

LIONTOWN RESOURCES LIMITED
ACN 118 153 825

PROSPECTUS

This Prospectus is being issued for the following offers:

- a non-renounceable pro-rata offer to Eligible Shareholders on the basis of 1 new Share for every 5 Shares held on the Record Date at an issue price of \$0.02 each, to raise up to \$4,535,950 ("**Entitlement Offer**"); and
- any Shortfall under the Entitlement Offer at an issue price of \$0.02 per new Share ("**Shortfall Offer**").

The Entitlement Offer and the Shortfall Offer are partially and severally underwritten by Taylor Collison Limited (ABN 53 008 172 450) and Bridge Street Capital Partners Pty Ltd (ABN 32 164 702 005) for an aggregate of approximately \$3.64 million. Refer to Section 5 for details of the underwriting.

THE ENTITLEMENT OFFER AND SHORTFALL OFFER CLOSE AT 5PM WST ON 15 MARCH 2019*

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.

IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

THE SHARES OFFERED IN CONNECTION WITH THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.

* The Company reserves the right, subject to the Corporations Act, Listing Rules, Underwriting Agreement and other applicable laws to extend the Closing Date without prior notice.

IMPORTANT INFORMATION

This Prospectus is dated 18 February 2019 and was lodged with the ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Shares will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the registered office of the Company at Level 2, 1292 Hay Street, West Perth, Western Australia, during normal business hours.

The Prospectus will be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus (free of charge) from the Company's registered office by contacting the Company. The Offer contemplated by this Prospectus is only available in electronic form to persons receiving an electronic version of this Prospectus within Australia.

Applications for Shares under the Offer will only be accepted on an Application Form attached to or provided by the Company with a copy of this Prospectus either in paper or electronic form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in the Offer.

This does not take into account the investment objectives, financial or taxation or needs of any particular Applicant.

The Shares offered by this Prospectus should be considered speculative. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult his/her stockbroker, solicitor, accountant or other professional adviser without delay. Some of the risk factors that should be considered by Shareholders and potential investors are outlined in Section 4.

This Prospectus includes forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in the forward-looking statements.

Definitions of certain terms used in this Prospectus are contained in Section 8. All references to currency are to Australian dollars and all references to time are to WST, unless otherwise indicated. Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

CORPORATE DIRECTORY

Directors

Mr Timothy Goyder	Chairman
Mr David Richards	Managing Director
Mr Anthony Cipriano	Non-Executive Director
Mr Craig Williams	Non-Executive Director
Mr Steven Chadwick	Non-Executive Director

Share Registry

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000

Company Secretary

Mrs Kym Verheyen

Lawyers

Bellanhouse
Level 19, Alluvion
58 Mounts Bay Road
Perth WA 6000

Registered Office

Level 2
1292 Hay Street
West Perth WA 6005

Telephone: +61 (8) 9322 7431

Fax: +61 (8) 9322 5800

Email: info@ltresources.com.au

ASX Code: LTR

Website: www.ltresources.com.au

PROPOSED TIMETABLE

Event	Date
Lodgement of Prospectus with ASIC and ASX Lodgement of Appendix 3B with ASX Notice of Entitlement Offer sent to Optionholders	18 February 2019
Notice of Entitlement Offer sent to Shareholders	20 February 2019
Shares quoted on an "Ex" basis	21 February 2019
Record Date for determining Entitlements	22 February 2019
Prospectus and Application Form despatched to Eligible Shareholders	27 February 2019
Last day to extend the Offer closing date	12 March 2019
Closing Date (5pm WST)	15 March 2019
New Shares quoted on a deferred settlement basis	18 March 2019
Notification of Shortfall	20 March 2019
Issue of new Shares Deferred settlement trading ends	22 March 2019
Commencement of new Shares trading on an ordinary settlement basis	25 March 2019

Note: All dates, other than the date of the Prospectus and the date of lodgement of the Prospectus with ASIC and ASX, are indicative only. The Company reserves the right, subject to the Corporations Act, Listing Rules, Underwriting Agreement and other applicable laws, to vary the above dates, including extending the Closing Date or accepting late Applications, either generally or in particular cases, without notice.

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LETTER FROM THE CHAIRMAN

Dear Shareholder

On 14 February 2019, Liontown Resources Limited (**Company**) announced a capital raising consisting of a placement to institutional and sophisticated investors of Shares at \$0.02 each, to raise a total of \$3 million (**Placement**) and the intention to undertake a non-renounceable pro-rata offer to Eligible Shareholders on the basis of 1 new Share for every 5 Shares held on the Record Date at an issue price of \$0.02 each, to raise up \$4,535,950 (**Entitlement Offer**) (in each case, before costs).

On behalf of the Directors of the Company, I am pleased to invite you to participate in the Entitlement Offer under this Prospectus. The Entitlement Offer will only be made to Eligible Shareholders registered at the Record Date who will be sent an Application Form which will be accompanied by this Prospectus. To accept your Entitlement under the Entitlement Offer, you will need to complete the Application Form in accordance with the instructions on the form and as outlined in this Prospectus.

As announced on 14 February 2019, it is intended that the Placement will be settled after the Record Date. Accordingly, subscribers for the issue of Shares under the Placement will not be Eligible Shareholders for the purpose of the Entitlement Offer.

Eligible Shareholders also have the opportunity to subscribe for any new Shares that are not subscribed for under the Entitlement Offer pursuant to the Shortfall Offer under this Prospectus (refer to Section 1.2).

Any new Shares not subscribed for by Eligible Shareholders under the Entitlement Offer, or issued by the Company pursuant to the Shortfall Offer, are to be subscribed for by Taylor Collison Limited and Bridge Street Capital Partners Pty Ltd or their nominees pursuant to the Underwriting Agreement (summarised in Section 5).

Use of Funds

Subject to the satisfactory completion of the Offer (and the Placement), funds raised will enable the Company to undertake substantial drilling, exploration, metallurgy and feasibility programs at its two key emerging Australian lithium projects, while also providing working capital for corporate costs.

Kathleen Valley Lithium Project, Western Australia (100% owned)

The Company will undertake:

- (a) Further drilling to potentially expand the mineral resource;
- (b) Undertake detailed metallurgical test work to optimise the grade/recovery performance and produce spodumene concentrate to a minimum 6% Li₂O; and
- (c) Other Feasibility- related studies.

Buldania Lithium Project, Western Australia (100% owned)

The Company will undertake extension and infill drilling at the Anna pegmatite with the aim of delineating a maiden Mineral Resource estimate. In addition, it will test a number of other outcropping spodumene-bearing pegmatites within the broader project area.

Your Entitlement

The number of Shares you are entitled to subscribe for under the Entitlement Offer (**Entitlement**) is set out in your personalised Application Form that is attached to this Prospectus.

The Board recommends that you take up your Entitlement under the Offer after reading this Prospectus in its entirety including the risks outlined in Section 4. Full details of the Offer are set out in this Prospectus.

I am also pleased to advise that the Directors (and their associates) currently intend to take up their full Entitlement amounting to an aggregate \$1,005,157. It is also intended that the Directors or their associates will subscribe for an additional 17,500,000 Shares on the same terms as the Placement to raise a further \$350,000 (in addition to the Placement), subject to the receipt of Shareholder approval at a general meeting to be convened shortly.

Please read in full the details on how to submit your Application, which are set out in this Prospectus.

The Entitlement Offer is non-renounceable and therefore your Entitlements will not be tradeable on the ASX or otherwise transferable.

All enquiries concerning the Application Form and the Prospectus, please contact Liantown Resources Limited on +61 8 9322 7431. For general shareholder enquiries, please contact Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia). You should also consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Offer.

2019 will be an exciting and busy year for the Company where Shareholders can expect strong news flow as we work both to increase the size and scale of our assets and undertake further feasibility studies – positioning the Company to become a significant new lithium raw materials producer to the rapidly expanding lithium-ion battery industry.

As Chairman and largest shareholder, I look forward to your continued support and on updating you on the Company's progress.

Yours faithfully

Tim Goyder
Chairman

INVESTMENT OVERVIEW

This Section is intended to highlight key information for potential investors. It is an overview only, and is not intended to replace the Prospectus. Potential investors should read the Prospectus in full before deciding to invest in Shares.

