final or otherwise) is payable and fix the amount, method and time for payment of the dividend.

(c) **Winding up**

If the Company is wound up whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution, divide amongst the Shareholders in specie or kind, the whole or any part of the assets of the Company and may for that purpose, set such value as the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between the Shareholders or different classes of shareholders of the Company.

(d) **Transfer of Shares**

Generally, Shares are freely transferable, subject to satisfying the requirements of the Listing Rules, ASX Settlement Operating Rules, the ASX Clear Operating Rules and the Corporations Act. The Directors may decline to register any transfer of Shares but only where permitted to do so by the Corporations Act, the

Listing Rules, ASX Settlement Operating Rules, the ASX Clear Operating Rules or under the Constitution.

(e) **Directors**

The Constitution and the Listing Rules contain provisions relating to the rotation and election of Directors.

(f) **Calls on Shares**

Subject to the Corporations Act, the Constitution and the terms of issue of a share, the Company may, at any time, make calls on the shareholders of a share for all, or any part of, the amount unpaid on the share. If a shareholder of the Company fails to pay a call or instalment of a call, the Company may, subject to the Corporations Act and Listing Rules, commence legal action for all, or part of the amount due, enforce a lien on the share in respect of which the call was made or forfeit the share in respect of which the call was made.

(g) **Further Increases in Capital**

Subject to the Corporations Act, the Listing Rules, the Constitution and any rights attached to a class of shares, the Company (under the control of the Directors) may allot and issue shares and grant options over shares, on any terms, at any time and for any consideration, as the Directors resolve.

(h) **Variation of Rights Attaching to Shares**

Subject to the Corporations Act, the Listing Rules, the Constitution and the terms of issue of shares in a particular class, the Company may vary or cancel rights attached to shares in that class by either special resolution passed at a general meeting of the holders of the shares in that class, or with the written consent of the holders of at least 75% of the votes in that class.

(i) **General Meeting**

Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Constitution, the Corporations Act and the Listing Rules.

4.2 Rights attaching to New Options

The New Options issued pursuant to this Prospectus will be issued on the following terms and conditions:

- (a) Each New Option will entitle the holder to subscribe for one Share at an exercise price of \$0.05.
- (b) The New Options are exercisable at any time on or before 5.00pm (WST) on the third anniversary of the date of issue wholly or in part by delivering a duly completed form of notice of exercise to the Company, accompanied by payment of the exercise moneys.
- (c) All Shares allotted on exercise of the New Options will rank equally in all respects with the Company's then existing Shares.

- (d) The New Options are freely transferable.
- (e) Application will be made to the ASX for official quotation of the New Options not later than 7 business days after the date of this Prospectus. Application will be made to ASX for official quotation by ASX of all Shares allotted pursuant to the exercise of New Options not later than 10 business days after the date of allotment.
- (f) Holders of New Options may only participate in new issues of securities as Shareholders if a New Option has been exercised and a Share has been allotted in respect of the New Option before the record date for determining entitlements to the issue. The Company must give at least 6 business days' notice to holders of any New Options before the record date for determining entitlements to the issue in accordance with the Listing Rules.
- (g) There will be no change to the exercise price of a New Option or the number of Shares over which a New Option is exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares (other than for a bonus issue, see further details in paragraph 4.2(h) below).
- (h) If there is a bonus issue to Shareholders (**Bonus Issue**), the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the New Option had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares of that class at the date of issue of the Bonus Shares.
- (i) If, prior to the expiry of any New Options, there is a reorganisation of the issued capital of the Company, the New Options shall be reorganised in the manner set out in the Listing Rules.

5. RISKS

5.1 Introduction

There are a number of factors, both specific to the Company and of a general nature to the business and economic climate which may, either individually or in combination, affect the future operating and financial performance of the Company, its prospects, its investment returns and the value of the Shares. These risks include, but are not limited to, the risks set out in this Section.

The risks have been separated into Company specific risks (described under Section 5.2) and risks associated with investing in the market generally (described under Section 5.3). The Company's specific risks have been based on an assessment by the Directors of the probability of the risk occurring and the impact of the risk if it is to occur. This assessment was based on the knowledge of the Directors as at the date of this Prospectus and therefore there is no guarantee or assurance that the importance of the different risks referred to below will not change.

Prospective investors should note that this Section is not an exhaustive list of the risks associated with an investment in the Company and it should be considered in conjunction with other information disclosed in this Prospectus.

