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**2015  
NOTICE OF ANNUAL GENERAL MEETING  
AND EXPLANATORY MEMORANDUM**

The Annual General Meeting of the Company will be held at the office of Liontown Resources Limited, Level 2, 1292 Hay Street, West Perth, Western Australia, on 24 November 2015 at 11.30 am (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 11.30 am (WST) on Tuesday 24 November 2015 at:

Liontown Resources Limited, Level 2, 1292 Hay Street, West 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 Liontown Resources Limited, GPO Box 2890, Perth, WA 6001 or
- (b) by facsimile (within Australia) to (08) 9322 5800 and (outside Australia) +618 9322 5800

so that it is received **no later than 11.30 am (WST) on 22 November 2015**, 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.

#### Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- (c) if the proxy is the Chairman of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the Chairman – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

#### Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (b) the appointed proxy is not the Chairman of the meeting;
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
  - (i) the proxy is not recorded as attending the meeting;
  - (ii) the proxy does not vote on the resolution,

the Chairman of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

## **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” is attached.

## **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 22 November 2015.

## **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 Company Secretary

Leanne Stevens

Phone: (+61 8) 9322 7431

Fax: (+61 8) 9322 5800

Email: [lstevens@ltresources.com.au](mailto:lstevens@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 the office of Liontown Resources Limited, Level 2, 1292 Hay Street, West Perth, Western Australia on Tuesday 24 November 2015 at 11.30 am (WST).

## 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 2015.

#### RESOLUTION 1 – REMUNERATION REPORT

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

*"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2015"*

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

#### **Voting Exclusion Statement**

In accordance with section 250R of the Corporations Act votes must not 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 whose remuneration details are included in the Remuneration Report; or
- 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 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 TIM GOYDER 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 Tim Goyder who retires by rotation in accordance with clause 14.4(a) of the Company's Constitution and ASX Listing Rule 14.4 and, being eligible, offers himself for re-election."*

The Chairman intends to vote all available proxies in favour of Resolution 2.

#### RESOLUTION 3 – SHARE ISSUE TO MR TIM GOYDER 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 383,286 Shares at an issue price of \$0.007 per Share to Mr Tim Goyder in full satisfaction of the accrued and outstanding Directors' fees as at 30 September 2015, being \$2,683."*

#### **Voting Exclusion Statement**

The Company will disregard any vote cast on Resolution 3 by Tim Goyder (or his nominee) 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 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 – SHARE ISSUE TO MR ANTHONY CIPRIANO 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 3,316,857 Shares at an issue price of \$0.007 per Share to Mr Anthony Cipriano in full satisfaction of the accrued and outstanding Directors' fees as at 30 September 2015, being \$23,218."*

#### **Voting Exclusion Statement**

The Company will disregard any vote cast on Resolution 4 by Anthony Cipriano (or his nominee) 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 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.

#### **RESOLUTION 5 – SHARE ISSUE TO MR CRAIG WILLIAMS 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 3,316,857 Shares at an issue price of \$0.007 per Share to Mr Craig Williams in full satisfaction of the accrued and outstanding Directors' fees as at 30 September 2015, being \$23,218."*

#### **Voting Exclusion Statement**

The Company will disregard any vote cast on Resolution 5 by Craig Williams (or his nominee) and any of his 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 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 5, even though it is connected with the remuneration of Key Management Personnel.

The Chairman intends to vote all available proxies in favour of Resolution 5.

#### **RESOLUTION 6 – RENEWED APPROVAL OF THE EMPLOYEE SHARE OPTION PLAN**

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

*“That, for the purpose of ASX Listing Rule 7.2 (exception 9) and all other purposes, Shareholders approve the Company’s Employee Share Option Plan (“Plan”), the terms and conditions of which are summarised in the Explanatory Memorandum, and the issue of Options (and Shares in their exercise) under the Plan.”*

#### **Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 6 by any Director (except one who is ineligible to participate in any employee incentive scheme of the Company) or 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 person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a member of Key Management Personnel and their closely related parties may not vote (and the Company will disregard any such votes) as a proxy on Resolution 6 if the appointment does not specify how the proxy is to vote, unless the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if Resolution 6 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 6.

