



ASX ANNOUNCEMENT

Completion of Placement to Raise \$1.5 million and Cleansing Prospectus

Liontown Resources Limited (“**Liontown**” or the “**Company**”) advises that further to the announcement on 19 May 2014, it has today completed the placement of 50,000,000 shares at an issue price of 3 cents to raise \$1.5 million before issue costs (“the Placement”).

The Placement was done without disclosure to investors under Part 6D of the Corporations Act 2001. Therefore, in addition to the Placement, the Company has made a nominal offer of 10,000 shares at 3 cents per share under the attached cleansing prospectus at the same time as the Placement to remove any on-sale restrictions with respect to the Placement shares.

DAVID RICHARDS
Managing Director

22 May 2014



LIONTOWN RESOURCES LIMITED

ACN 118 153 825

PROSPECTUS

For the issue of up to 10,000 New Shares to investors at an issue price of \$0.03 per New Share to raise up to \$300 before issue costs.

This prospectus is a compliance prospectus to facilitate secondary trading of Placement Shares to be issued by the Company on the date of this Prospectus

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 Shares being offered under this Prospectus or any other matter, then you should consult your professional adviser.

Investment in the New Shares 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This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the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 22 May 2014 and a copy of this Prospectus was lodged with ASIC on that date. ASIC takes no responsibility for the contents of this Prospectus.

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

Liontown Resources Limited (**Liontown** or the **Company**) has applied to ASX for quotation of the New Shares offered under this Prospectus. ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may quote the New Shares 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 had 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 Sections 6.6 and 6.7 of this Prospectus.

Applications for New Shares offered pursuant to this Prospectus can only be submitted on the applicable original Application 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 the 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 Offer that is not contained in this Prospectus or has not been released to ASX with the authorisation of the Company.

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 Offer. This means that, in most circumstances, you cannot withdraw your Application 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 Shares in any jurisdiction outside Australia. This Prospectus is not to be distributed in, and the Offer is not to be made in, countries other than Australia.

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

It is the responsibility of any Applicant to ensure compliance with any laws of a country relevant to their application. Return of a duly completed Application Form will be taken by the Company as a representation that there has been no breach of such laws and that the Applicant is physically present in Australia.

7. Privacy Act

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 Application 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 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.

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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1. Investment Overview

Question	Response	More Information
What is being offered?	The Company is offering selected investors (determined by the Directors in their discretion) the opportunity to apply for up to a total of 10,000 New Shares at an issue price of at \$0.03 per New Share to raise \$300 before costs.	Section 2.2
What is the purpose of the Offer?	The purpose of the offer is to facilitate the issue of the Prospectus in order to comply with section 708A(11) of the Corporations Act so that the Placees, if they choose to, can sell the Placement Shares within the next twelve months without the issue of a further prospectus.	Section 2.1
How will the proceeds of the Offer be used?	The proceeds of the Offer will be applied towards the costs of the Offer.	Section 3.1
Who can participate in the Offer?	Selected investors determined by the Directors in their discretion	Section 2.2
What is the effect of the Offer on the control of the Company?	Given the small number of New Shares being issued under the Offer, the Offer will have a negligible effect on the control of the Company.	Section 2.11
Is the Offer underwritten?	No	Section 2.2
What are the key risks?	<p>The key risks relating to the Company and its operations are:</p> <ul style="list-style-type: none"> • The Company holds option agreements in respect of the Ibagga Project in Tanzania, and various third party rights have purportedly been granted over permits comprising that project. While the Company has received legal advice that the third party rights are invalid and the Company will obtain clear title to the permits upon exercise of the option, there is a risk that the holders of those rights will assert their validity and commence proceedings against the Company. • The majority of the Company's assets are located in Tanzania. As a foreign jurisdiction, investing and operating in Tanzania carries political, economic and other uncertainties. • The Company's activities will require substantial expenditures and there can be no guarantees that the funds raised through the Placement and Offer will be sufficient to meet those expenditures, or that the Company will be able to obtain additional funding in future. <p>See section 5 for a more detailed list of risks.</p>	Section 5

2. Details of the Offer

2.1 Purpose of the Offer

On 19 May 2014, the Company announced that it has agreed to place 50,010,000 Shares, being 50,000,000 Shares under the placement (**Placement Shares**) and 10,000 Shares under the Offer, to various professional and institutional investors (**Placees**) at \$0.03 per Share to raise up to \$1.5 million (**Placement**). The Placement will be undertaken without disclosure to investors under Part 6D of the Corporations Act.

