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**2013
NOTICE OF ANNUAL GENERAL MEETING
AND EXPLANATORY MEMORANDUM**

The Annual General Meeting of the Company will be held at K&L Gates, Level 32, 44 St Georges Terrace, Perth, Western Australia, on 28 November 2013 at 1.30 pm (WST)

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders of Liontown Resources Limited (**Liontown** or **the Company**) to which this Notice of Meeting relates will be held at 1.30 pm (WST) on Thursday 28 November 2013 at:

K&L Gates, Level 32, 44 St Georges Terrace, Perth, Western Australia

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

All Shareholders who are entitled to attend and vote at the Meeting have the right to appoint a proxy to attend and vote for them. The proxy does not have to be a Shareholder. Shareholders holding two or more shares can appoint either one or two proxies. If two proxies are appointed, the appointing Shareholder can specify what proportion of their votes they want each proxy to exercise.

To vote by proxy, please complete and sign the Proxy Form enclosed and either send it:

- (a) by post to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Vic 3001 or
- (b) by facsimile (within Australia) to 1800 783 447 and (outside Australia) +613 9473 2555

so that it is received **no later than 1.30 pm (WST) on 26 November 2013**, being not less than 48 hours prior to the commencement of the Meeting. Proxy Forms received later than this time will be invalid. Where a Proxy Form is executed under power of attorney, the power of attorney must be lodged in the same way as the Proxy Form.

BODIES CORPORATE – CORPORATE REPRESENTATION

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at the Meeting. The appointment may be a standing one. A "Certificate of Appointment of Corporate Representative" may be obtained from Computershare Investor Services Pty Ltd or online at www.investorcentre.com under the information tab, "Downloadable forms".

VOTING ENTITLEMENTS

The board has determined that, for the purpose of voting at the meeting, Shareholders are those persons who are registered holders of the Company's shares at 4 pm (WST) on 26 November 2013.

ENQUIRIES

The Company welcomes enquiries in respect of matters covered in this Notice of Meeting and Explanatory Memorandum and the attendance of Shareholders at the Annual General Meeting. Should you require further information please contact:

The Joint Company Secretary

Leanne Forgione

Phone: (+61 8) 9322 7431

Fax: (+61 8) 9322 5800

Email: lforgione@ltresources.com.au

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS GIVEN that the Annual General Meeting of the Shareholders of Liontown Resources Limited (**Liontown** or **the Company**) will be held at K&L Gates, Level 32, 44 St Georges Terrace, Perth, Western Australia on Thursday 28 November 2013 at 1.30 pm (WST) on 28 November 2013.

AGENDA

ORDINARY BUSINESS

FINANCIAL REPORT

To receive and consider the Company's Financial Report and the reports of the directors and auditors for the year ended 30 June 2013.

RESOLUTION 1 – REMUNERATION REPORT

To consider and, if thought fit, to pass as an ordinary resolution:

“To adopt the Remuneration Report for the financial year ended 30 June 2013.”

Note: The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement

Votes cannot be cast and the Company will disregard any vote cast on Resolution 1 by, or on behalf of:

- a) a member of the Key Management Personnel; and
- b) a Closely Related Party of those persons,

unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit even if Resolution 1 is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

The Chairman intends to vote all available proxies in favour of Resolution 1.

RESOLUTION 2 – RE-ELECTION OF MR ANTHONY KIERNAN AS A DIRECTOR

To consider and, if thought fit, to pass as an ordinary resolution:

“To re-elect as a Director of the Company, Mr Anthony Kiernan who retires by rotation in accordance with the Company's Constitution and the ASX Listing Rules and, being eligible, offers himself for re-election.”