#### **RESOLUTION 7 – SECTION 195 APPROVAL**

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

*“That, for the purpose of section 195(4) of the Corporations Act and for all other purposes, Shareholders approve and authorise the Directors to complete the transactions as contemplated in Resolutions 3, 4 and 5.”*



LEANNE STEVENS  
Company Secretary  
14 October 2015

## 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 24 November 2015.

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 Tim Goyder as a Director;
- (c) the issue of Shares to Mr Tim Goyder, Mr Anthony Cipriano and Mr Craig Williams in lieu of the Company paying accrued Directors' fees;
- (d) the renewed approval of the Employee Share Option Plan; and
- (e) the approval pursuant to section 195(4) of the Corporations Act in relation to the issue of Shares to Mr Tim Goyder, Mr Anthony Cipriano and Mr Craig Williams in lieu of the Company paying accrued Directors' fees.

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 at section 317 requires 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 section 250R(2) of 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 2015 Annual Report.

In accordance with section 250R(3) of the Corporations Act, 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.

Part 2G.2, Division 9 of the Corporations Act provides Shareholders with the opportunity to remove the whole Board except the managing director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2014 annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2016 annual general meeting, this may result in the re-election of the Board.

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

## Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

- (a) If you appoint a member of the Key Management Personnel (other than the Chairman) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy.

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

- (b) If you appoint the Chairman as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member).

You do not need to direct your proxy how to vote on this Resolution. If you do not direct the Chairman how to vote, you will be taken to expressly authorise the Chairman to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

- (c) If you appoint any other person as your proxy.

You do not need to direct your proxy how to vote on this Resolution, and you do not need to mark any further acknowledgement on the Proxy Form.

## Recommendation

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

## RESOLUTION 2 – RE-ELECTION OF TIM GOYDER AS A DIRECTOR OF THE COMPANY

Clause 14.4(a) 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 Tim Goyder.

Mr Goyder has over 30 years' experience in the resources industry and has been involved in the formation and management of a number of publicly-listed companies. Mr Goyder is currently the Managing Director of Chalice Gold Mines Limited, Chairman of Uranium Equities Limited and a director of PhosEnergy Limited.

Mr Goyder was elected as a Director of the Company on 2 February 2006 and is currently Chairman of the Company. Mr Goyder is the Company's largest Shareholder with an interest of 27.20%, and as Mr Goyder takes an active role in the management of the Company, the Board is of the view that Mr Goyder is not an independent director in accordance with Box 2.3 of the *Corporate Governance Principles and Recommendations 3<sup>rd</sup> Edition*. The Board however believe that Mr Goyder is the most appropriate person for the position as Chair because of his seniority and expertise.

Mr Goyder, being eligible, has offered himself for re-election as a Director of the Company in accordance with clause 14.4(c) of the Constitution.

## Recommendation

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

## RESOLUTIONS 3, 4 AND 5 – SHARE ISSUES TO MR TIM GOYDER, MR ANTHONY CIPRIANO AND MR CRAIG WILLIAMS IN LIEU OF ACCRUED AND OUTSTANDING DIRECTORS' FEES

During the last financial year, with the aim to preserve cash within the Company, each of Mr Goyder, Mr Cipriano and Mr Williams (**Related Parties**) agreed to accrue their respective Directors' fees from 1 October 2014 up until 30 September 2015.

Each Related Party 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.

Resolutions 3, 4 and 5 seeks Shareholder approval to issue the Related Parties (or their respective nominees) the following number of Shares, each at a deemed issue price of \$0.007 per Share:

<b>Director</b>	<b>Fees Outstanding (\$)</b>	<b>Shares to be Issued</b>
Tim Goyder	2,683	383,286
Anthony Cipriano	23,218	3,316,857
Craig Williams	23,218	3,316,857
<b>Total</b>	<b>49,119</b>	<b>7,017,000</b>

The deemed issued price of \$0.007 per Share was determined by reference to the most recent capital raising undertaken by the Company in July 2015. The volume weighted average sale price on ASX of the Shares during the 5 days preceding 14 October 2015 was \$0.005 ("VWAP"), therefore the deemed issued price of \$0.007 cents is 40% higher than the VWAP.