Key Information	Further Information
<p>Transaction specific prospectus</p> <p>This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. 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.</p>	Section 6.2
<p>Risk factors</p> <p>Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 4, including (but not limited to) risks in respect of:</p> <ul style="list-style-type: none"> • Exploration risk: Mineral exploration is a high-risk undertaking. There can be no assurance that further exploration on the Company's projects will result in the discovery of an economic ore deposit. • Development risk: Future development of a mining operation is dependent on many factors and risks outside of the Company's control which may disrupt the Company's proposed operations and result in increased costs. There can be no assurance that the Company will achieve commercial viability through the development or mining of its projects. • Future capital needs: Further funding will be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. • General market risks: The Company is exposed to general market and economic condition risks including adverse changes in levels of economic activity, exchange rates, interest rates, commodity prices, government policies, employment rates and industrial disruption. 	Section 4
<p>Entitlement Offer</p> <p>This Prospectus is for a non-renounceable pro-rata offer to Eligible Shareholders on the basis of 1 new Share for every 5 Shares held on the Record Date at an issue price of \$0.02 each, to raise up to \$4,535,950.</p>	Section 1.1
<p>Shortfall Offer</p> <p>Any Entitlement not taken up pursuant to the Entitlement Offer will form the Shortfall Offer. The Prospectus is also being issued for the Shortfall Offer.</p> <p>Eligible Shareholders may apply for Shares under the Shortfall Offer subject to such Applications being received by the Closing Date.</p>	Section 1.2

Key Information	Further Information								
<p>The issue price for each new Share to be issued under the Shortfall Offer shall be \$0.02, being the price at which new Shares have been offered under the Entitlement Offer.</p> <p>The allocation policy for the Shortfall Offer is outlined in Section 1.2. There is no guarantee that Eligible Shareholders will receive new Shares applied for under the Shortfall Offer.</p>									
<p>Underwriting</p> <p>The Offer is partially underwritten, severally, by Taylor Collison Limited and Bridge Street Capital Partners Pty Ltd.</p>	Section 5								
<p>Eligible Shareholders</p> <p>The Offer is made to Eligible Shareholders only. Eligible Shareholders are those Shareholders who:</p> <ul style="list-style-type: none"> are the registered holder of Shares as at 5.00pm (WST) on the Record Date; and have a registered address in Australia or, subject to the offer restrictions in Section 1.16, New Zealand. 	Sections 1.15, 1.16 and 1.17								
<p>Use of funds</p> <p>Funds raised under the Offer are intended to be used for exploration, metallurgy and feasibility study activities on the Company's existing projects, as well as for general working capital.</p>	Section 1.3								
<p>Effect on control of the Company</p> <p>Shareholders should note that if they do not participate in the Offer, their holdings will be diluted.</p> <p>The Offer is not expected to give rise to control implications for the Company.</p>	Section 1.8								
<p>Indicative capital structure and pro-forma balance sheet</p> <p>The indicative capital structure upon completion of the Offer is set out below:</p> <table border="1" data-bbox="153 1496 1193 1794"> <thead> <tr> <th data-bbox="153 1496 911 1570"></th> <th data-bbox="911 1496 1193 1570">Shares</th> </tr> </thead> <tbody> <tr> <td data-bbox="153 1570 911 1630">Balance at the date of this Prospectus</td> <td data-bbox="911 1570 1193 1630">1,133,987,460</td> </tr> <tr> <td data-bbox="153 1630 911 1697">To be issued pursuant to the Placement</td> <td data-bbox="911 1630 1193 1697">150,000,000¹</td> </tr> <tr> <td data-bbox="153 1697 911 1794">To be issued pursuant to Directors' additional subscription (on same terms as the Placement)</td> <td data-bbox="911 1697 1193 1794">17,500,000²</td> </tr> </tbody> </table>		Shares	Balance at the date of this Prospectus	1,133,987,460	To be issued pursuant to the Placement	150,000,000 ¹	To be issued pursuant to Directors' additional subscription (on same terms as the Placement)	17,500,000 ²	Sections 3.1 and 3.2
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Balance at the date of this Prospectus	1,133,987,460								
To be issued pursuant to the Placement	150,000,000 ¹								
To be issued pursuant to Directors' additional subscription (on same terms as the Placement)	17,500,000 ²								

¹ Assumes that the Placement Shares are issued in full. The Placement Shares are intended to be issued on 25 February 2019. As this is after the Record Date, the Placement Shares will not carry an Entitlement to participate in the Offer.

² Assumes that Directors subscribe for Shares on the same terms as the Placement and that Shareholder approval is received at a general meeting to be convened shortly.

Key Information		Further Information																		
To be issued pursuant to the Offer	226,797,492																			
Total	1,528,284,952																			
<p>No Options or Performance Rights are to be issued under the Offer. Refer to Section 3.1 for further information regarding the Company's capital structure.</p> <p>The indicative pro-forma balance sheet showing the effect of the Offer is in Section 3.2.</p>																				
<p>Directors' interests in Shares and Entitlements</p> <p>The relevant interest of each of the Directors in Shares as at the date of this Prospectus, together with their respective Entitlement is set out in the table below:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Existing Shares</th> <th>Entitlement</th> </tr> </thead> <tbody> <tr> <td>Mr Timothy Goyder*</td> <td>223,484,982</td> <td>44,696,997</td> </tr> <tr> <td>Mr David Richards</td> <td>3,431,500</td> <td>686,300</td> </tr> <tr> <td>Mr Anthony Cipriano</td> <td>6,370,479</td> <td>1,274,096</td> </tr> <tr> <td>Mr Craig Williams</td> <td>14,663,122</td> <td>2,932,625</td> </tr> <tr> <td>Mr Steven Chadwick</td> <td>639,162</td> <td>127,833</td> </tr> </tbody> </table> <p>It is the intention of the Directors to take up their Entitlements specified above under the Entitlement Offer.</p> <p>* Mr Goyder has a relevant interest in 2,700,000 Shares in addition to those Shares specified above. These Shares are held by Ms Linda Sullivan, Mr Goyder's spouse. Investment decisions in relation to these 2,700,000 Shares are made by Ms Sullivan and while Mr Goyder makes no representation in relation to whether the Entitlement attaching to those 2,700,000 Shares will be taken up, Ms Sullivan has advised the Company that she intends on subscribing for her full Entitlement.</p> <p>The Directors or their associates have also agreed to subscribe for an additional 17,500,000 Shares on the same terms as the Placement, subject to the receipt of Shareholder approval. Refer to Section 6.6(b) for further information.</p>		Name	Existing Shares	Entitlement	Mr Timothy Goyder*	223,484,982	44,696,997	Mr David Richards	3,431,500	686,300	Mr Anthony Cipriano	6,370,479	1,274,096	Mr Craig Williams	14,663,122	2,932,625	Mr Steven Chadwick	639,162	127,833	Section 6.6(b)
Name	Existing Shares	Entitlement																		
Mr Timothy Goyder*	223,484,982	44,696,997																		
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Mr Anthony Cipriano	6,370,479	1,274,096																		
Mr Craig Williams	14,663,122	2,932,625																		
Mr Steven Chadwick	639,162	127,833																		
<p>Forward looking statements</p> <p>This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.</p> <p>These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are considered reasonable.</p> <p>Such forward-looking statements are not guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other</p>		Important Information and Section 4																		

Key Information	Further Information
<p>important factors, many of which are beyond the control of the Company, the Directors and the management.</p> <p>The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.</p> <p>The Directors have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.</p> <p>These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4.</p>	

1. Details of the Offer

1.1 Entitlement Offer

The Company is making a non-renounceable pro-rata offer to Eligible Shareholders on the basis of 1 new Share for every 5 Shares held at 5:00pm (WST) on the Record Date (**Entitlement Offer**).

The Company has as at the date of this Prospectus 1,133,987,460 Shares, 59,500,000 Options and 1,000,000 Performance Rights on issue. The Performance Rights will not vest before the Record Date. Accordingly, on the assumption that:

- (a) no Options are exercised before the Record Date, the Company anticipates issuing up to 226,797,492 Shares pursuant to the Offer; and
- (b) all the Options are exercised before the Record Date, the Company anticipates issuing up to 238,697,492 Shares pursuant to the Offer,

in each case, subject to rounding. Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a Share, such fraction will be rounded up to the nearest whole Share.

Shares issued under the Entitlement Offer will be issued as fully paid ordinary shares and will rank equally in all respects with the existing ordinary shares on issue. Further details on the rights and liabilities attaching to the Shares under the Entitlement Offer are contained in Section 6.1.

1.2 Shortfall Offer

Any Entitlements not taken up pursuant to the Entitlement Offer will form the Shortfall Offer. The Shortfall Offer is a separate offer made pursuant to this Prospectus. The issue price of any Shortfall Shares will be \$0.02 each, which is the issue price at which Shares have been offered to Eligible Shareholders under the Entitlement Offer. Shortfall Shares will only be issued if the Entitlement Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions.