RESOLUTION 3 – SHARE ISSUE TO DIRECTORS IN LIEU OF ACCRUED AND OUTSTANDING DIRECTORS' FEES

To consider and, if thought fit, to pass as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.11, Shareholders approve the issue of the following Shares at an issue price of 1.262 cents per Share to the following Directors of the Company in full satisfaction of the sums stated, being accrued and outstanding Directors' fees as at 30 September 2013:

Director	Fees Outstanding (\$)	Shares to be Issued
<i>Timothy Goyder</i>	22,936	1,817,415
<i>Anthony Kiernan</i>	16,055	1,272,190
<i>Craig Williams</i>	16,055	1,272,190
Total	55,046	4,361,795

Voting Exclusion Statement

The Company will disregard any vote cast on Resolution 3 by any of the named Directors, and any of their associates.

However the Company need not disregard a vote if:

- A) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- B) it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In addition, a member of the Key Management Personnel (or any of their Closely Related Parties) must not vote as proxy, and the Company will disregard any such votes, where the appointment does not specify the way the proxy is to vote, unless the proxy is the Chairman and has been expressly authorised to vote on behalf of someone entitled to vote on Resolution 3, even though it is connected with the remuneration of Key Management Personnel.

The Chairman intends to vote all available proxies in favour of Resolution 3.

RESOLUTION 4 – GRANT OF OPTIONS TO MR DAVID RICHARDS

To consider and, if thought fit, to pass as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes, approval is given to grant 4,000,000 Options to the Managing Director, Mr David Richards, with an exercise price per option as set out below, expiring 30 November 2016, on the terms set out in the Explanatory Memorandum and in accordance with the Company's Employee Share Option Plan:

- (a) 2,000,000 Options with an exercise price being 150 per cent of the VWAP of the fully paid ordinary shares of the Company on the 30 trading days prior to the date of shareholder approval; and*
- (b) 2,000,000 Options with an exercise price being 200 per cent of the VWAP of the fully paid ordinary shares of the Company on the 30 trading days prior to the date of the shareholder approval."*

Voting Exclusion Statement

The Company will disregard votes cast on Resolution 4 by Mr David Richards and by any other Director of the Company who is eligible to participate in any of the Company's employee incentive schemes and by any of their associates.

However the Company need not disregard a vote if:

- a) it is cast by that person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- b) it is cast by the chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In addition, a member of the Key Management Personnel (or any of their Closely Related Parties) must not vote as proxy, and the Company will disregard any such votes, where the appointment does not specify the way the proxy is to vote, unless the proxy is the Chairman and has been expressly authorised to vote on behalf of someone entitled to vote on Resolution 4, even though it is connected with the remuneration of Key Management Personnel.

The Chairman intends to vote all available proxies in favour of Resolution 4.

SPECIAL BUSINESS

RESOLUTION 5 – AMENDMENT TO THE COMPANY'S CONSTITUTION

To consider and, if thought fit, to pass as a special resolution:

“That the Constitution of the Company be amended by amending clause 1.1 and inserting a new clause 3.9 in the manner set out in the Explanatory Memorandum.”



LEANNE FORGIONE

Joint Company Secretary

17 October 2013

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders of Liontown Resources Limited (ACN 118 153 825) (**Liontown** or **the Company**) in connection with the business to be transacted at the Annual General Meeting of the Company to be held on 28 November 2013.

At the Annual General Meeting, Shareholders will be asked to consider the following Resolutions:

- (a) the adoption of the Remuneration Report;
- (b) the re-election of Mr Anthony Kiernan as a Director of the Company;
- (c) the issue of Shares to Directors in lieu of the Company paying accrued Directors' fees;
- (d) the issue of Options to the Managing Director, Mr David Richards; and
- (e) amending the Company's Constitution.

The purpose of this Explanatory Memorandum is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass these Resolutions. It explains the Resolutions and identifies the Board's reasons for putting them to Shareholders. The Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting.

FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires that the Company to lay before the Annual General Meeting the Financial Report, Directors' Report (including the Remuneration Report) and the Auditor's Report for the last financial year that ended before the Annual General Meeting.