#### **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).

Mr Richards, being a Director who does not have a material personal interest in the outcome of Resolutions 3, 4 and 5 considers 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. Mr Richards therefore considers that Shareholder approval is not required under Part 2E.1 of the Corporations Act.

It is noted that as Messrs Goyder, Cipriano and Williams may have a material personal interest in the outcomes of Resolutions 3, 4 and 5, the Directors may not be able to form a quorum at a Directors' meeting to consider these Resolutions. Accordingly, the Directors are seeking Shareholder approval pursuant to section 195(4) of the Corporations Act (Resolution 7).

#### **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 Resolutions 3, 4 or 5, the Company is seeking Shareholder approval for Resolutions 3, 4 and 5 under ASX Listing Rule 10.11.

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

- (a) the Related Parties are related parties of the Company by virtue of being Directors;
- (b) the maximum number of Shares to be issued to the Related Parties are as follows:
  - (i) under Resolution 3, the maximum number of Shares to be issued to Tim Goyder is 383,286;
  - (ii) under Resolution 4, the maximum number of Shares to be issued to Anthony Cipriano is 3,316,857; and
  - (iii) under Resolution 5, the maximum number of Shares to be issued to Craig Williams is 3,316,857.
- (c) the Shares will be issued as soon as possible after the meeting and in any event no later than 1 month thereafter (subject to any ASX waiver of the ASX Listing Rules);

- (d) the deemed share issue price was arrived by reference to the Company's most recent capital raising (completed on 1 July 2015), being \$0.007 per share with the number of Shares to be issued to the respective Related Parties being calculated by dividing the Directors' fees owing to the Related Parties by the issue price of \$0.007;
- (e) the Related Party Shares are to be issued in lieu of Directors' fees and accordingly no funds will be raised as a result of the issue; and
- (f) voting exclusion statements are included for Resolution 3, 4 and 5 in the Notice of Meeting.

As approval is sought under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1. If Resolutions 3, 4 and 5 are approved, the Shares issued will not count towards the Company's 15% placement capacity.

### **Recommendation**

Each director recommends that Shareholders vote in favour of those Resolutions that they do not have a personal interest in. Mr Richards, being a Director does not have an interest in the outcome of Resolutions 3, 4 or 5, recommends that Shareholders vote in favour of Resolutions 3, 4 and 5.

## **RESOLUTION 6 – RENEWED APPROVAL OF THE EMPLOYEE SHARE OPTION PLAN**

### **Background**

Resolution 6 seeks the renewed approval of Shareholders for the Company's Employee Share Option Plan (the "Plan") and the issue of Options (and Shares on their exercise) under the Plan. The Plan was last approved by Shareholders at the Company's 2012 Annual General Meeting. Under the ASX Listing Rules, a refreshed approval by Shareholders is required every 3 years.

Listing Rule 7.1 provides that a listed company may not issue equity securities equal to more than 15% of that company's issued share capital in any 12 months without obtaining shareholder approval. An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 3) which provides that issues under an employee incentive plan (such as the Plan) are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1.

The Plan is available to both full-time and part-time employees, including directors and consultants. Since the Plan was last approved by Shareholders on 25 November 2012, 5,850,000 Options have been issued under the Plan.

Any issue of Options to a Director under the Plan would require separate Shareholder approval.

The principle terms and conditions of the Plan are set out below. A copy of the complete rules of the Plan is available upon request by contacting the Company Secretary, Mrs Leanne Stevens on (08) 9322 7431.

### **Issue of options**

Pursuant to the Plan, the Board may offer free Options to employees and directors based on a number of criteria, including contribution to the Company, period of employment, potential contribution to the Company in the future and other factors the Board may consider relevant.

Each issued Option entitles the holder upon exercise to one Share, which will rank equally with all other Shares then on issue.