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

Ordinarily the Company would rely on the exemption to this requirement in section 708A(5) of the Corporations Act by issuing a cleansing notice, however given the Company's Shares have been suspended voluntarily and at the request of the Company, from trading on ASX for more than 5 days in the last 12 months, the Company is not permitted to lodge a cleansing notice.

Accordingly, the Company seeks to rely on section 708A(11) of the Corporations Act, which provides an exemption from this general requirement where:

- (a) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- (b) a prospectus is lodged with ASIC either:
 - (i) on or after the day on which the relevant securities were issued; or
 - (ii) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the Company that are in the same class of securities as the relevant securities.

The purpose of this Prospectus is to comply with section 708A(11) of the Corporations Act so that the Placees, if they choose to, can sell the Placement Shares within the next twelve months without the issue of a further prospectus.

The issue of the Placement Shares is not being undertaken by the Company with the purpose of Placees selling or transferring the Placement Shares. However, the Directors consider that the Placees should be able to sell the Placement Shares should they wish to do so, without being required to issue a further prospectus.

The purpose of the Offer is to provide an offer of Shares in the same class as the Placement Shares for which this Prospectus can be issued, as required by section 708A(11)(c) of the Corporations Act.

2.2 Details of the Offer

The Company is inviting selected investors (determined by the Directors in their discretion) to apply for up to a total of 10,000 New Shares at an issue price of at \$0.03 per New Share to raise \$300 before costs.

The Offer is not underwritten. There is no guarantee the Offer will proceed or that any applications will be accepted.

2.3 Opening and closing date

The Opening Date of the Offer will be Thursday, 22 May 2014 and the Closing Date will be 5.00 pm WST on Friday, 23 May 2014. The Directors reserve the right to close the Offer early or extend the Closing Date in their discretion.

No Shares will be issued under this Prospectus after the Closing Date.

2.4 Applications

The Offer is being extended to investors who are invited by the Company to subscribe for New Shares and is not open to the general public. The Company may determine in its discretion whether to accept any or all Applications.

Application for New Shares must be made using the Application Form attached to this Prospectus.

Applicants will need to follow the procedures advised to them by the Company for Applications under the Offer.

2.5 Brokerage and stamp duty costs

No brokerage or stamp duty is payable by Applicants on the issue of New Shares under this Prospectus.

2.6 Offer outside Australia

This Prospectus has not been and will not be registered under the securities laws of jurisdictions outside Australia. Accordingly, no Application Forms will be sent, and no offer will be made, to any person with a registered address outside Australia.

Recipients of this Prospectus may not send or otherwise distribute this Prospectus or the Application Form to any person outside Australia.

2.7 Minimum Subscription

There is no minimum subscription for the Offer.

2.8 Applying for quotation of New Shares

Application will be made within 7 days of the date of issue of this Prospectus for the New Shares to be granted official quotation by ASX.

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

2.9 Issue of New Shares under the Offer

New Shares will be issued only after all Application Monies has been received and ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be issued on or about Friday, 23 May 2014 and normal trading of the New Shares on ASX is expected to commence on or about Friday, 23 May 2014.

All Application Monies received before New Shares are issued will be held in a special purpose account. After any Application Money is refunded (if required) and New Shares are issued 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).

2.10 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 that sets out the number of New Shares issued to each successful Applicant under this Prospectus.

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

2.11 Effect of the Offer on the control of the Company

Given the small number of New Shares being issued under the Offer, the Offer will have a negligible effect on the control of the Company.

2.12 Rights attaching to New Shares

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 Shares is contained in Section 4 of this Prospectus.

2.13 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 Shares 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 Shares pursuant to this Prospectus.

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

2.14 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: \$0.035 on 7 April 2014

Lowest: \$0.013 on 21 February 2014

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 \$0.032. The Offer Price represents a discount of 6.25% to the VWAP.

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.035 on 21 May 2014.

2.15 Enquiries

Any enquiries regarding the Offer should be directed to Leanne Stevens, Company Secretary of Liantown, on +61 8 9322 7431.

3. Use of Funds and Effect of the Offer

3.1 Use of funds

The funds raised from the Offer will be applied towards the costs of the Offer.

3.2 Effect of the Offer and Placement Shares

(a) Effect of the Offer and Placement Shares on 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 and Placement Shares under the Offer.