The allocation policy for the issuance of Shortfall Shares will be as follows:

- (a) Eligible Shareholders who wish to subscribe for Shares above their Entitlement may apply for Shortfall Shares under the Shortfall Offer by completing the appropriate section on their Application Form or by making payment for such Shortfall Shares using BPAY® (refer to Section 2.4). The maximum amount of Shortfall Shares that Eligible Shareholders may be issued is the greater of the following:
 - (i) three times that Eligible Shareholders' Entitlement; or
 - (ii) \$10,000 worth of Shortfall Shares;
- (b) if there is insufficient Shortfall to satisfy the Applications made in accordance with paragraph (a) above, the Applications will be scaled back on a pro rata basis;

- (c) if any Shortfall is remaining after the Applications made in accordance with paragraph (a) above are satisfied, the Shortfall is intended to be subscribed for pursuant to the terms of the Underwriting Agreement (**Remaining Shortfall Shares**);
- (d) no Shares will be issued under the Shortfall Offer if their issue would contravene the takeover prohibition in section 606 of the Corporations Act or any other law or Listing Rule.

Subject to the above, the Shortfall Shares are to be issued at the discretion of the Company in conjunction with the Underwriters and as such there is no guarantee that any Shortfall Shares will be issued to Eligible Shareholders or other third parties. Excess Application Monies for the Shortfall Offer will be refunded without interest. It is a term of the Shortfall Offer that, should the Company scale back Applications for Shortfall Shares, the Applicant will be bound to accept such lesser number allocated to them.

Shares issued under the Shortfall Offer will be issued as fully paid ordinary shares and will rank equally in all respects with the existing ordinary shares on issue. Further details on the rights and liabilities attaching to the Shares under the Shortfall Offer are contained in Section 6.1.

1.3 Use of funds

Completion of the Offer will result in an increase in cash at hand of up to approximately \$4,535,950 (before payment of costs).

The following indicative table sets out the proposed use of funds raised under the Offer:

Allocation of funds	Amount (\$)
Further resource drilling at the Kathleen Valley Lithium Project	1,675,000
Metallurgical test work and progress feasibility study at the Kathleen Valley Lithium Project	1,212,000
Exploration and resource drilling at the Buldania Lithium Project	691,000
Working capital ¹	675,000
Costs of Offer (see Section 6.9)	282,950
TOTAL	4,535,950

Note:

1. Working capital includes but is not limited to corporate administration and operating costs and may be applied to additional directors' fees or executive fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.

The above is a statement of current intentions at the date of this Prospectus. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

The amounts and timing of the actual expenditures and investments may vary significantly and will depend on numerous factors including the success of exploration activities, access conditions, weather and any changes in the business and economic environment.

1.4 Closing Date

The Closing Date for the Offer is 15 March 2019.

All Applications by Eligible Shareholders under the Entitlement Offer and the Shortfall Offer must be received by the Company by no later than the Closing Date.

Eligible Shareholders are encouraged to submit their Applications as soon as possible.

The Company reserves the right, subject to the Corporations Act, Listing Rules, Underwriting Agreement and all other laws to vary the Closing Date without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly.

1.5 Underwriting

Taylor Collison Limited and Bridge Street Capital Partners Pty Ltd (together, the **Underwriters**) have been appointed as the underwriters to severally underwrite the Offer.

The Company understands that the Underwriter has entered into sub-underwriting arrangements with a number of third parties. None of these sub-underwriting arrangements are with related parties of the Company.

A summary of the material terms of the Underwriting Agreement and the sub-underwriting arrangement is in Section 5.

1.6 Minimum subscription

There is no minimum subscription for the Offer. The Offer is, however, underwritten. Refer to Section 5 for a summary of the Underwriting Agreement.

1.7 Substantial Shareholders

Based on shareholder notices lodged at the date of this Prospectus, those persons which together with their associates have a voting power in 5% or more of the Shares on issue are set out below:

Substantial Shareholder	Number Shares	of	Voting power
Mr Timothy Goyder	226,184,982		19.95%

Refer to Section 1.8 for details regarding the potential effect of the Offer on the voting power of Mr Goyder.

1.8 Effect on control of the Company

(a) General

The Offer is not expected to give rise to control implications for the Company.

The Company has not appointed a party pursuant to section 615 of the Corporations Act to act as nominee to sell the new Shares that might have otherwise been issued to Ineligible Foreign Shareholders, had they subscribed for their Entitlements.

Accordingly, Applicants under the Entitlement Offer will not be able to rely on the exception allowed by item 10 of section 611 of the Corporations Act which would otherwise permit an Applicant to increase their voting power:

- (i) from 20% or below 20% to above 20%; or
- (ii) from a starting point of above 20% and below 90%,

as a result of accepting their Entitlement under the Entitlement Offer without breaching section 606(1) of the Corporations Act.

As a consequence, the Company will not issue new Shares under the Offer to any Applicant or other person if the result of any such issue would result in any person (and that person's associates) acquiring a relevant interest contrary to section 606 of the Corporations Act. This may result in the Company scaling back Applications from Eligible Shareholders to ensure that no breach of section 606 of the Corporations Act occurs.

Without limiting the above, it is the responsibility of Eligible Shareholders to ensure that their participation under the Offer does not result in them breaching section 606 of the Corporations Act. Eligible Shareholders, by lodging Applications for new Shares under the Offer, acknowledge and accept the right and obligation of the Company to not allot or issue new Shares to them which would result in any breach by them of section 606 of the Corporations Act and direct the Company to so act.

(b) Major Shareholder

The Company's largest Shareholder, Mr Timothy R B Goyder and his associates, holds a relevant interest in 226,184,982 Shares as at the date of this Prospectus. As at the date of this Prospectus, this relevant interest comprises a voting power of 19.95%.

Mr Goyder has advised the Company and the Underwriters, that he has agreed irrevocably to subscribe for 44,696,997 Shares pursuant to his Entitlement.

Of the relevant interest held by Mr Goyder, Ms Linda Sullivan, Mr Goyder's spouse holds 2,700,000 Shares. Investment decisions in relation to these 2,700,000 Shares are made by Ms Sullivan and although Mr Goyder makes no representation in relation to whether the Entitlement attaching to those

2,700,000 Shares will be taken up, Ms Sullivan has advised the Company that she intends on subscribing for her full Entitlement.

Mr Goyder also has a relevant interest in 10,000,000 Options. Mr Goyder has notified the Company that his and his associates' present intention is not to exercise any Options prior to the Record Date.

Having regard to the commitments from Directors in relation to the Offer and the amount being underwritten, it is expected that the voting power of Mr Goyder and his associates will remain at 19.95%.

(c) **Underwriter**

The Underwriters and their associates presently hold no Securities, and the Underwriters have indicated that they have no intention of acquiring Securities prior to the Record Date. The Underwriters have agreed to partially and severally underwrite the Offer for the amount of \$3,642,010. The Underwriters are not a related party of the Company for the purpose of the Corporations Act.

Further, the Underwriters have advised the Company that the Underwriters have entered into binding sub-underwriting agreements for the total Underwritten Amount. Accordingly, it is unlikely that the Underwriters will be obliged to subscribe for Shortfall Shares, if any, as these obligations are intended to be passed on to the sub-underwriters, subject to there being no breach of the sub-underwriting agreements.

The table below sets out the Underwriters' potential relevant interest in Shares in several scenarios in the unlikely event that the sub-underwriting agreements are breached and the Underwriters are required to subscribe for Shortfall Shares.

	Shares issued to the Underwriters³	Total Shares on issue	Underwriters' voting power¹
Date of Prospectus	0	1,133,987,460	0%
<i>Participation in Entitlement Offer by Eligible Shareholders:</i>			
• Fully subscribed	0	1,360,784,952	0.00%
• 75% subscribed	56,699,373	1,360,784,952	4.17%
• 50% subscribed	113,398,746	1,360,784,952	8.33%

³ The underwriting of the Offer is on a several basis between the two Underwriters. The Underwriters are not considered to be associates of each other. The potential Shareholdings of the Underwriters are expressed above on an aggregated basis simply to illustrate the potential holdings of the Underwriters in the interests of full disclosure.

	Shares issued to the Underwriters ³	Total Shares on issue	Underwriters' voting power ¹
<ul style="list-style-type: none"> 19.71% subscribed⁴ 	182,100,500	1,360,784,952	13.38%

The number of Shares held by the Underwriters and their voting power in the table above show the potential effect of the underwriting of the Offers. However, it is unlikely that no Eligible Shareholders (save for the Directors) will take up Entitlements under the Entitlement Offer.

The underwriting obligation and therefore voting power of the Underwriters will reduce by a corresponding amount for the amount of Entitlements taken up by Eligible Shareholders and sub-underwriters.

The Underwriters have advised the Company that they have not entered into any sub-underwriter agreements which may potentially hold voting power of 5% or above or as a result of their respective sub-underwriting agreements.