No resolution is required for this item, but Shareholders will be provided with a reasonable opportunity to ask questions or make comments in relation to these reports. The Company's auditor will also be present at the Meeting and Shareholders will be given the opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company and the independence of the auditor.

RESOLUTION 1 – REMUNERATION REPORT

A resolution for adoption of the Remuneration Report is required to be considered and voted on in accordance with the Corporations Act. The Remuneration Report details the Company's policy on the remuneration of the Company's Key Management Personnel, being its non-executive Directors, executive Directors, the Managing Director and senior executives and is set out in the Company's 2013 Annual Report. The vote on the adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Shareholders will be provided with a reasonable opportunity to ask questions and to make comments on the Remuneration Report at the Annual General Meeting.

Recommendation

The Board unanimously recommends that Shareholders vote in **favour** of Resolution 1.

RESOLUTION 2 – RE-ELECTION OF ANTHONY KIERNAN AS A DIRECTOR OF THE COMPANY

Clause 14.4 of the Company's Constitution provides that at each Annual General Meeting one-third of the Directors or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third, must retire from office. The Directors to retire are those that have been in office the longest since their last election, in this instance being Mr Anthony Kiernan.

Mr Kiernan, being eligible, has offered himself for re-election as a Director of the Company.

Mr Kiernan is a Non-executive Director of the Company. Mr Kiernan, formerly a lawyer, is a general corporate advisor with extensive experience in the administration and operation of listed public companies. Mr Kiernan is

Chairman of BC Iron Limited, Uranium Equities Limited, Venturex Resources Limited and is a director of Chalice Gold Mines Limited and South Boulder Mines Limited.

The Board (except Mr Kiernan) unanimously recommends that Shareholders vote in **favour** of Resolution 2.

RESOLUTION 3 – SHARE ISSUE TO DIRECTORS IN LIEU OF ACCRUED AND OUTSTANDING DIRECTORS' FEES

During the last financial year, with the aim to preserve cash within the Company, each Director agreed to accrue their respective Directors' fees up until 30 September 2013.

Each Director has now agreed with the Company that, subject to Shareholder approval, and again with the intention of preserving cash within the Company, they will accept Shares in lieu of their respective accrued Directors' fees.

Resolution 3 seeks Shareholder approval to issue the Directors the following number of Shares, each at a deemed issue price of 1.262 cents per Share:

Director	Fees Outstanding (\$)	Shares to be Issued
Timothy Goyder	22,936	1,817,415
Anthony Kiernan	16,055	1,272,190
Craig Williams	16,055	1,272,190
Total	55,046	4,361,795

The deemed issued price of 1.262 cents per Share was calculated by taking the volume weighted average Share price for the 30 days preceding 23 September 2013 (being the date the Board resolved to issue Shares in lieu of accrued Directors' fees).

Part 2E of the Corporations Act

Part 2E.1 of the Corporations Act prohibits the Company from giving a financial benefit to a related party (such as a Director) unless either:

- (a) the giving of the financial benefit falls within one of the exceptions in section 210 to 217 of the Corporations Act; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

Section 210 of the Corporations Act provides an exception for a financial benefit to a related party that would be reasonable in the circumstances if the Company and the related party were dealing on arm's length terms. Section 211 of the Corporations Act provides an exception for a financial benefit that is remuneration to an officer of the Company where the remuneration is reasonable given the circumstances of the Company and the officer (including the responsibilities involved in such office).

The Directors consider that the issue of Shares in lieu of the Directors' accrued fees is both on arm's length terms and reasonable remuneration in the circumstances given the issue is in essence a conversion of the Directors' existing cash entitlements to Shares on the basis of the market price of Shares, and does not involve any additional remuneration to the Directors. The Directors therefore consider that Shareholder approval is not required under Part 2E.1 of the Corporations Act.

ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that a company cannot issue equity securities to a related party (including its directors) unless shareholder approval is obtained or the issue falls within one of the exceptions in ASX Listing Rule 10.12. As none of the exceptions apply to the issue of Shares to Directors under Resolution 3, the Company is seeking Shareholder approval for Resolution 3 under ASX Listing Rule 10.11.

The Company provides the following information required by ASX Listing Rule 10.13:

- (a) the Directors to whom the Shares are to be issued and the maximum number of Shares to be issued to those Directors are as follows:

Director	Shares to be Issued
Timothy Goyder	1,817,415
Anthony Kiernan	1,272,190
Craig Williams	1,272,190
Total	4,361,795

- (b) the deemed share issue price was arrived at by calculating the 30 day volume weighted average price of Shares as trading on ASX 30 days before 23 September 2013 (being the date the Board resolved to issue Shares in lieu of accrued Directors' fees). That volume weighted average price was 1.262 cents per Share;
- (c) the number of Shares to be issued to the respective Directors was calculated by dividing 1.262 cents into the amounts then owing, with those number of Shares being set out in the body of Resolution 3;
- (d) the Shares will be issued as soon as possible after the meeting and in any event no later than 1 month thereafter;
- (e) the Shares, when issued, will rank equally in all respects with the then Shares on issue in the Company with application being made to ASX to list the same; and
- (f) no funds as such were raised by the issue; however the issue of the Shares saved the Company \$55,046 in Directors' fees.

If approval is given under ASX Listing Rule 10.11, the Shares issued under Resolution 3 will not count towards the Company's 15% placement capacity under ASX Listing Rule 7.1.

Recommendation

The Board unanimously recommends that Shareholders vote in **favour** of Resolution 3.

RESOLUTION 4 –GRANT OF OPTIONS TO MR DAVID RICHARDS

Resolution 4 seeks Shareholder approval for the Company to issue 4,000,000 unlisted Options to Mr David Richards, the Managing Director, or his nominee, under the Company's Employee Share Option Plan on the terms set out below.

Shareholder approval for the issue of the Options the subject of Resolution 4 is sought for the purposes of:

- (a) Part 2E.1 of the Corporations Act, which governs the giving of financial benefits to "related parties", such as directors of a company; and
- (b) ASX Listing Rule 10.14, which requires the grant of securities to a director of a company under an employee incentive scheme to be approved by shareholders.

Purpose of the Options Issue

The purpose of the proposed grant of Options is to remunerate Mr Richards for his services as Managing Director of the Company.

Given the size and stage of the Company and its need to preserve cash, the Board considers that the issue of Options is an appropriate form of compensation to be provided to Mr Richards as it links Mr Richards' compensation to the performance of the Company and creation of value for Shareholders and conserves the Company's cash.

Terms of the Options

Subject to Shareholder approval, Mr Richards will be issued 4,000,000 Options for nil consideration, expiring on 30 November 2016, as follows:

- Tranche 1: 2,000,000 Options, vesting on issue and with an exercise price being 150 per cent of the volume weighted average price of the shares of the Company on the 30 trading days prior to the date of shareholder approval; and
- Tranche 2: 2,000,000 Options, vesting 12 months from shareholder approval and with an exercise price being 200 per cent of the volume weighted average price of the shares of the Company on the 30 trading days prior to the date of shareholder approval.

Subject to Shareholder approval, the Options will otherwise be issued on the terms and conditions established under the Employee Share Option Plan.

The exercise price being the 30 day VWAP will be released prior to the Annual General Meeting.

Part 2E of the Corporations Act

Part 2E.1 of the Corporations Act prohibits the Company from giving a financial benefit to a related party (such as a director) unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the relevant provision of the Corporations Act; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed grant of unlisted Options to Mr Richards or his nominee involves the provision of a financial benefit to a related party of the Company, and therefore requires Shareholder approval.