Ordinary Shares	Number
Existing Shares	396,151,370
Placement Shares	50,000,000
New Shares offered pursuant to the Offer	10,000
Total issued Shares post completion of the Offer and Placement	446,161,370

Options	Number
Existing Options, being: <ul style="list-style-type: none"> • 32,649,048 listed Options exercisable at \$0.05 expiring 27 September 2015 • 2,000,000 unlisted options exercisable at 0.01727 expiring 30 November 2016 • 2,000,000 unlisted options exercisable at 0.02302 expiring 30 November 2016 	36,649,048
New Options issued pursuant to the Placement and the Offer	Nil
Total issued Options post completion of the Offer and Placement	36,649,048

(b) Effect of the Offer and Placement Shares on the Company's Financial Position

Set out below for illustrative purposes is the unaudited consolidated statement of financial position as at 31 March 2014 including the effect of the Offer and Placement Shares, assuming that:

- (i) the issue of 10,000 New Shares offered pursuant to the Offer at \$0.03 per New Share to raise \$300 has been completed;

- (ii) the issue of 50,000,000 Placement Shares at \$0.03 per Share to raise up to \$1.5 million has been completed;
- (iii) the estimated costs of the Offer and Placement are approximately \$96,000;
- (iv) option exercise fees of US\$160,000 are paid in relation to the Ibagá Project; and
- (v) USD/AUD exchange rate of 0.9355:1.

Unaudited Statement of Financial Position at 31 March 2014

	Unaudited Consolidated	Proforma Adjustments	Unaudited Consolidated
	31 March 2014		31 March 2014
	\$		\$
Current assets			
Cash and cash equivalents	350,159	1,233,268	1,583,427
Trade and other receivables	56,604	-	56,604
Total current assets	406,763	1,233,268	1,640,031
Non-current assets			
Financial assets	25,346	-	25,346
Exploration and evaluation assets	4,446,809	171,032	4,617,841
Property, plant and equipment	81,235	-	81,235
Total non-current assets	4,553,390	171,032	4,724,422
Total assets	4,960,153	1,404,300	6,364,453
Current liabilities			
Trade and other payables	156,432	-	156,432
Employee benefits	18,889	-	18,889
Total current liabilities	175,321	-	175,321
Total liabilities	175,321	-	175,321
Net assets	4,784,832	1,404,300	6,189,132
Equity			
Issued capital	26,163,478	1,404,300	27,567,478
Accumulated losses	(21,676,372)	-	(21,676,372)
Reserves	297,726	-	297,726
Total equity	4,784,832	1,404,300	6,189,132

4. Rights and Liabilities Attaching to 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.

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 majority of the Company's projects are located in Tanzania, and in particular, the Company holds interest in the Jubilee Reef Project, Rupa Suguti Project as well as two option agreements to acquire interests in the Ibagga Project in Tanzania.

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) Ibagga Project risk

As mentioned in section 5.2(a), the Company has in place two option agreements to acquire interests in the Ibagga Project in Tanzania: the Ibagga option agreement and the Ibagga North option agreement. In respect of the Ibagga option agreement, the Company is aware that one of the joint holders of the relevant permits has purported to grant "small scale" mining rights to an unrelated third party in respect of four permits without the consent and knowledge of the other joint holder of those permits. Initially, those rights purported to give the third party the right to mine on the four permits for a 3 year term ending on 21 December 2015 (**Initial Rights**), however those rights were purportedly extended by agreement for a 10 year term (**Further Rights**).

The Company has received formal legal advice from its Tanzanian lawyers that both the Initial Rights and Further Rights are invalid and unenforceable. However given the short term remaining on the Initial Rights, the Company has agreed, without waiving its rights, to allow the initial Rights to remain in place.

Notwithstanding the advice received from the Company's Tanzanian lawyers that the Company will acquire clean title to the permits upon exercise of the Ibagu option agreement, there is a risk that the holder of the Initial Rights and Further Rights may commence proceedings against the Company asserting the validity of those rights and that Tanzanian courts may uphold the validity of the Initial Rights or Further Rights. The Company has no notice that such an action may be commenced. Should this occur, the Company could be exposed to costs and a ruling that may affect the validity of the Company's title to the permits.