1.9 Potential dilution

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record Date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken up	% post Offer only
Shareholder 1	200,000,000	17.64%	40,000,000	200,000,000	14.70%
Shareholder 2	50,000,000	4.41%	10,000,000	50,000,000	3.67%
Shareholder 3	10,000,000	0.88%	2,000,000	10,000,000	0.73%
Shareholder 4	1,000,000	0.09%	200,000	1,000,000	0.07%
Shareholder 5	500,000	0.04%	100,000	500,000	0.04%

Notes:

- The dilution effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer or the Underwriting Agreement.
- Shareholders will also be diluted by the proposed issue of the Placement Shares.

⁴ Pursuant to commitments from Tim Goyder to subscribe for 44,696,997 Shares pursuant to his Entitlement.

1.10 No rights trading

The rights to Shares under the Entitlement Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your Entitlement to any other party. If you do not take up your Entitlement to Shares under the Entitlement Offer by the Closing Date, the Entitlement Offer to you will lapse.

1.11 Issue Date and dispatch

All Shares under the Offer are expected to be issued on or before the date specified in the proposed timetable in this Prospectus.

Security holder statements will be dispatched at the end of the calendar month following the issue of the Shares under the Offer.

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

1.12 Application Monies held on trust

All Application Monies received for the Shares under the Offer will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Shares are issued. All Application Monies will be returned (without interest) if the Shares are not issued.

1.13 ASX quotation

Application has been or will be made for the official quotation of the Shares offered by this Prospectus. If permission is not granted by ASX for the official quotation of the Shares offered by this Prospectus within three months after the date of this Prospectus, the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

1.14 CHESS

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS. ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, ASX Settlement Pty Limited will send you a CHESS statement.

The CHESS statement will specify the number of Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares, including a notice to exercise the Shares.

If you are registered on the Issuer Sponsored sub-register, your statement will be despatched by Computershare Investor Services Pty Limited and will contain the

number of Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

1.15 Ineligible Foreign Shareholders

This Prospectus, and any accompanying Application Form, do not, and is not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Shares under the Offer.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Company believes that it is unreasonable to extend the Offer to Ineligible Foreign Shareholders. The Company has formed this view having considered:

- (a) the number and value of the Shares that would be offered to those Shareholders; and
- (b) the cost of complying with the legal requirements and the requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, Ineligible Foreign Shareholders will not be entitled to participate in the Offer.

1.16 New Zealand offer restrictions

The Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand at the Record Date.

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

1.17 Notice to nominees and custodians

Nominees and custodians that hold Shares should note that the Entitlement Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

1.18 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and the Offer, in which case, all Application Monies will be returned without interest in accordance with the Corporations Act.

1.19 Risk factors

An investment in Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are certain specific risks associated with an investment in the Company which are detailed in Section 4.

1.20 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Shares under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Shares under this Prospectus.

1.21 Major activities and financial information

A summary of the major activities and financial information relating to the Company, for the financial year ended 30 June 2018, can be found in the Company's Annual Report announced on ASX on 22 October 2018 and, for the half-year ended 31 December 2017, the Half Year Accounts announced on ASX on 14 March 2018. The Company's continuous disclosure notices (i.e. ASX announcements) since 22 October 2018 are listed in Section 6.3. Copies of these documents are available free of charge from the Company and are available on the Company's website at www.ltresources.com.au. The Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Offer.

1.22 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Acceptance and, if the Acceptance is successful, to administer the Applicant's Shareholding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third-party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Acceptance or Application (as applicable).

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

1.23 Enquiries concerning Prospectus

All enquiries concerning the Application Form and the Prospectus, please contact Liontown Resources Limited on +61 8 9322 7431.

For general shareholder enquiries, please contact Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

2. Action required by Shareholders

2.1 Action in relation to the Offer

Should you wish to acquire Shares as part of the Entitlement Offer, you may either take up all of your Entitlement (refer to Section 2.2) or part of your Entitlement (refer to Section 2.3) as shown on the accompanying personalised Application Form.

If you take up all of your Entitlement, you may also apply for Shortfall Shares under the Shortfall Offer (refer to Section 2.4).

If you do not wish to take up any of your Entitlement to New Shares, you may allow your Entitlement to lapse (refer to Section 2.5).

2.2 Acceptance of Entitlement

Should you wish to accept all of your Entitlement to Shares under the Entitlement Offer and you are not paying by BPAY, then Applications for Shares under this Prospectus must be made on the Application Form which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Application Form. Please read the instructions carefully.

Please complete the Application Form by filling in the details in the spaces provided and attach a cheque, bank draft or money order for the amount indicated on the Application Form.

Completed Application Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Liontown Resources Limited" and lodged at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at:

Computershare Investor Services Pty Limited
GPO Box 505
MELBOURNE VIC 3001

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that cleared funds are received by the Company by the Closing Date. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Application Form and you will not need to return the Application Form.

2.3 If you wish to take up only part of your Entitlement

Should you wish to only take up part of your Entitlement under the Entitlement Offer and you are not paying by BPAY, then Applications for Shares under the Entitlement Offer must be made on the Application Form which accompanies this Prospectus in accordance with the instructions referred to in this Prospectus and on the Application Form. Please read the instructions carefully.

Please complete the Application Form by filling in the details in the spaces provided, including the number of Shares you wish to accept and the amount payable (calculated at \$0.02 per Share accepted), and attach a cheque, bank draft or money order for the appropriate Application Monies.

Completed Application Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Liontown Resources Limited" and lodged at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at the address indicated at Section 2.2.

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that cleared funds are received by the Company by the Closing Date. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Application Form and you will not need to return the Application Form.

2.4 If you wish to apply for Shortfall Shares

If you wish to apply for Shares in excess of your Entitlement under the Entitlement Offer by applying for Shortfall Shares you may do so by completing the relevant separate section of the Application Form relating to the Shortfall Offer and which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Application Form. Any Shares applied for in excess of your Entitlement will be applied for under the Shortfall Offer and will be issued in accordance with the allocation policy described in Section 1.2.

Completed Application Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Liontown Resources Limited" and lodged at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at the address indicated at Section 2.2.

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that cleared funds are received by the Company by the Closing Date. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Application Form and you will not need to return the Application Form.

2.5 Entitlements not taken up

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your entitlement, however your Shareholding will likely be diluted.

2.6 Application Form

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of Shares.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the Acceptance as valid and how to construe, amend or complete the Application Form, is final.

The Company will send this Prospectus, together with an Application Form, to all Eligible Shareholders.

By completing and returning your Application Form with the requisite Application Monies, or making a payment via BPAY, you will be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that:

- (a) the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus;
- (b) you agree to be bound by the terms of the Offer;
- (c) you declare that all details and statements in the Application Form are complete and accurate;
- (d) you declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (e) you authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the Shares to be issued to you, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form;
- (f) if you are applying for Shares under the Entitlement Offer, you are the current registered holder of Shares as at the Record Date and have a registered address in Australia or subject to the offer restrictions in Section 1.16, New Zealand;
- (g) you acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (h) you acknowledge that the Shares have not been, and will not be, registered under the securities laws in any other jurisdictions outside Australia.

2.7 Enquiries concerning your Entitlement

For all enquiries concerning the Prospectus, please contact Liontown Resources Limited on +61 8 9322 7431.

For all general shareholder enquiries, please contact Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

3. Effect of the Offer

3.1 Capital structure on completion of the Offer

	Shares	Unquoted Options ^{4,5}	Performance Rights ⁶
Balance at the date of this Prospectus	1,133,987,460	59,500,000	1,000,000
To be issued pursuant to the Placement ¹	150,000,000	Nil	Nil
To be issued pursuant to Directors' additional subscription (on same terms as the Placement) ²	17,500,000	Nil	Nil
Maximum number of Shares to be issued under the Offer ³	226,797,492	Nil	Nil
TOTAL	1,528,284,952	59,500,000	1,000,000

Notes:

1. Assumes that the Placement Shares are issued in full. The Placement Shares are intended to be issued on 25 February 2019. As this is after the Record Date, the Placement Shares will not carry an Entitlement to participate in the Offer.
2. Assumes that Directors subscribe for Shares on the same terms as the Placement and that Shareholder approval is received at a general meeting to be convened shortly.
3. The actual number of Shares to be issued will be subject to rounding.
4. The unquoted Options on issue at the date of this Prospectus consist of:
 - (a) 9,300,000 Options exercisable at \$0.035 each on or before 31 March 2021;
 - (b) 18,700,000 Options exercisable at \$0.02 each on or before 31 October 2022;
 - (c) 5,000,000 Options exercisable at \$0.026 each on or before 22 October 2020;
 - (d) 750,000 Options exercisable at \$0.05 each on or before 30 April 2021;
 - (e) 1,000,000 Options exercisable at \$0.038 each on or before 29 August 2021; and
 - (f) 24,750,000 Options exercisable at \$0.035 each on or before 28 November 2023.
5. The Company has agreed to issue the Underwriters an aggregate of 15,000,000 Options exercisable at \$0.035 each on or before the date that is 3 years after the date of issue, as partial consideration for the services provided in connection with the Placement and the Offer.
6. The Performance Rights on issue at the date of this Prospectus consist of 1,000,000 Performance Rights issued to a consultant as partial consideration for services pursuant to contractual terms and conditions between the Company and consultant, vesting upon the consultant meeting certain objectives, with an expiry date of 13 September 2020.