5.2 Company Specific Risks

(a) Overseas Risk – Projects in Tanzania

The Company's main project is the Jubilee Reef Project which comprises a 60km² tenement package located in the Lake Victoria Goldfield of northern Tanzania. The Company has entered into an agreement with Canadian listed Currie Resources Inc to earn up to 75% equity interest in the Jubilee Reef Project. Liontown has the right to earn 51% by drilling 14,000 metres by December 2012 (approx 11,000 metres drilled so far). At that stage, Liontown can elect to sole fund to completion of a definitive feasibility study or the parties form a contributing joint venture of Liontown 51% and Currie Rose Inc 49%.

The Company has also entered into a joint venture agreement with Tanzoz Minerals Ltd whereby the Company can earn a 75% equity interest in the Mega Joint Venture Project within three years of the date of the agreement by paying Tanzoz \$50,000 per annum and spending a minimum of \$50,000 per annum on in-ground exploration. The project consists of a 9.3km² prospecting licence located immediately southwest of the Jubilee Reef Project.

As these projects are located in Tanzania, a foreign jurisdiction, investing and operating in foreign jurisdictions carry political, economic and other uncertainties, including but not limited to changes in mining and exploration policies or the personnel administering them, nationalisation or expropriation of property, cancellation or modification of contractual risk, foreign exchange restrictions, currency exchange rate fluctuation, royalty and tax increase and other risks arising out of foreign government sovereignty over the areas in which the Company's operations are conducted. Any of these factors could result in conditions that delay or in fact prevent the Company from exploring or ultimately developing any of its potential foreign projects.

(b) **Tenure and Access for tenements in Tanzania**

Mining and exploration tenements in Tanzania are subject to periodic renewal. Where a licensee has met the terms of the grant renewal will not be denied. However, if development conditions are not met there is no guarantee that current or future tenements or future applications for production tenements will be approved.

(c) **Compulsory Work Obligations for tenements in Tanzania**

Tenements in Tanzania are subject to expenditure and work commitments which must be met in order to keep such tenements in good standing. If there is failure to meet the commitments, this could lead to forfeiture of the tenement.

(d) **Title of tenements in Queensland**

Interests of the Company's tenements in the Company's Mount Windsor Joint Venture Project in Queensland are governed by the respective Queensland legislation and are evidenced by the granting of licences or permits. Each licence or permit is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in these tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

(e) **Licences and permits**

The Company's mining exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, tenements, permits and regulatory consents which may be withdrawn or made subject to limitations. Maintaining tenements, obtaining renewals, or getting tenements granted, often depends on the Company being successful in obtaining the required statutory approvals for its proposed activities and that the licences, concessions, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

(f) **Exploration and development**

Prospective investors should understand that mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high average costs of discovery of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any discovery.

There is no assurance that exploration of the mineral interests currently held by the Company, or any other projects that may be acquired in the future, including its Jubilee Reef Project and Mega JV Project in Tanzania and its Mount Windsor Joint Venture Project in Queensland, will result in the discovery of an economically viable mineral deposit. Even if an apparently viable mineral deposit is identified, there is no guarantee that it can be profitably exploited.

(g) **Future capital requirements**

The Company's activities will require substantial expenditures. There can be no guarantees that the funds raised through the Entitlement Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy in the future. If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Entitlement Offer there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders *and* any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(h) **Joint venture parties, agents and contractors**

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

(i) **Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

(j) **Native title**

The Native Title Act recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on the Company's operations and future plans in relation to its project in Queensland.

Native Title can be extinguished by valid grants of land (such as freehold title) or waters to people other than the Native Title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost its connection with the relevant land or waters. Native Title is not necessarily extinguished by the grant of mining leases, although a valid mining lease prevails over Native Title to the extent of any inconsistency for the duration of the title.

Tenements granted before 1 January 1994 are valid or validated by the Native Title Act. For tenements to be validly granted (or renewed) after 1 January 1994, the future act regime established by the Native Title Act must be complied with. The existence of a Native Title claim is not an indication that Native Title in fact exists on the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining operations.

(k) **Commodity price volatility and foreign exchange risk on revenues and expenses**

The revenue the Company may derive through the sale of commodities exposes the income of the Company to commodity price risks. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for commodities, forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, commodities, as well as general global economic conditions. These factors may have an adverse effect on the price the Company receives for its commodities.