Liontown's rights to the two option agreements have come through its controlled entity Chela Resources Ltd (**Chela**), a Tanzanian registered entity. Shares in Chela are held upon trust for Liontown pursuant to legally binding trust documentation by two Tanzanian nationals. The shareholders are employees of Liontown and are well known to the Company; however there remains a risk that the shareholders may breach the trust agreements.

(c) **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.

(d) **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.

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

The Company's tenements in the Mount Windsor 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.

(f) **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.

(g) 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, Rupa Suguti Project and Ibaga Project in Tanzania and its Mount Windsor 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.

(h) Future capital requirements

The Company's activities, including the option payments for the Ibaga project, will require substantial expenditures. There can be no guarantees that the funds raised through the Placement and Offer will be sufficient to meet all payments under the option agreements and 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 Placement and 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.

(i) Joint venture parties, agreement counterparties, 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.

Additional risks in respect of the counterparties to the Ibaga option agreement and Ibaga North option agreement are set out in section 5.2(b) above.

(j) 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.

(k) **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.

(l) **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. Currently, the Company's Projects are primarily focussed on gold and copper exploration, so the Company is particularly exposed to changes in gold and copper prices. 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 and expenditures are predominately denominated in United States dollars and Tanzanian Shillings 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, the Tanzanian Shilling and the Australian dollar as determined in international markets.

(m) **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.

(n) **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.

(o) **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.

(p) **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.

(q) **Mining is inherently dangerous**

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.

(r) **Mining operations**

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 led 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.

(f) **Legal and litigation risk**

All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company may become subject could have a material adverse effect on the Company's business, prospects, financial condition, and operating results.

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.

The Company pays insurance premiums in respect of directors; and officers' indemnity insurance contracts, for current and former directors and officers. The insurance premium relates to costs and expenses incurred by relevant officers in defending proceedings, whether civil or criminal and whatever their outcome and other liabilities that may arise from their position, with the exception of conduct involving wilful breach of duty or improper use of information of position to gain a personal advantage.

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 Shares subscribed for under this Prospectus.

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

6.4 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.

K&L Gates 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. K&L Gates has not caused the issue of or in any way authorised this Prospectus and takes no responsibility for the issue 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:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of New Shares pursuant to this Prospectus; or
- (c) the offer of New Shares 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 Shares pursuant to this Prospectus.

K&L Gates is entitled to be paid approximately \$15,000 (excluding GST) for advice and assistance in relation to the due diligence and other services related to the Prospectus. K&L Gates has been paid or is entitled to be paid approximately \$41,283 (excluding GST) for legal fees for services to the Company in the previous 2 years.

6.5 Directors' authorisation

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

6.6 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 2013, 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 2013, 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 "ASX Releases" in Section 6.7.

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

6.7 ASX Releases

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

Date lodged	Announcement
25 October 2013	Notice of General Meeting/Proxy Form
28 October 2013	Quarterly Activities Report and Quarterly Cashflows
4 November 2013	Expired and Lapsed Options
11 November 2013	Final Director's Interest Notice
11 November 2013	Director Appointment/Resignation
13 November 2013	2013 AGM update - withdrawal of resolution
13 November 2013	Rupa Suguti Project Drilling Results
20 November 2013	Change of Director's Interest Notice
26 November 2013	Change of Director's Interest Notice
28 November 2013	Appendix 3B
28 November 2013	Appendix 3B
28 November 2013	Results of 2013 AGM
28 November 2013	2013 AGM Presentation
28 November 2013	Chairman's Address to Shareholders
28 November 2013	Change of Director's Interest Notice
29 November 2013	Change of Director's Interest Notice
29 November 2013	Section 708A Notice
29 November 2013	Change of Director's Interest Notice
29 November 2013	Change of Director's Interest Notice
2 December 2013	2013 AGM Presentation - Amendment
2 December 2013	Change of Director's Interest Notice
4 December 2013	Expired and Lapsed Options
18 December 2013	Change of Director's Interest Notice
21 January 2014	Change of Director's Interest Notice
21 January 2014	Change of Director's Interest Notice
30 January 2014	Quarterly Activities Report and Quarterly Cashflows

Date lodged	Announcement
3 February 2014	Presentation to Mining Indaba 2014
7 March 2014	Half Year Accounts
31 March 2014	Trading Halt
2 April 2014	Liontown Secures High-Grade Copper-Zinc Project in Tanzania
14 April 2014	Liontown Resources Ibagá Project Tanzania Presentation
24 April 2014	Due Diligence Update for Ibagá Copper-Zinc Project
24 April 2014	Quarterly Activities Report and Quarterly Cashflows
28 April 2014	Trading Halt
30 April 2014	Voluntary Suspension
6 May 2014	Extension of Voluntary Suspension
16 May 2014	Ibagá Copper-Zinc Project (Tanzania) Update
19 May 2014	Liontown to undertake \$1.5 million Capital Raising
19 May 2014	Appendix 3B