In accordance with the requirements of Part 2E of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed issue of Options to Mr Richards:

- (a) Mr Richards is the Managing Director of the Company and is the person to whom the financial benefit, in the nature of Options, is to be given. As a Director, Mr Richards is a related party of the Company for the purposes of the Corporations Act.
- (b) The financial benefit to be given is the grant of 4,000,000 unlisted Options on the terms noted above and otherwise on the terms and conditions established under the Company's Employee Share Option Plan.
- (c) Those Directors who have no interest in the outcome of Resolution 4 (being all Directors other than Mr Richards) recommend that Shareholders vote in favour of Resolution 4 on the basis that the Options to be granted provide Mr Richards with an appropriate incentive in recognition of his extensive knowledge, experience and capabilities and will enable the Company to preserve cash rather than provide cash based incentives. In determining the appropriate number of Options to be issued, the Board has calculated the value of the Options using a Black & Scholes valuation model (see item (f) below). The Board believes that the value of the Options, being \$25,539.65 is an appropriate quantum and incentive for Mr Richards as it represents 11.3% of Mr Richards' reduced salary (see item (i) below) and the quantum granted is in line with incentives given in the past by similar junior exploration companies.
- (d) Mr Richards makes no recommendation in relation to Resolution 4 on the basis that he has an interest in the outcome of the Resolution.
- (e) The Options will be issued for no consideration. However in the event that Mr Richards wishes to exercise the Options he would need to pay the appropriate exercise price in relation to the Options which will be:
 - (i) Tranche 1 - 150 per cent of the volume weighted average share price of the shares of the Company on the 30 trading days prior to the date of shareholder approval; and
 - (ii) Tranche 2 - 200 per cent of the volume weighted average price of the shares of the Company on the 30 trading days prior to date of shareholder approval.

The Company will use the funds for the Company's general working capital requirements at the appropriate time.

- (f) Using a Black & Scholes valuation model, the Company estimates that each Option the subject of Resolution 4 has the following value based on the following assumptions:

	Tranche 1	Tranche 2
Exercise Price	2.4 cents ¹	3.2 cents ²
Share price (as at 9 October 2013)	1.6 cents	1.6 cents
Expiry date	30 November 2016	30 November 2016
Expected volatility	78.07%	78.07%
Risk free interest rate	2.89%	2.89%
Annualised dividend yield	Nil	Nil
The value of the Options	0.69 cents	0.58 cents
The aggregate value of the options	\$13,882.83	\$11,656.82

1. The exercise price has been calculated by multiplying 150% of the 30 day vwap of the Company's shares prior to 9 October 2013.
2. The exercise price is calculated by multiplying 200% of the 30 day vwap of the Company's shares prior to 9 October 2013.

- (g) Over the past 12 months prior to the date of this Notice of Meeting, the lowest recorded price of Shares traded on the ASX was 1.0 cents on 20 June 2013 and the highest was 4.5 cents on 31 October 2012. At the close of trading on 9 October 2013 the Share price on the ASX was 1.6 cents.
- (h) If Resolution 4 is passed, Mr Richards will hold an interest in 1,787,666 Shares, 148,971 Listed Options and 4,000,000 Unlisted Options.
- (i) Given the Company's aim to conserve cash, in April 2013 Mr Richards agreed to reduce his salary of \$300,688 (inclusive of superannuation) by 25%. Mr Richard now receives a salary of \$225,516 (inclusive of superannuation).
- (j) There are no tax consequences for the Company arising from the issue of the Options (including fringe benefits tax).
- (k) The Company currently has 391,789,575 Shares, 32,649,048 listed Options and 4,050,000 unlisted Options on issue.
- (l) Assuming that Mr Richards exercises all of the Options to be granted him pursuant to Resolution 4, Mr Richards' interest (including all the Shares and Options currently held) would represent approximately 1.4% of the Company's expanded capital.
- (m) The Options will be issued as soon as practicable following the date of Shareholder approval but in any event no later than 12 months after the Annual General Meeting. The right to exercise the Options will be subject to the terms of their issue.
- (n) Neither the Directors nor the Company are aware of any other information that would reasonably be required by Shareholders to make a decision whether it is in the best interests of Shareholders to approve Resolution 4.