Furthermore, the price of commodities is denominated in United States dollars whereas the income and expenditure of the Company are, and will be taken into account, in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(l) **Resource Estimates**

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that are valid when made may change significantly when new information becomes available through drilling, sampling and similar examinations.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

(m) **Environmental risks**

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures, or production costs, or reduction in levels of production at producing properties, or require abandonment or delays in development of new mining properties.

(n) **Reliance on key personnel**

The Company is reliant on a number of key personnel and consultants, including members of the Board. The loss of one or more of these key contributors could have an adverse impact on the business of the Company.

(o) **Government regulation**

The mining, processing, development and mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people, and other matters. Although the exploration and development activities of the Company are currently carried out in accordance with all applicable rules and regulations, 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 limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

(p) **Mining is inherently dangerous and subject to conditions or events beyond the control of the Company, and any operating hazards could have a material adverse effect on its business**

The Company's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks, including: environmental hazards; industrial accidents; metallurgical and other processing problems; unusual or unexpected rock formations; structure cave-in or slides; flooding; fires and interruption due to inclement or hazardous weather conditions. These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability.

Whether income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development.

5.3 General Risks

(a) **Share price fluctuations**

The New Shares are to be quoted on ASX, where the price may rise or fall relative to the Offer Price. The New Securities issued or sold under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may trade on ASX. The value of the New Securities will be determined by the share market and will be subject to a range of factors, many or all of which may be beyond the control of the Company and the management team.

(b) **Economic factors**

Changes in economic and business conditions or government policies in Australia or internationally may affect the fundamentals of the Company's target markets or its cost structure and profitability. Adverse changes in the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), consumer spending, and employment rates, are outside the control of the Company and the management team and may have an adverse effect on the financial performance and/or financial position of the Company.

(c) **Changes in Laws and Government Policy**

Changes in government regulations and policies (including changes to federal or state mineral resources legislation and royalties and carbon pricing), both domestically and internationally, may adversely affect the financial performance or the current and proposed operations generally of the Company and the attractiveness of an investment in the Company.

(d) **Taxation**

There may be tax implications arising from Applications for New Securities, the receipt of dividends (both franked and unfranked) (if any) from the Company, participation in any on-market Share buy-back and on the disposal of New Securities.

(e) **Global credit and investment markets**

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have lead to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which the Securities trade regardless of operating performance, and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

6. ADDITIONAL INFORMATION

6.1 Nature of the Prospectus

This Prospectus is a transaction specific prospectus issued under section 713 of the Corporations Act which allows the issue of a transaction specific prospectus in relation to offers of securities where those securities are of a class which have been quoted for 12 months before the date of that prospectus.

6.2 Indemnification of Directors

To the extent permitted by law, the Company indemnifies every person who is or has been an officer of the Company against reasonable legal costs incurred in defending an action for a liability incurred or allegedly incurred by the person as an officer of the Company.

6.3 Taxation

The Directors consider that it is not appropriate to give advice regarding the taxation consequences associated with subsequent disposal of any New Securities subscribed for under this Prospectus.

The Directors recommend that all Eligible Shareholders consult their own professional tax advisers.

6.4 Underwriting Agreement

In accordance with the Underwriting Agreement, the Underwriter has agreed to underwrite the New Shares the subject of the Entitlement Offer at the Offer Price. Firm commitments has been received by the Underwriter for Entitlements representing 41,669,431 New Shares.

Under the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 4% of the amount raised under the Entitlement Offer less the funds raised from the firm commitments by Eligible Shareholders referred to in Section 1.4 as well as a lead manager fee of \$50,000 for the amount raised under the Entitlement Offer (exclusive of GST).

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, 90% or less than the respective level as at the close of business on the date of the Underwriting Agreement;
- (b) the spot gold price falls below USD\$1,000 per ounce at any time before the Underwriter is required to subscribe the Shortfall under the Underwriting Agreement;
- (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; and
- (e) there is a change in the capital structure of the Company.

As is customary with these types of arrangements:

- the Company has agreed to indemnify the Underwriter, its officers, employees, agents and advisers (**Indemnified Parties**) against losses incurred in connection with the any claim in relation to the Entitlement Offer, the Prospectus, any document distributed in relation to the Entitlement Offer and the Prospectus and any warranty provided under the Underwriting Agreement being inaccurate or any investigations or legal proceedings of the Prospectus undertaken by a regulatory body other than where the Underwriter's losses have resulted from the wilful default or gross negligence of the Indemnified Parties or any fine an Indemnified Party is required to pay in contravention of the Corporations Act; 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.