3.2 Pro forma consolidated statement of financial position

Set out below is:

- (a) the audited consolidated statement of financial position of the Company as at 30 June 2018 (**Balance Date**);
- (b) the unaudited significant changes since the Balance Date;
- (c) the unaudited effects of the Offer (assuming it is fully subscribed); and
- (d) the unaudited pro forma statement of financial position of the Company at the Balance Date adjusted to reflect paragraphs 3.2(b) and 3.2(c).

The statements of financial position have been prepared to provide Shareholders with information on the assets and liabilities of the Company and the pro forma assets and liabilities of the Company as noted below. The historical and pro forma information is presented in abbreviated form; it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements.

	Audited Balance Sheet as at the Balance Date (A\$)	Significant changes since the Balance Date (A\$)	Effect of Offer (A\$)	Unaudited Pro Forma Balance Sheet Post Significant Changes and Offer (A\$)
Current Assets				
Cash & cash equivalents	2,856,744	(1,880,461)	4,253,000	5,229,283
Trade & other receivables	227,653	(1,888)		225,765
Other financial assets	1,229,270	(1,229,270)		
Non Current Assets				
Restricted Cash	50,000	4,400		54,400
Property, Plant & Equipment	49,718	(4,305)		45,413
TOTAL ASSETS	4,413,385	(3,111,524)	4,253,000	5,554,861
Current Liabilities				
Trade & other payables	482,685	599,680		1,082,365
Employee benefits	43,259	48,360		91,619
Non Current Liabilities				
Provisions				
TOTAL LIABILITIES	525,944	648,040	0	1,173,984
NET ASSETS	3,887,441	(3,759,564)	4,253,000	4,380,877
EQUITY				
Issued capital	37,199,397	746,324	4,253,000	42,198,721
Reserves	(33,982,669)	(4,971,852)		(38,954,521)

	Audited Balance Sheet as at the Balance Date (A\$)	Significant changes since the Balance Date (A\$)	Effect of Offer (A\$)	Unaudited Pro Forma Balance Sheet Post Significant Changes and Offer (A\$)
Accumulated Losses	670,713	465,964		1,136,677
TOTAL EQUITY	3,887,441	(3,759,564)	4,253,000	4,380,877

The pro forma statement of financial position has been prepared on the basis that the assets and liabilities of the Company have not been subject to any material change between 30 June 2018 and the completion of the Offer except for the:

- (a) the completion of the Placement and subscription by Directors on the same terms as the Placement, raising \$3,145,500 after costs;
- (b) the Company sold all its remaining 26,154,683 shares in Core Lithium Limited (formerly Core Exploration Limited) for a sale price of \$0.042 per share, resulting in proceeds of \$1,098,497 and a loss on sale of \$130,773; and
- (c) movements in working capital from transactions incurred in the normal course of business including corporate costs and exploration activities.

3.3 Market price of Shares

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

Lowest:	\$0.021 on 14 February 2019
Highest:	\$0.026 on 2 January 2019

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with the ASIC was \$0.022 per Share on 15 February 2019.

3.4 Dividend Policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

4. Risk Factors

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

4.1 Risks specific to the Company

(a) Additional requirements for capital

The future capital requirements of the Company will depend on many factors including the results of future exploration activities and feasibility studies. The Company believes its available cash and resources following the Offer and Placement should be adequate to fund its obligations in respect of its proposed exploration work program, metallurgical test work, commencement of feasibility studies and other key objectives for approximately the next 6 to 12 months. Should the Company's exploration program and the outcome of future studies be successful, additional funds will be required to advance the Company's projects.

Additional funding may be raised by the Company via the issues of equity, debt or a combination of debt and equity or asset sales. Any additional equity financing will dilute Shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its programs or enter into joint venture arrangements to reduce expenditure and this could have a material adverse effect on the Company's activities. Unfavourable market conditions may adversely affect the Company's ability to raise additional funding regardless of the Company's operating performance.

(b) Resource estimates

The Company has previously announced a mineral resource estimate for the Kathleen's Corner and Mt Mann deposits at the Company's Kathleen Valley Lithium Project.

Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally made may alter significantly when new information becomes available.

In addition, by their very nature, reserve and resource estimates are imprecise and depend on interpretations which may prove to be inaccurate,

and whilst the Company employs industry-standard techniques including compliance with the JORC Code 2012 to reduce the reserve and resource estimation risk, there is no assurance that this approach will alter the risk. As further information becomes available through additional fieldwork and analysis, reserve and resource estimates may change. This may result in alterations to mining and development plans which may in turn adversely affect the Company.

(c) **Results of Studies**

Subject to the results of exploration and other test work to be undertaken, the Company intends to progressively undertake a number of studies in respect to its projects. The Company has already completed a scoping study in relation to the Kathleen Valley Lithium-Tantalum Project.

The further studies may include scoping (in relation to other projects), pre-feasibility, definitive feasibility and bankable feasibility studies.

These studies will be completed within parameters designed to determine the economic feasibility of the projects within certain limits. There can be no guarantee that any of the studies will confirm the economic viability of the projects or the results of other studies undertaken by the Company (for example, the results of a feasibility study may materially differ from the results of a scoping study). Even if a study confirms the economic viability of the projects, there can be no guarantee that the project will be successfully brought into production as assumed or within the estimated parameters in the feasibility study (for example, operational costs and commodity prices) once production commences. Further, the ability of the Company to complete a study may be dependent on the Company's ability to raise funds to complete the study if required.

The Company's scoping study in relation to the Kathleen Valley Lithium Project identified a number of specific risks that will be addressed as part of future studies, including: refining the inputs used in the scoping studies, determining the tantalum concentrate grade and recovery, achieving a 6% Li₂O concentrate grade, confirming competent ground conditions, receiving statutory clearances to comply with Heritage conditions, potential cost escalations associated with capital and operating cost estimates, and possible falling lithium prices related to increased market supply.

(d) **Funding for the development of the Kathleen Valley Lithium Project**

In order to develop the Kathleen Valley Lithium Project, it is likely that a combination of debt and equity funding will be required.

Under current conditions, debt may be secured from several sources including Australian banks, international banks, the high yield bond market and resource credit funds. It is difficult to finance metals that cannot be easily hedged with banks and for this reason, along with the size and volatility of the lithium market, debt funding is more likely to be sourced from resource credit funds or from the bond market.

There is no guarantee that the Company will secure this funding. Factors that will influence the ability to secure funding includes (but is not limited to) a requirement to have "bankable" lithium offtake agreements and favourable

prevailing market conditions (being both the lithium market and the wider equity and debt market).

It is also possible that the Company could pursue other strategies to provide alternative funding options including undertaking a corporate transaction, seeking a joint venture partner or asset sales, all of which may result in dilution of ownership at the project and/or Company level.

(e) **Budget risk**

Exploration costs and costs to undertake further metallurgical test work and feasibility studies of the Company are based on certain assumptions. By their nature, these estimates and assumptions are subject to uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions.

(f) **Reliance on key management**

The Company is reliant on a number of key personnel employed or engaged by the Company. Loss of such personnel may have a materially adverse impact on the performance of the Company.

The Board is aware of the need to have sufficient management to properly supervise the exploration and (if successful) for the development of the Company's projects.

(g) **Native title and Aboriginal heritage**

The Kathleen Valley tenements are located within areas that are covered by the Tjiwarl Determined Native Title Claim (WC11/7). The Native Title Act 1993 (Cth) and related State native title legislation and aboriginal heritage legislation may affect the Company's ability to obtain access to certain of exploration areas or to obtain mining production titles. Settling any such claims may incur costs to the Company. The degree to which this may impact on the Company's activities will depend on a number of factors, including the status of particular tenements and their locations. At this stage, the Company is not able to quantify the potential impact, if any, of such matters on its operations. The Company may need to enter into compensation and access agreements before gaining access to land.

(h) **New projects and acquisitions and joint ventures**

The Company has to date, and will continue to actively pursue and assess, other new business opportunities particularly those in the resources sector. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, or direct equity participation.

If an acquisition is completed, the Directors will need to reassess, at that time, the funding allocated to current projects and new projects, which may result in the Company reallocating funds from other projects and/or the raising of additional capital (if available).