6.8 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 under this Prospectus; or
- (c) the offer of New Shares under this Prospectus,

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	Craig Williams
Current Number of Shares	113,657,595	2,287,666	3,992,361
Current percentage holding	28.69%	0.58%	1%
Current number of Options	9,050,505 listed options, exercise price of 5 cents, expiring 27 September 2015	2,000,000 unlisted options, exercise price of 1.727 cents, expiring 30 November 2016 2,000,000 unlisted options, exercise price of 2.302 cent, expiring 30 November 2016 148,971 listed options, exercise price of 5 cents, expiring 27 September 2015	226,680 listed options, exercise price of 5 cents, expiring 27 September 2015.

The Directors will not participate in the 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	2013 Salary and fees	2013 Share Based Payments	2012 Salary and fees	2012 Share Based Payments
Timothy Goyder	52,045	-	51,918	-
David Richards	283,294	-	301,918	-
Craig Williams	37,045	-	36,918	-

6.9 Estimated Costs of the Offer and Placement Shares

The expenses of the Offer and Placement (exclusive of GST) are estimated to be approximately \$96,000 made up as follows:

Expenses	\$
Brokerage fee	75,000
Legal	15,000
ASX listing fees	6,000
Total estimated costs of Offer	96,000

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

22 May 2014

8. Definitions

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

\$ means Australian dollars.

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 is invited to participate in the Offer and submits an Application Form.

Application Form means the application form accompanying this Prospectus.

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

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the 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.

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 Offer, being Friday, 23 May 2014 (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.

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

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

Offer means the offer of New Shares the subject of this Prospectus.

Offer Price means \$0.03 per New Share.

Opening Date means the opening date of the Offer, being Thursday, 22 May 2014 (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.

Placees is defined in section 2.1.

Placement is defined in section 2.1.

Placement Shares is defined in section 2.1.

Prospectus means this prospectus.

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

Shareholder means a holder of Shares.

9. Corporate Directory

Directors

Timothy Goyder (*Chairman*)
David Richards (*Managing Director*)
Craig Williams (*Non-Executive Director*)

Company Secretary

Leanne Stevens
Richard Hacker

Registered Office

Level 2, 1292 Hay Street
West Perth WA 6005

Tel: (+61 8) 9322 7431
Fax: (+61 8) 9322 5800

Website

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

Lawyers

K&L Gates
Level 32, 44 St Georges Terrace
Perth WA 6000

Liontown Resources Limited
ACN 118 153 825
Application Form for New Shares

To: _____

This application form is subject to and must be read in conjunction with the Prospectus issued by Liontown Resources Limited ACN 118 153 825 (**Company**) dated 22 May 2014 and lodged with ASIC on that date (**Prospectus**). The Prospectus will expire 13 months from the date of the Prospectus. If you give another person access to this application form, you must at the same time and by the same means give that person access to the Prospectus.

Paper copies of the Prospectus and this application form will be provided to you on request and without charge.

Capitalised terms in this application form have the same meaning as in the Prospectus.

New Shares Offered under the Prospectus
10,000 New Shares at an issue price of \$0.03 per New Share

The application is made pursuant to the terms of the Prospectus.

To accept the offer for the New Shares, please sign and send this application form with the payment of \$300 for the New Shares to the following address:

Liontown Resources Limited, Level 2, 1292 Hay Street, West Perth, WA 6005

The application and payment must be received by no later than 5.00 pm (WST) on **Friday, 23 May 2014**.

By signing this application form

1. We declare that this application is completed and lodged according to the Prospectus.
2. We consent to the issue of the New Shares to us.
3. We authorise the Company to place our details on the register of members in respect of the number of New Shares issued to us.
4. We understand that if any information on this form is not completed correctly, it may still be accepted. Any decision of the Directors as to whether to accept this form, and how to construe, amend or complete it shall be final.
5. We authorise the Company to send us a substituted form if this form ceases to be current.
6. We declare that we have received a full and unaltered version of the Prospectus.

Date: _____

Signed: _____

Name: _____