As set out in Section 1.4 above, pursuant to the Underwriting Agreement, the Underwriter proposed to enter into sub-underwriting arrangements in relation to its underwriting obligations. If the Underwriter is unable to obtain binding sub-underwriting commitments for a minimum number of 47,706,533 New Shares; then the Underwriter will be relieved of its obligations under the Underwriting Agreement. As at the date of this Prospectus, the Underwriter has entered into sub-underwriting arrangements for 56,277,963 New Shares.

6.5 Consents and Interests of Parties

Each of the parties referred to in this Section does not make, or purport to make, any statement in this Prospectus other than as specified in this Section and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name or a statement included in this Prospectus with the consent of that party as specified in this Section.

Bell Potter Securities Limited has given, and not before the date of this Prospectus (including any electronic version) withdrawn, its consent to being named in this Prospectus in the form and context in which its name has been included. Bell Potter Securities Limited makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Offers and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by Bell Potter Securities Limited. To the maximum extent permitted by law, Bell Potter Securities Limited expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name.

Computershare Investor Services Pty Ltd has given and, as at the date of this Prospectus, has not withdrawn its written consent to be named as the Company's Share Registry in the form and context in which it is named. Computershare Investor Services Pty Ltd has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registry to the Company. Computershare Investor Services Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of, this Prospectus.

Other than as set out below or elsewhere in this Prospectus, all persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation of or distribution of this Prospectus do not have, and have not had in the two years before the date of this Prospectus, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of New Securities pursuant to this Prospectus; or
- the offer of New Securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the offer of New Securities pursuant to this Prospectus.

Middletons has given, and as at the date of this Prospectus, has not withdrawn its consent to being named in this Prospectus in the form and context in which its name has been included. Middletons has not caused the issue of or in any way authorised this Prospectus and takes no responsibility for the issue of this Prospectus.

Bell Potter Securities Limited has agreed to act as Underwriter to the Entitlement Offer and will receive fees as described in Section 6.4. Bell Potter Securities Limited has been paid fees of \$63,000 by the Company in the previous 2 years.

Middletons is entitled to be paid approximately \$25,000 (excluding GST) for advice and assistance in relation to the due diligence and other services related to the Prospectus. Middletons has been paid or is entitled to be paid approximately \$30,187 for legal fees for services to the Company in the previous 2 years.

6.6 Directors' authorisation

Each Director of the Company has given, and has not withdrawn, his consent to the lodgement of this Prospectus with ASIC.

6.7 Continuous Disclosure and Documents Available for Inspection

The Prospectus is issued pursuant to section 713 of the Corporations Act.

Section 713 of the Corporations Act enables companies to issue transaction specific prospectuses where those companies are, and have been for a period of 12 months, disclosing entities.

The Company is a "disclosing entity" for the purposes of section 713 of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations which require it to disclose to ASX any information of which it is, or becomes, aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company will provide a copy of each of the following documents, free of charge, to any person who asks for it prior to the Closing Date:

- (a) the Annual Report for the financial year ended on 30 June 2011, being the annual financial report most recently lodged with ASIC by the Company;
- (b) the Half-Yearly Report for the half-year ended on 31 December 2011, being the half-year financial report lodged with ASIC after the lodgement of the Annual Report and before the lodgement of the Prospectus; and
- (c) any continuous disclosure notices given by the Company after the lodgement of the Annual Report referred to in paragraph (a) above and before the lodgement of this Prospectus with ASIC.

Such notices are listed below under the heading "Securities Exchange Releases" in Section 6.8.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

6.8 ASX Releases

ASX releases of the Company since the Annual Report are listed below:

Date lodged	Announcement
20/08/2012	Application for trading halt
10/08/2012	Change of Director's Interest Notice
06/08/2012	Expired and Lapsed Options
06/08/2012	Investor Presentation and Exploration Update
25/07/2012	Quarterly Cashflow Report
09/07/2012	Quarterly Activities Report
08/06/2012	New Gold Zone Discovered at Jubilee Reef
07/06/2012	Trading Halt Request
07/06/2012	Trading Halt
30/05/2012	Results from Drilling at Jubilee Reef JV in Tanzania
28/05/2012	Update on Exploration Joint Ventures Amendment
28/05/2012	Update on Exploration Joint Ventures
24/05/2012	Change of Director`s Interest Notice
24/05/2012	Change in substantial holding
07/05/2012	Corporate Presentation
07/05/2012	Drilling starts at Jubilee Reef