ASX Listing Rules

In accordance with ASX Listing Rule 10.14, the acquisition of securities by a director under an employee incentive scheme (such as the Company's Employee Share Option Plan) requires shareholder approval.

The following information is provided for the purposes of ASX Listing Rule 10.15:

- (a) The maximum number of Options that can be acquired by Mr Richards is 4,000,000.
- (b) The price payable on the issue of each Option is nil. The price payable on the exercise of each Option is:
 - (i) Tranche 1 - 150 per cent of the volume weighted average share price of the shares of the Company on the 30 trading days prior to the date of shareholder approval; and
 - (ii) Tranche 2 - 200 per cent of the volume weighted average price of the shares of the Company on the 30 trading days prior to date of shareholder approval.
- (c) No persons as referred to in Listing Rule 10.14 have received securities under the Employee Share Option Plan since last approval.
- (d) All Directors (being persons referred to in ASX Listing Rule 10.14) are entitled to participate in the Employee Share Option Plan, but subject to appropriate approvals (including shareholders). Mr Richards is a Director.
- (e) There is no loan proposed to be given by the Company in relation to the issue of the Options or exercise of the Options by Mr Richards.
- (f) The Options will be issued as soon as practicable following the date of Shareholder approval but in any event no later than 12 months after the Annual General Meeting.

Recommendation

The Board (or than Mr Richards) unanimously recommends that Shareholders vote in **favour** of Resolution 4.

RESOLUTION 5 – AMENDMENT TO THE CONSTITUTION

Resolution 5 is a special resolution proposing amendments to the Company's Constitution in the manner set out below. A special resolution requires the approval of 75% of those Shareholders present and voting (in person, by proxy or representative) and entitled to vote on the resolution.

Purpose of amendments

The proposed changes to the Constitution would allow the Company to implement an Unmarketable Parcel sale facility.

The Company values all of its Shareholders, however it incurs significant administrative costs in maintaining many small shareholdings, including the costs of preparing and mailing Shareholder statements, Annual Reports and other forms of communications. The cost of maintaining small Shareholder accounts can be disproportionately high. In addition, the Company recognises that small Shareholders may find it difficult or expensive to dispose of their Shares.

Under the proposed changes to the Constitution, the Company would have the ability, no more than once in any 12 month period, to establish an Unmarketable Parcel sale facility and notify shareholders who hold an Unmarketable Parcel (being shares in the Company valued at less than \$500) that it intends to sell their Shares unless they elect to retain them. All transaction costs in relation to the sale facility would be borne by the Company. Shareholders would not have to participate in the sale facility. Though, in order to retain their Shares, the Shareholder would have to confirm this to the Company, buy more Shares, or if relevant, amalgamate their holdings.

Proposed amendments

The proposed changes to the Constitution are set out below. To assist Shareholders, a marked-up version of the Constitution showing each of the proposed amendments will be made available on the Company's website at: www.ltresources.com.au. A copy can also be obtained from the Company's registered office.

Clause 1.1 of the Constitution is to be amended by inserting the following new definitions:

- (a) "Minority Member" means the holder of less than a Marketable Parcel of the relevant securities;
- (b) "Purchaser" means the person or persons (including a Member or Members) to whom the relevant securities are disposed or sold in accordance with clause 3.9.1;

- (c) "Sale Consideration" means the proceeds of any sale or other disposal of the relevant securities of a Minority Member pursuant to clause 3.9;
- (d) "Sale Notice" means the written notice given to Minority Members in accordance with clause 3.9.1; and
- (e) "Sale Notice Date" means the date of the Sale Notice sent by the Company to a Minority Member advising that the Company intends to sell that Minority Member's securities on that Member's behalf under clause 3.9.1.