### **Exercise price**

The exercise price of the options shall be such price as is determined by the Board in its discretion on or before the date of issue, provided that the exercise price shall not be less than the average sale price of Liontown shares during the five Business Days prior to the date of issue, or such other period as determined by the Board at its discretion.

### **Transferability and listing**

Options may not be transferred other than to an associate of the holder, and quotation of the options on ASX will not be sought. However the Company will apply to ASX for official quotation of the Liontown shares issued on the exercise of the options.

### **Vesting**

An option may only be exercised after that option has vested and any other conditions imposed by the Board on exercise are satisfied. The Board may determine the vesting period. An option will lapse upon the first to occur of:

- (a) the expiry date;
- (b) the holder acting fraudulently or dishonestly in relation to the Company;
- (c) within three (3) months of the holder ceasing to be employed by the Company; or
- (d) on certain conditions associated with a party acquiring a 90% interest in Liontown shares.

The Board may declare an option to be free of any conditions of exercise if in the opinion of the Board, any of the following has occurred or is likely to occur:

- (a) the Company entering into a scheme of arrangement;
- (b) the commencement of a takeover bid for the Liontown shares; or
- (c) a party acquiring a sufficient interest in the Company to enable that party to replace the Board.

Options which are so declared may, subject to the lapsing conditions set out above, be exercised at any time on or before their expiry date in any number.

#### **No participating rights**

There are no participating rights or entitlements inherent in the options and optionholders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 4 Business Days after the issue is announced. Optionholders will be afforded the opportunity to exercise all options which they are entitled to exercise pursuant to the Plan prior to the date for determining entitlements to participate in such issue.

#### **Bonus issue**

If the Company makes an issue of Liontown shares to shareholders by way of capitalisation of profits or reserves ("Bonus issue"), the number of Shares over which the option is exercisable will be increased by the number of Shares which the option holder would have received if the option had been exercised before the record date for the Bonus Issue.

#### **Reconstruction**

In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any options, the number of options to which each optionholder is entitled or the exercise price of his or her options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

#### **Amendment of Rules**

Subject to and in accordance with the Listing Rules (including any waiver granted under the Listing Rules) the Board may from time to time amend (including the power to revoke, add to or vary) all or any of the provisions of the Plan without obtaining shareholder approval. The Board may also make any amendment to the Plan with retrospective effect as the Board may determine in good faith, providing that the Board obtains prior approval of at least 50% of participants who shall be adversely affected by the retrospective amendment.

#### **Taxation**

Under current taxation laws, any taxation liability in relation to the options or the Liontown shares issued on the exercise of the options will fall on the participants. The Company will not be liable to fringe benefits tax in relation to options or Liontown shares issued under the Plan.

#### **Recommendation**

The Board unanimously recommend that Shareholders vote in **favour** of Resolution 6.

#### **RESOLUTION 7 – SECTION 195 APPROVAL**

In accordance with section 195 of the Corporations Act, a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered.

Messrs Goyder, Cipriano and Williams may have a material personal interest in the outcomes of Resolutions 3, 4 and 5.

In the absence of this Resolution 7, the Directors may not be able to form a quorum at directors' meetings necessary to carry out the terms of Resolutions 3, 4 and 5.

The Directors accordingly exercise their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve.