Date lodged	Announcement
30/04/2012	Quarterly Activities Report and Quarterly Cashflow
28/03/2012	Change in substantial holding
28/03/2012	Becoming a substantial holder
19/03/2012	Section 708A Notice
15/03/2012	Appendix 3B
14/03/2012	Half Year Accounts
13/03/2012	Updated Investor Presentation
13/03/2012	Share Placement to Raise \$1.1 million
09/03/2012	Trading Halt
01/03/2012	Change of Director`s Interest Notice
01/03/2012	Change of Director`s Interest Notice
01/03/2012	Change of Director`s Interest Notice
29/02/2012	Change in substantial holding
29/02/2012	Change of Director`s Interest Notice
23/02/2012	Appointment of Joint Company Secretary
31/01/2012	Quarterly Activities Report and Quarterly Cashflow
23/11/2011	Amended Change of Directors Interest Notice
23/11/2011	Change of Director`s Interest Notice
23/11/2011	Change of Director`s Interest Notice
23/11/2011	Change of Director`s Interest Notice
23/11/2011	Change of Director`s Interest Notice
23/11/2011	Change of Director`s Interest Notice
23/11/2011	Section 708A Notice
23/11/2011	Results of 2011 AGM

Date lodged	Announcement
22/11/2011	2011 AGM Presentation
22/11/2011	Chairman`s Address to Shareholders
17/11/2011	Non-renounceable Rights Issue Shortfall
10/11/2011	Iron Ore Results from Jubilee Reef Project in Tanzania
03/11/2011	CAP Cancellation: Lodged under incorrect code
03/11/2011	Agreement to JV Tanzanian Iron Ore Rights
03/11/2011	Agreement to JV Tanzanian Iron Ore Rights
26/10/2011	Corporate Presentation to Mining 2011
19/10/2011	Quarterly Activities and Cash Flow Report
14/10/2011	Non-renounceable Rights Issue - Letter to Shareholders
14/10/2011	Notice of Annual General Meeting/Proxy Form

6.9 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director has or had within 2 years before the lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its promotion or formation or in connection with the offer of New Shares; or
- (c) the offer of New Shares, other than as ordinary Shareholders,

and no amounts or benefits have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director:

- (d) to induce him or her to become, or to qualify him, as a Director; or
- (e) for services rendered by him or her in connection with the promotion or formation of the Company or the offer of New Shares.

The Directors' and their nominees' current shareholdings and interests in Shares and Options are as follows:

	Timothy Goyder	David Richards	Anthony Kiernan	Craig Williams	Douglas Jones
Current Number of Shares	81,454,571	1,340,750	4,267,364	2,040,129	1,881,500
Current percentage holding	27.7%	0.5%	1.5%	0.7%	0.6%
Current number of Options	0	3,000,000	0	0	5,000,000
Entitlement to New Shares under the Entitlement Offer¹	27,151,524	446,917	1,422,454	680,043	627,167
Maximum number of Shares following the Entitlement Offer²	108,606,095	1,787,667	5,689,818	2,720,172	2,508,667
Maximum number of Options following the Entitlement Offer²	9,050,508	3,148,972	474151	226,681	5,209,056
Maximum percentage of Shares following the Entitlement Offer²	27.7%	0.5%	1.5%	0.7%	0.6%

1. Assuming Directors do not exercise their Options.

2. Assuming Directors and their nominees take up their Entitlements under the Entitlement Offer.

At the time of lodging this Prospectus, the Directors and their nominees have indicated that they will take up a majority of their Entitlement under the Entitlement Offer.

The remuneration paid (including superannuation and non-cash share based payments) to Directors or their nominees during the past two financial years preceding the lodgement of this Prospectus with ASIC is set out below:

Director	2012 Salary and fees \$	2012 Share Based Payments \$	2011 Salary and fees \$	2011 Share Based Payments \$
Timothy Goyder	51,918	-	51,778	-
David Richards	301,918	-	247,028	177,417
Anthony Kiernan	80,018	-	78,978	-
Craig Williams	36,918	-	36,778	-
Douglas Jones	36,918	2,330	42,612	9,053

6.10 Estimated Costs of the Entitlement Offer

The expenses of the Entitlement Offer (exclusive of GST) are estimated to be approximately \$170,000 made up as follows:

Expenses	\$
Management Fee	50,000
Underwriter Fee	73,000
Legal	25,000
Printing, postage and share registry	10,000
ASX listing fees	10,000
ASIC lodgement fee	2,000
Total estimated costs of Entitlement Offer	170,000

7. DIRECTORS' STATEMENT

This Prospectus is issued by Liontown Resources Limited. Its issue was authorised by a resolution of Directors and is signed by Timothy Goyder on behalf of all the Directors.