Furthermore, any new project or business acquisition may change the risk profile of the Company, particularly if the new project is located in another

jurisdiction, involves a new commodity and/or changes the Company's capital/funding requirements.

Should the Company propose or complete the acquisition of a new project or business activity, investors should re-assess their investment in the Company in light of the new project/business activity.

4.2 Mining industry risks

(a) Exploration risk

While extensive exploration activities have already been conducted over the Kathleen's Corner and Mt Mann deposits at the Company's Kathleen Valley Lithium Project, resulting in the declaration of a mineral resource estimate, further exploration activities are required over this area.

Further exploration activities are also required over the remainder of the Kathleen Valley Lithium Project, as well as over the Buldania Lithium Project.

Mineral exploration by its nature is a high-risk activity and there can be no guarantee of exploration success on the Company's projects. There can be no assurance that exploration of the tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

Further, exploration involves certain operating hazards, such as failure and or breakdown of equipment, adverse geological, seismic and geotechnical conditions, industrial accidents, labour disputes, adverse weather conditions, pollution and other environmental hazards and risks.

(b) Payment obligations

Pursuant to the licences comprising the Company's projects, the Company will become subject to payment and other obligations. In particular, licence holders are required to expend the funds necessary to meet the minimum work commitments attaching to the tenements. Failure to meet these work commitments may render the licence liable to be cancelled or its size reduced. Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of the Company's interest in its Projects.

(c) Development risks

Future development of a mining operation at any of the Company's projects, is dependent on a number of factors including, but not limited to, favourable geological conditions, receiving and retaining the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding, and contracting risk from third parties providing essential services.

The Company's operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents.

No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

(d) Operational and technical risks

Future operations of the Company may be affected by various factors, including failure to achieve predicted grades and/or resources in exploration and mining, operational and technical difficulty encountered in mining and extraction, difficulties in re-commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical or recovery problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables spare parts, plant and equipment.

(e) Commodity price volatility

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company including the international supply and demand for commodities, the quality of the minerals produced, actions taken by governments, forward selling activities and other macro-economic factors.

Any substantial decline in lithium prices could have a material adverse effect on the Company.

(f) Environmental risk

The Company's projects are subject to rules and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

(g) **Competition**

The Company competes with other companies, including major mining companies in Australia and internationally. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

4.3 **General Risks**

(a) **Market conditions and other economic risks**

General economic conditions, movements in interest and inflation rates, commodity prices and currency exchange rates may have an adverse effect on the Company's operations and any future development activities, as well as on its ability to fund those activities.

The price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(b) **Changes in government policies and legislation**

Any material adverse changes in government policies or legislation of Australia or any other country that the Company may acquire economic interests in may affect the viability and profitability of the Company.

(c) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(d) **Insurance**

The Company will, where possible and economically practicable, endeavour to mitigate some project and business risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover.

4.4 **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

5. Material contracts

By an agreement between Taylor Collison Limited (**Taylor Collison**), Bridge Street Capital Partners Pty Ltd (**Bridge Street Capital**) (together, the **Underwriters**) and the Company dated 18 February 2019 (**Underwriting Agreement**), the Underwriters agreed to manage and partially underwrite the Entitlement Offer (**Underwritten Shares**), severally (not jointly), as follows:

Taylor Collison	91,050,250	1,821,005
Bridge Street Capital	91,050,250	1,821,005
Total	182,100,500	3,642,010

Pursuant to the Underwriting Agreement, the Company has agreed to pay or issue the Underwriters with the following on completion of the Entitlement Offer:

- (a) (**Underwriting fee**): an underwriting fee of 4.0% plus GST of the Underwritten Amount; and
- (b) (**Management fee**): a management fee of 2.0% plus GST of the Underwritten Amount.

In addition to the above fees, the Company is required to pay and indemnify the Underwriters against all reasonable costs and expenses of and incidental to the Entitlement Offer, including in the event that the Underwriting Agreement is terminated by the Underwriters for cause or is otherwise terminated by the Company.

The Company has also agreed to issue the Underwriters an aggregate of 15,000,000 Options exercisable at \$0.035 each on or before the date that is 3 years after the date of issue, as partial consideration for the services provided in connection with the Placement and the Offer.

As is normal for agreements of this nature, the Underwriters (acting severally and for their own respective interests) may terminate their obligations under the Underwriting Agreement if certain events occur before completion of the Entitlement Offer (**Unqualified Termination Events**). In respect of the occurrence of certain other events, the Underwriters' ability to terminate is limited to circumstances in which the Underwriters are of the reasonable opinion reached in good faith that the event has had or could be expected to have a material adverse effect on the outcome of the Entitlement Offer or the event can be expected to give rise to a liability for the Underwriters under the Corporations Act or otherwise (**Qualified Termination Events**).

The Unqualified Termination Events include:

- (a) (Offer Withdrawn): the Offer is withdrawn by the Company; or
- (b) (Corrective Disclosure):

- (i) the Underwriters, having elected not to exercise their right to terminate their obligations under the Underwriting Agreement as a result of an event which gives rise (or is reasonably likely to give rise to) a material adverse effect or any adverse change, form the view on reasonable grounds that a corrective document should be lodged with ASX to comply with the Corporations Act and the Company fails to lodge a corrective document in such form and content and within such time as the Underwriters may reasonably require; or
 - (ii) the Company lodges a corrective document without the prior written agreement of the Underwriters (which agreement the Underwriters may not unreasonably withhold);
- (c) (Restriction on allotment): the Company is prevented from allotting the Underwritten Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority;
 - (d) (ASIC application): an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Offer, provided that the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn; or
 - (e) (Takeovers Panel): the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel and is not withdrawn or disposed of by the Shortfall Notice Deadline Date, either of which in the Underwriters' reasonable opinion has a material adverse effect.

The Qualified Termination Events include:

- (a) (Misleading Documents): it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (b) (Indictable offence): a director or senior manager of the Company is charged with an indictable offence;
- (c) (Default): default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking and the default or breach is either incapable of remedy or is not remedied within 5 Business Days after the Underwriters notify the Company of the default or breach occurs or by the Shortfall Notice Deadline Date, whichever is earlier;
- (d) (Incorrect or untrue representation): any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;

- (e) (Contravention of constitution or Act): a material contravention by the Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (f) (Adverse change): an event occurs (or is reasonably likely to occur) which gives rise to (or is reasonably likely to give rise to) a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, losses, prospects, business or operations of the Company;
- (g) (Misleading information): any information supplied at any time by the Company or any person on its behalf to the Underwriters in respect of any aspect of the Offer or the issue or the affairs of the Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (h) (Change in Act or policy): there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (i) (Prescribed Occurrence): a Prescribed Occurrence occurs;
- (j) (Suspension of debt payments): the Company suspends payment of its debts generally;
- (k) (Event of Insolvency): an Event of Insolvency occurs in respect of the Company;
- (l) (Judgment against the Company): a judgment in an amount exceeding \$200,000 is obtained against the Company and is not set aside or satisfied within seven days;
- (m) (Litigation): litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against the Company;
- (n) (Board and senior management composition): there is a change in the composition of the Board or a change in the senior management of the Company before the issue of the Underwritten Shares without the prior written consent of the Underwriters (such consent not to be unreasonably delayed or withheld);
- (o) (Change in shareholdings): a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company;
- (p) (Timetable): there is a delay in any specified date in the Timetable which is greater than 7 Business Days, without the prior written consent of the Underwriters (such consent not to be unreasonably delayed or withheld);

- (q) (Force Majeure): a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of seven days occurs;
- (r) (Certain resolutions passed): the Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriters;
- (s) (Capital Structure): the Company alters its capital structure in any manner not contemplated by the Prospectus or permitted by the Underwriting Agreement;
- (t) (Market Movement): the S&P/ASX Small Ordinaries index or S&P/ASX Small Ordinaries Resources index fall by more than 10% after the date of execution of the Underwriting Agreement;
- (u) (Commodity Movement): the "Benchmark Mineral Intelligence Lithium Price Index" falls by more than 10% after the date of execution of the Underwriting Agreement;
- (v) (Hostilities) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom any member state of the European Union, Indonesia, Japan, Russia, North Korea, South Korea or the Peoples Republic of China, or a terrorist act is perpetrated on any of those countries or any diplomatic or political establishment of any of those countries elsewhere in the world, or a national emergency is declared by any of those countries; or
- (w) (Section 713(6)): no determination pursuant to section 713(6) of the Corporations Act has been made by ASIC in relation to the Company.

The Underwriting Agreement contains various representations and warranties made by the Underwriters and the Company, which are customary in such agreements. The Company is not liable for any inaccuracy or breach of the warranties or representations if the inaccuracy or breach is, or the facts giving rise to the inaccuracy or breach were made known to the Underwriters in writing.