The following new clause 3.9 is to be inserted into the Constitution:

"3.9 Unmarketable Parcels

- 3.9.1 Subject to the Listing Rules, the Company is entitled to sell securities of a Minority Member on the following conditions:
- (a) the Company must give to the Minority Member a Sale Notice that the Company intends to invoke the power of sale contained in this clause 3.9;
 - (b) the Minority Member must be given at least 6 weeks from the Sale Notice Date in which to advise the Company that the Minority Member wishes to retain the Minority Member's security holding;
 - (c) if the Minority Member advises the Company under clause 3.9.1(b) that the Member wishes to retain the Member's security holding, the Company must not sell it; and
 - (d) subject to clause 3.9.1(c), at the expiry of the 6 week period, the Company is entitled to sell any security holding of the Minority Member which is, at the date of sale, less than a Marketable Parcel.
- 3.9.2 For the purposes of the sale of securities under this clause 3.9 each Minority Member:
- (a) appoints the Company as the Minority Member's agent to sell, as soon as practicable after the expiry of the 6 week period after the Notice Date, all of the Minority Member's relevant securities at a price or for a consideration which in the opinion of the Directors, has a value not less than the Minimum Sale Price and to receive the Sale Consideration on behalf of the Minority Member; and
 - (b) appoints the Company and each of its Directors jointly and severally as the Minority Member's attorneys in that Minority Member's name and on that Minority Member's behalf to effect all transfer documents, deeds or other documents or instruments necessary to transfer the relevant securities from the Minority Member to the Purchaser.
- 3.9.3 The Company must bear all costs of and incidental to the sale of security holdings under this clause 3.9.
- 3.9.4 The Purchaser is not bound to see to the regularity of the actions and proceedings of the Company under this clause 3.9 or to the application of the Sale Consideration in respect of a Minority Member's relevant securities. After the Purchaser's name is entered in the Register in respect of the relevant securities the validity of the sale or other disposal may not be impeached by any person and the remedy of any person aggrieved by the sale or other disposal is in damages only and against the Company exclusively. The title of the Purchaser is not affected by any irregularity or invalidity in connection with the sale or disposal of the relevant securities to the Purchaser.
- 3.9.5 Subject to clause 3.9.6, with respect to the receipt and payment of the Sale Consideration:
- (a) the Sale Consideration must be received by the Company and paid by the Company to the Minority Member or as that Minority Member may direct;
 - (b) the Sale Consideration received by the Company must be paid into a bank account opened and maintained by the Company for that purpose only;
 - (c) the Company must hold the Sale Consideration in trust for the Minority Members whose securities are sold under this clause 3 pending distribution of the Sale Consideration;

- (d) the Company must as soon as practicable after the sale of securities of Minority Members, and to the extent that it may reasonably do so, distribute the Sale Consideration; and
 - (e) the provisions of the applicable legislation dealing with unclaimed moneys apply to any Sale Consideration unable to be distributed by the Company for any reason.
- 3.9.6 The Sale Consideration must not be sent to a Minority Member until the Company receives any certificate relating to the securities which have been sold (or is satisfied that the certificate has been lost or destroyed).
- 3.9.7 This rule 3.9 may be invoked only once in any 12 month period.
- 3.9.8 The power to sell in this clause 3 lapses following the announcement of a takeover offer or the making of a takeover announcement. However, despite clause 3.9.8, the procedure provided in this clause 3.9 may be started again after the close of the offers made under the takeover offer or takeover announcement."

Recommendation

The Board unanimously recommends that Shareholders vote in **favour** of Resolution 5.

GLOSSARY

The following is a glossary of terms and abbreviations used frequently throughout this Explanatory Memorandum and in the Notice of Meeting and which such meanings shall apply unless the context requires otherwise. Additional terms used only occasionally are defined where used in their first instance in the body of this Explanatory Memorandum.