## 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.

<b>ASX:</b>	means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as appropriate.
<b>ASX Listing Rules:</b>	means the Listing Rules of ASX.
<b>Board of Directors or Board:</b>	means the board of Directors of the Company.
<b>Business Day:</b>	means a day, other than Saturdays, Sundays or any other public holiday in Perth, Western Australia.
<b>Chairman:</b>	means the chair appointed for the Annual General Meeting.
<b>Closely Related Party:</b>	of a member of the Key Management Personnel means: <ul style="list-style-type: none"><li>(a) a spouse or child of the member;</li><li>(b) a child of the member's spouse;</li><li>(c) a dependent of the member or the member's spouse;</li><li>(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;</li><li>(e) a company the member controls; or</li><li>(f) a person prescribed by the <i>Corporations Regulations 2001 (Cth)</i>.</li></ul>
<b>Constitution:</b>	means the constitution of the Company.
<b>Corporations Act:</b>	means the <i>Corporations Act 2001 (Cth)</i> .
<b>Directors:</b>	means the directors of the Company.
<b>Explanatory Memorandum:</b>	means this explanatory memorandum.
<b>Key Management Personnel:</b>	means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
<b>Liontown or Company:</b>	means Liontown Resources Limited (ACN 118 153 825).
<b>Managing Director:</b>	means the Managing Director of Liontown.
<b>Meeting or</b>	
<b>Annual General Meeting:</b>	means the meeting of Shareholders called by the Notice of Meeting.
<b>Notice of Meeting:</b>	means the notice of meeting of which this Explanatory Memorandum forms part.
<b>Office:</b>	means Level 2, 1292 Hay Street, West Perth, WA 6005, Australia.
<b>Option:</b>	means an option to acquire a Share upon the payment of the appropriate exercise price and prior to the Options expiry period.
<b>Plan:</b>	means the Employee Share Option Plan.
<b>Proxy Form:</b>	means the proxy form enclosed with the Notice of Meeting.
<b>Related Parties:</b>	means Mr Tim Goyder, Mr Anthony Cipriano and Mr Craig Williams.
<b>Remuneration Report:</b>	means the remuneration report of the Company for the financial year ended 30 June 2015 (unless otherwise stated) as set out in the Directors' Report contained in the 2015 Annual Report to Shareholders.
<b>Resolution:</b>	means a resolution to be considered by the Shareholders at the Meeting.
<b>Shares:</b>	means fully paid ordinary shares in the capital of the Company.
<b>Shareholder:</b>	means a registered member of the Company.
<b>Strike:</b>	means a 'no' vote of 25% or more on the resolution approving the Remuneration Report.
<b>WST:</b>	means Western Standard Time.



## Instructions for Completing 'Appointment of Proxy' Form

1. A Shareholder entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.

2. A duly appointed proxy need not be a Shareholder of the Company.

### 3. Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, all of the Shareholders should sign.

**Power of Attorney:** to sign under Power of Attorney, you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate is either included in the Notice of Annual General Meeting or may be obtained from the Company's share registry.

4. Completion of a proxy form will not prevent individual Shareholders from attending the meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the meeting.

5. Please complete and sign the proxy form enclosed and either:

(a) send the proxy form by post to Liontown Resources Limited, GPO Box 2890, Perth, Western Australia, 6001; or

(b) send the proxy form by facsimile to the Company on facsimile number (+61 8) 9322 5800,

so that it is received **no later than 11.30 am (WST) on 22 November 2015**, being not less than 48 hours prior to the commencement of the meeting. **Proxy forms received later than this time will be invalid.**

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**Appointment of Corporate Representative**

**Section 250D of the Corporations Act 2001 (Cwlth)**

This is to certify that by a resolution of the directors of:

..... (Insert name of company)

**(Company)**, the Company has appointed:

....., (Insert name of corporate representative),

in accordance with the provisions of section 250D of the Corporations Act 2001 (Cwlth), to act as the body corporate representative of that company at the Annual General Meeting of Liontown Resources Limited to be held at 11.30 am (WST) on 24 November 2015 and at any adjournment of that meeting.

**DATED** 2015

**Executed by** the Company )  
 )  
in accordance with its constituent documents

.....

Signed by authorised representative

.....

Name of authorised representative (print)

.....

Position of authorised representative (print)

.....

Signed by authorised representative

.....

Name of authorised representative (print)

.....

Position of authorised representative (print)

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**INSTRUCTIONS FOR COMPLETION**

Under Australian law, an appointment of a body corporate representative will only be valid if the Certificate of Appointment is completed precisely and accurately.

Please follow the following instructions to complete the Certificate of Appointment:

1. Execute the certificate following the procedure required by your company’s constitution or other constituent documents.
2. Print the name and position (eg director) of each company officer who signs this certificate on behalf of the company.
3. Insert the date of execution where indicated.
4. Send or deliver the certificate to the registered office of Liontown Resources Limited or fax the certificate to the registered office at (+61 8) 9322 5800.



**LIONTOWN RESOURCES LIMITED**

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