The Company has agreed to indemnify the Underwriters and their officers, employees, agents and advisers jointly and severally and hold them harmless from and against all prosecutions, losses, penalties, actions, suits, claims, expenses, costs (including legal costs and disbursements on a full indemnity basis), liabilities, charges, outgoings, payments, demands and proceedings suffered, incurred, paid or liable to be paid directly or indirectly in connection with the Entitlement Offer or the Underwriting Agreement. This is limited to losses other than losses caused from the wilful default, fraud, negligence or breach of contract of the Underwriters or an indemnified party.

6. Additional information

6.1 Rights and liabilities attaching to Shares

A summary of the rights attaching to Shares in the Company is below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) General meeting and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at a general meeting of the Company every holder of fully paid Shares present in person or by an attorney, representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per Share on a poll.

A person who holds a Share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the Share.

(c) Issues of further Shares

The Directors may, on behalf of the Company, issue, grant Options over or otherwise dispose of unissued Shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, the Listing Rules, the Corporations Act and any rights for the time being attached to the Shares in any special class of those Shares.

(d) Variation of rights

At present, the Company has on issue one class of Shares only, namely ordinary Shares. Unless otherwise provided by the Constitution or by the terms of issue of a class of Shares, the rights attached to the Shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued Shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued Shares of the affected class.

(e) Transfer of Shares

Subject to the Constitution, the Corporations Act and the Listing Rules, ordinary Shares are freely transferable.

(f) Dividends

Subject to the Corporations Act, the Listing Rules and the rights attaching to Shares issued on special conditions (at present there are none), the Directors may from time to time declare that a dividend is payable to the holders of ordinary Shares in proportion to the number of Shares held by them respectively and are paid proportionately to the amounts paid or credited as paid on Shares.

(g) Winding up

Subject to the Constitution, the Corporations Act and the rights of holders of Shares with special rights in a winding-up (at present there are none), on a winding-up of the Company, the liquidator may, with the sanction of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company and may for that purpose set the value the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between members or different classes of members.

(h) Dividend reinvestment and share plans

The Directors may grant to Shareholders or any class of Shareholders the right to elect that dividends payable by the Company be reinvested, including by way of subscription for fully paid Shares in the Company or by foregoing any dividends that may be payable on all or some of the Shares held by that member and to receive instead some other entitlement, including the issue of Shares.

(i) Directors

The Constitution states that the minimum number of Directors is three.

(j) Powers of the Board

Except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Constitution, the Directors have power to manage the business of the Company and may exercise all powers of the Company as are not required by the Corporations Act, Listing Rules or Constitution, required to be exercised by the Company at general meeting.

(k) Unmarketable parcels

The Constitution permits the Company to sell the Shares held by a Shareholder if they comprise less than a marketable parcel within the meaning of the Listing Rules.

If a Shareholder does not want its Shares sold, that Shareholder may notify the Company accordingly.

(l) Capitalisation of profits

The Company may capitalise profits, reserves or other amounts available for distribution to members. Subject to the Constitution and the terms of issue of Shares, members are entitled to participate in a capital distribution in proportion to the number of Shares held by them.

(m) Preference Shares

The Company may issue preference Shares including preference Shares that are liable to be redeemed. The rights attaching to preference Shares include, without limitation, those in the Constitution.

6.2 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report. Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 6.3 below). Copies of all documents announced to the ASX can be found at www.litresources.com.au/announcements.

6.3 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Entitlement Offer a copy of:

- (a) the financial statements of the Company for the financial year ended 30 June 2018, being the last financial statements for a financial year of the Company lodged with ASIC before the issue of this Prospectus;
- (b) the half year report of the Company for the half year ended 31 December 2017, being the half year financial report of the Company lodged with ASIC after lodgement of the financial statements referred to in paragraph (a) above and before the issue of this Prospectus; and
- (c) the following notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the financial statements referred to in paragraph (a) above until the date of this Prospectus:

Date of Announcement	Headline of Announcement
14/02/2019	Landmark \$7.9m capital raising to fund WA lithium projects
13/02/2019	Amended Change of Director's Interest Notice – T Goyder
12/02/2019	Trading Halt
12/02/2019	Further high grade assays from Kathleen Valley
4/02/2019	Investor Presentation February 2019
4/02/2019	High-grade lithium in met drilling at Kathleen Valley
30/01/2019	Quarterly Activities and Cashflow Report
29/01/2019	Kathleen Valley Scoping Study Presentation - January 2019
29/01/2019	16,000m resource expansion drilling program commences
29/01/2019	Scoping Study confirms potential for a new WA lithium mine
10/01/2019	Initial Director's Interest Notice - S Chadwick
10/01/2019	Director Appointment
20/12/2018	Appendix 3B - Unlisted Options
12/12/2018	LTR maintains momentum at its hard-rock lithium projects WA
3/12/2018	Change of Director's Interest Notice - A Cipriano
3/12/2018	Change of Director's Interest Notice - C Williams
3/12/2018	Change of Director's Interest Notice - D Richards
3/12/2018	Change of Director's Interest Notice - T Goyder
27/11/2018	Appendix 3B - Unlisted Options
27/11/2018	Results of the 2018 AGM
27/11/2018	2018 AGM Presentation
27/11/2018	Chairman's Address to Shareholders
22/11/2018	Investor Presentation November 2018

Date of Announcement	Headline of Announcement
21/11/2018	Section 708A Notice
20/11/2018	Latest assays confirm mineralisation over 1.3km at Buldania
19/11/2018	Appendix 3B - Issue of Shares
13/11/2018	Liontown expands prospective lithium footprint at Buldania
12/11/2018	Amended - Metallurgy results from Kathleen Valley
12/11/2018	Highly encouraging metallurgy results from Kathleen Valley
1/11/2018	Lithium mineralisation extended at Buldania
31/10/2018	Appendix 4G and Corporate Governance Statement
29/10/2018	Notice of Annual General Meeting/Proxy Form
24/10/2018	Section 708A Notice
24/10/2018	Appendix 3B - Issue of Shares
24/10/2018	Quarterly Activities and Cashflow Report
23/10/2018	Investor Presentation October 2018
22/10/2018	Annual Report to shareholders
04/10/2018	Proposed Issue of Directors Options
19/09/2018	Full Year Statutory Accounts

The following documents are available for inspection throughout the period of the Entitlement Offer during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 6.10 and the consents provided by the Directors to the issue of this Prospectus.

6.4 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

6.5 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Shares under this Prospectus.

6.6 Interests of Directors

(a) Information disclosed in this Prospectus

Other than as set out in this Prospectus, no Director holds or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (i) the formation or promotion of the Company;
- (ii) any property acquired or proposed to be acquired by the Company in connection with:
 - (A) its formation or promotion; or
 - (B) the Offer; or
- (iii) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director:

- (iv) as an inducement to become, or to qualify as, a Director; or
- (v) for services provided in connection with:
 - (A) the formation or promotion of the Company; or
 - (B) the Offer.

(b) Security holdings

The relevant interests of each of the Directors in Securities as at the date of this Prospectus is set out below.

Director	Shares	Options		
		Number	Exercise price	Expiry date
Mr Timothy Goyder	226,184,982	2,000,000	\$0.035	31 March 2021
		4,000,000	\$0.020	31 October 2022
		4,000,000	\$0.035	28 November 2023
Mr Anthony Cipriano	6,370,479	1,000,000	\$0.035	31 March 2021
		2,000,000	\$0.020	31 October 2022
		2,500,000	\$0.035	28 November 2023

Director	Shares	Options		
		Number	Exercise price	Expiry date
Mr Craig Williams	14,663,122	1,000,000	\$0.035	31 March 2021
		2,000,000	\$0.020	31 October 2022
		2,500,000	\$0.035	28 November 2023
Mr David Richards	3,431,500	2,000,000	\$0.035	31 March 2021
		8,000,000	\$0.020	31 October 2022
		5,000,000	\$0.035	28 November 2023
Mr Steven Chadwick	639,162	-	-	-

Notes:

1. As previously announced, the Company has agreed to issue Mr Chadwick with 3,500,000 Options exercisable at \$0.035 each on or before 28 November 2023, subject to the receipt of Shareholder approval. It is intended to seek the Shareholder approval at the next general meeting of Shareholders.
2. The Directors or their associates have also agreed to subscribe for an additional 17,500,000 Shares on the same terms as the Placement, subject to the receipt of Shareholder approval. On the assumption that the requisite Shareholder approval is provided and the additional subscriptions are completed, the Directors will have relevant interests in the following additional Shares;
 - (a) Mr Timonthy Goyder: 10,000,000 Shares;
 - (b) Mr Anthony Cipriano: 1,500,000 Shares;
 - (c) Mr Craig Williams: 2,500,000 Shares;
 - (d) Mr David Richards: 1,000,000 Shares; and
 - (e) Mr Steven Chadwick: 2,500,000 Shares.