ASX:	means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as appropriate.
ASX Listing Rules:	means the Listing Rules of ASX.
Board of Directors or Board:	means the board of Directors of the Company.
Business Day:	means a day, other than Saturdays, Sundays or any other public holiday in Perth, Western Australia.
Chairman:	means the chair appointed for the Annual General Meeting.
Closely Related Party:	of a member of the Key Management Personnel means: <ul style="list-style-type: none"> (a) a spouse or child of the member; (b) a child of the member's spouse; (c) a dependent of the member or the member's spouse; (d) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member, in the member's dealing with the entity; (e) a company the member controls; or (f) a person prescribed by the <i>Corporations Regulations 2001 (Cth)</i>.
Constitution:	means the constitution of the Company.
Corporations Act:	means the <i>Corporations Act 2001 (Cth)</i> .
Directors:	means the directors of the Company.
Employee Share Option Plan:	means the Employee Share Option Plan approved by Shareholders on 27 November 2012.
Explanatory Memorandum:	means this explanatory memorandum.
Key Management Personnel:	is as defined in the Remuneration Report.
Liontown or Company:	means Liontown Resources Limited (ACN 118 153 825).
Managing Director:	means the Managing Director of Liontown.
Meeting or Annual General Meeting:	means the meeting of Shareholders called by the Notice of Meeting.
Notice of Meeting:	means the notice of meeting of which this Explanatory Memorandum forms part.
Office:	means Level 2, 1292 Hay Street, West Perth, WA 6005, Australia.
Option:	means an option to acquire a Share upon the payment of the appropriate exercise price and prior to the Options expiry period.
Proxy Form:	means the proxy form enclosed with the Notice of Meeting.
Remuneration Report:	means the remuneration report of the Company for the financial year ended 30 June 2013 (unless otherwise stated) as set out in the Directors' Report contained in the 2013 Annual Report to Shareholders.
Resolution:	means a resolution to be considered by the Shareholders at the Meeting.
Shares:	means fully paid ordinary shares in the capital of the Company.
Shareholder:	means a registered member of the Company.
Unmarketable Parcel:	means a parcel of Shares valued at less than \$500.
WST:	means Western Standard Time.



LIONTOWN RESOURCES LIMITED

Level 2, 1292 Hay Street

West Perth Western Australia 6005

Tel: +618 9322 7431

Fax: +618 9322 5800

Email: info@ltresources.com.au

Web: www.ltresources.com.au

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

┌ 000001 000 LTR

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

 For your vote to be effective it must be received by 1.30 pm (WST) Tuesday 26 November 2013

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View the annual report, 24 hours a day, 7 days a week:

www.ltresources.com.au

To view and update your securityholding:
www.investorcentre.com

Your secure access information is:

SRN/HIN: 1999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of Liantown Resources Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Liantown Resources Limited to be held at K&L Gates, Level 32, 44 St Georges Terrace, Perth, Western Australia on Thursday, 28 November 2013 at 1.30 pm (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 3 and 4 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 3 and 4 are connected directly or indirectly with the remuneration of a member of the key management personnel, which includes the Chairman.

Important Note: For Resolution 3, this express authority is also subject to you marking the box in the section below. If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 3 and 4 by marking the appropriate box in step 2 below.

Important for Resolution 3: If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on Resolution 3 below, please mark the box in this section. If you do not mark this box and you have not otherwise directed your proxy how to vote on Resolution 3, the Chairman of the Meeting will not cast your votes on Resolution 3 and your votes will not be counted in computing the required majority if a poll is called on this Resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 3 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of Resolution 3 and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Ordinary Business

	For	Against	Abstain
Resolution 1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr Anthony Kiernan as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Share issue to Directors in lieu of accrued and outstanding Directors' fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Grant of Options to Mr David Richards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Business

Resolution 5 Amendment to the Company's Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____