Timothy Goyder
Director

20 August 2012

8. DEFINITIONS

In this Prospectus the following terms and abbreviations have the following meanings, unless otherwise stated or unless the context otherwise requires:

\$ or AUD Australian dollar.

Additional Securities means New Shares and New Options applied for by an Eligible Shareholder that are in excess of the Eligible Shareholder's Entitlement.

Appendix 3B means the ASX form for the new issue announcement and application for quotation of additional securities and agreement.

Applicant means a person who submits an Entitlement and Acceptance Form.

Application Money means money payable by Applicants in respect of their applications for New Securities under the Entitlement Offer.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or Australian Securities Exchange (as applicable).

ASX Settlement Operating Rules means ASX Settlement Pty Limited's operating rules.

Board means the board of Directors of the Company from time to time.

Business Day has the meaning ascribed to it in the Listing Rules.

Constitution means the constitution of the Company.

CHESS means Clearing House Electronic Subregister System.

Closing Date means the closing date of the Entitlement Offer of Thursday, 20 September 2012 (subject to the right of the Directors to change this date without notice).

Company or **Liontown** means Liontown Resources Limited ACN 118 153 825.

Corporations Act means *Corporations Act 2001 (Cth)*.

Directors means the directors of the Company in office at the date of this Prospectus.

Eligible Shareholder means a Shareholder of the Company, as at the Record Date, who is not an Ineligible Foreign Shareholder.

Entitlement means an Eligible Shareholder's entitlement to participate in the Entitlement Offer as it appears on the Entitlement and Acceptance Form.

Entitlement Offer means the offer to Shareholders at the Record Date of 1 New Share for every 3 Shares held at the Offer Price and one free attaching New Option for every 3 New Shares subscribed for.

Entitlement and Acceptance Form means the entitlement and acceptance form accompanying this Prospectus that sets out the Entitlements of Shareholders to subscribe for New Securities pursuant to the Entitlement Offer.

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

Listing Rules means the listing rules of the ASX as amended from time to time.

New Options means an Option exercisable at \$0.05 on or before 5pm (WST) on the third anniversary of the date of issue to be issued at the ratio of 1 free attaching New Option for every 3 New Shares subscribed for under the Entitlement Offer which are to be listed on ASX.

New Securities means New Shares and New Options to be issued pursuant to this Prospectus.

New Shares means the Shares to be issued under the Entitlement Offer.

Offer Price means \$0.035 per New Share.

Opening Date means the opening date of the Entitlement Offer being Thursday, 6 September 2012 (subject to the right of the Directors to change this date without notice).

Option means an option to subscribe for a Share.

Optionholder means a holder of Options.

Prospectus means this prospectus.

Record Date means Tuesday, 4 September 2012 subject to the right of the Directors to change this date without notice).

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

Share Registry means Computershare Investor Services Pty Ltd ACN 078 279 277.

Shareholder means a holder of Shares.

Shortfall means those New Securities under the Entitlement Offer not applied for by Eligible Shareholders pursuant to the Prospectus by the Closing Date.

Underwriter means Bell Potter Securities Limited ACN 006 390 772.

Underwriting Agreement means the underwriting agreement between the Company and the Underwriter dated 20 August 2012.

References in this Prospectus to Sections are to sections of this Prospectus.

9. CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Leanne Forgione
Richard Hacker

REGISTERED OFFICE

Level 2, 1292 Hay Street
West Perth
Western Australia 6005

Tel: (+61 8) 9322 3960
Fax: (+61 8) 9322 5800

WEBSITE

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

LEAD MANAGER & UNDERWRITER

Bell Potter Securities Limited
Level 38, Aurora Place, 88 Phillip Street,
Sydney NSW 2000

SOLICITORS

Middletons
Level 32, 44 St Georges Terrace
Perth WA 6000

SHARE REGISTRY

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

Tel: 1300 787 272