It is the intention of the Directors to take up all of their respective Entitlements under the Entitlement Offer.

(c) Remuneration

The Constitution provides that the non-executive Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by the Shareholders in general meetings, to be divided among the Directors as the Directors shall determine, and in default of agreement then in equal shares. The aggregate amount last fixed by ordinary resolution is \$500,000.

A Director may also be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The remuneration of executive Directors is to be fixed by the Board. The Company's only current executive Director is Mr David Richards, the Managing Director. Mr Richards' annual salary is currently fixed at \$300,000 including superannuation.

Directors received the following remuneration for the previous two financial years:

2018	Short-term benefits		Post-employment benefits	Share-based payments	Total
	Salary & fees	Other fees ¹	Superannuation	Options ²	
	\$	\$	\$	\$	
T R Goyder ^{3,4}	32,110	3,201	3,050	88,381	126,742
D R Richards	204,338	9,291	19,412	176,762	409,803
C R Williams	34,610	3,201	3,288	44,190	85,289
A J Cipriano	34,610	3,201	3,288	44,190	85,289

2017	Short-term benefits		Post-employment benefits	Share-based payments	2018
	Salary & fees	Other fees ¹	Superannuation	Options ²	Total
	\$	\$	\$	\$	\$
T R Goyder ^{3,4}	-	2,599	-	-	2,599
D R Richards	200,913	7,608	19,087	-	227,608
C R Williams	32,110	2,599	3,050	-	37,759
A J Cipriano	32,110	2,599	3,050	-	37,759

Notes:

1. Other fees, where applicable, includes the cost to the Company of providing fringe benefits and the attributable non-cash benefit applied by virtue of the Company's Directors and Officers Liability policy.
2. The fair value of the Options is calculated using a Black-Scholes valuation model and allocated to each reporting period starting from grant date to vesting date.
3. Mr Goyder suspended his Directors' fees from 1 January 2015 to 30 June 2017 to assist in conserving the Company's cash reserves. From 1 July 2017 Mr Goyder received a non-executive director's fee of \$35,160 per annum (inclusive of superannuation) and from 1 August 2018 Mr Goyder's non-executive director's fee increased to \$151,500 per annum (inclusive of superannuation). The increase reflects the increase in time by Mr Goyder as Chairman of the Company to assist the Managing Director over the next 12 months.
4. Mr Goyder did not receive any salary and wages for the 2018 and 2017 financial year.

6.7 Related party transactions

There are no related party transactions involved in the Entitlement Offer.

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

6.8 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Shares offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Shares offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Shares offered under this Prospectus.

6.9 Expenses of Offer

The estimated expenses of the Offer are as follows (excluding GST):

Item	Amount (\$)
ASIC fees	3,206
ASX quotation fee	13,512
Legal and preparation expenses	34,000
Printing, mailing and other expenses	8,712
Underwriter fees and costs	150,680
Underwriter management fees	72,840
Total	282,950

6.10 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Shares under this Prospectus), the Directors, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Taylor Collison Limited has given its written consent to being named as an Underwriter in this Prospectus. Taylor Collison Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC

Bridge Street Capital Partners Pty Ltd has given its written consent to being named as an Underwriter in this Prospectus. Bridge Street Capital Partners Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Bellanhouse has given its written consent to being named as the Australian corporate solicitors to the Company in this Prospectus. Bellanhouse has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Computershare Investor Services Pty Limited has given its written consent to being named as the share registry to the Company in this Prospectus. Computershare Investor Services Pty Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

7. Directors' Statement and Consent

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:



Tim Goyder
Chairman

Dated: 18 February 2019

8. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian dollars.

Acceptance means a valid acceptance of Shares made pursuant to this Prospectus on a Form.

Applicant means a person who submits an Application Form.

Application means a valid application for Shares made on an Application Form.

Application Form means the application form provided by the Company with a copy of this Prospectus.

Application Monies means application monies for Shares received by the Company.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 and where the context permits the Australian Shares Exchange operated by ASX Limited.

Board means the Directors meeting as a board.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CHES means ASX Clearing House Electronic Subregistry System.

Closing Date has the meaning given to it in Section 1.4.

Company means Lontown Resources Limited (ACN 118 153 825).

Constitution means the constitution of the Company as at the date of this Prospectus.

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

Directors mean the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a person registered as the holder of Shares on the Record Date whose registered address is in Australia or New Zealand.

Event of Insolvency means:

- (a) a receiver, manager, receiver and manager, trustee, administrator, controller or similar officer is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a corporation;
- (c) any application (not being an application withdrawn or dismissed within seven days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:

- (i) appointing a person referred to in paragraphs (a) or (b);
 - (ii) winding up a corporation; or
 - (iii) proposing or implementing a scheme of arrangement;
- (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any Insolvency Provision;
- (e) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors, or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within seven days;
- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable law to be, insolvent within the meaning of the Corporations Act; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person.

Entitlement means the number of new Shares for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, being one new Share for every existing five Shares held on the Record Date.

Entitlement Offer means the offer under this Prospectus of up to approximately 226,797,492 new Shares to Eligible Shareholders in the proportion of one new Share for every five Shares held on the Record Date.

Force Majeure means any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the reasonable control of the parties.

Ineligible Foreign Shareholder means a person registered as the holder of Shares on the Record Date whose registered address is not in Australia or New Zealand.

Issuer Sponsored means Shares issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHES.

Listing Rules means the listing rules of ASX.

Material Adverse Effect means:

- (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the Underwritten Shares (including, without limitation, a material adverse effect on a decision of an investor to invest in Underwritten Shares); or

- (b) a material adverse effect on the condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries taken as a whole.

Offer means an offer under this Prospectus to subscribe for Shares.

Option means the right to acquire one Share in the capital of the Company, subject to the terms and conditions attaching to that Option.

Performance Right means the right to acquire one Share in the capital of the Company, subject to the terms and conditions attaching to that Performance Right, including (without limitation) the satisfaction of performance conditions.

Placement means the proposed issue of the Placement Shares at an issue price of \$0.02 per Share to raise up to \$3,000,000 (before costs), as announced by the Company on 14 February 2019.

Placement Shares means 150,000,000 Shares.

Prescribed Occurrence means:

- (a) the Company converting all or any of its shares into a larger or smaller number of shares;
- (b) the Company resolving to reduce its share capital in any way;
- (c) the Company:
 - (i) entering into a buy back agreement; or
 - (ii) resolving to approve the terms of a buy back agreement under section 257D or 257E of the Corporations Act;
- (d) the Company making an issue of, or granting an option to subscribe for, any of its shares or any other securities, or agreeing to make such an issue or grant such an option, other than:
 - (i) the issue of securities in accordance with the Offer;
 - (ii) the issue of the Placement Shares under the Placement;
 - (iii) any securities issued or granted pursuant to any incentive plan or scheme for the issue of securities to employees or officers of the Company;
 - (iv) any securities issued as a result of a pro rata offering to existing Shareholders of the Company;
 - (v) any securities issued on conversion of convertible securities that are on issue at the date of this Agreement; and
 - (vi) any securities issued with the prior written consent of the Underwriters (such consent not to be unreasonably delayed or withheld);
- (e) the Company issuing, or agreeing to issue, convertible notes;

- (f) the Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) the Company charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) the Company resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator of the Company;
- (j) the making of an order by a court for the winding up of the Company;
- (k) an administrator of the Company, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) the Company executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of the Company.

Prospectus means this prospectus dated 18 February 2019.

Record Date means 5:00pm (WST) on the date identified in the proposed timetable.

Remaining Shortfall Shares has the meaning given in Section 1.2(c).

Section means a section of this Prospectus.

Securities mean any securities including Shares, Options or Performance Rights issued or granted by the Company.

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

Shareholder means a holder of Shares.

Shortfall Notice Deadline Date means within 5 Business Days after the Closing Date, or any other date agreed in writing between the Underwriters and the Company as the date by which the Company must give the Underwriters written notice of the number of Remaining Shortfall Shares and a certificate.

Shortfall Offer means the offer of Shortfall Shares under this Prospectus.

Shortfall Shares means Entitlements not subscribed for under the Entitlement Offer.

Timetable means the proposed timetable set out in this Prospectus.

Underwriters means Taylor Collison Limited and Bridge Street Capital Partners Pty Ltd.

Underwritten Amount means \$3,642,010.

Underwritten Shares means 182,100,500 Shares pursuant to the Offer.

VWAP means volume weighted average price.

WST means Western Standard Time.