

7 May 2020

The Manager  
 Companies Announcement Centre  
 Australian Securities Exchange (**ASX**)  
 20 Bridge Street  
 SYDNEY NSW 2000

Dear Sir/Madam,

**Proposed Issue of Unlisted Service Rights pursuant to ESIP**

Liontown Resources Limited (ASX: LTR) (**Company** or **Liontown**) advises that, as part of the measures announced on 30<sup>th</sup> March 2020 to conserve cash spending, the Board has resolved to issue a type of unlisted performance right (**Service Rights**) to directors and employees of the Company on a quarterly basis as part of salary sacrificing arrangements under the terms and conditions of the Liontown Employee Securities Incentive Plan (**ESIP**).

The Service Rights are subject to service conditions and are to be issued at the beginning of each quarter. The number to be granted each quarter is based on the 20-day volume weighted average price (**VWAP**) prior to the start of each respective quarter. The first set of rights will be effective 1 April 2020 and will be issued quarterly thereafter at the Company's discretion, for the foreseeable future.

The Non-Executive directors of the Company have agreed to accept Service Rights in lieu of all fees they receive from the Company effective from 1 April 2020. The Managing Director (David Richards) and COO (Adam Smits) have also agreed to accept Service Rights in lieu of 45% and 40% respectively of the cash component of their remuneration.

The issue of Service Rights to Directors is subject to shareholder approval at a Shareholders General Meeting to be held in the coming months. A summary of the principal terms of the proposed issue is set out below and further details will be available in the relevant Notice of Meeting.

<b>Number of Service Rights proposed or to be issued</b>	Number of rights is based on the value of remuneration sacrificed and the 20-day VWAP immediately prior to the start of the relevant quarter.
<b>Number of Quarterly Grants</b>	Quarterly grants commencing 1 April 2020 for as long as the Company considers necessary, expected to be 12 months. Each quarterly grant is at the Company's discretion and can be settled in cash if the Company elects not to proceed with a grant for any specific quarter.
<b>Date of Grant</b>	Quarterly, at the beginning of each relevant quarter. The first quarter commencing 1 April 2020.
<b>Terms of issue</b>	The Service Rights will be issued under the terms and conditions of the Company's Employee Securities Incentive Plan and are subject to service conditions.
<b>Exercise price</b>	Nil
<b>Vesting</b>	At end of each relevant quarter for rights issued at start of that quarter.
<b>Expiry date</b>	2 years from end of each relevant quarter



A summary of the principal terms of the first quarter issue is set out below:

	Directors (subject to shareholder approval)	Employees
<b>Number proposed or to be issued</b>	1,251,329	510,093
<b>Terms of issue</b>	The Service Rights will be issued under the terms and conditions of the Company's Employee Securities Incentive Plan and are subject to service conditions.	
<b>20-day VWAP for rights calculation</b>	8.05 cents (20-day VWAP ending 31 March 2020)	
<b>Exercise Price</b>	Nil	
<b>Vesting</b>	30 June 2020	
<b>Expiry date</b>	30 June 2022	

This announcement has been authorised for release by the Board.

Yours faithfully,

Craig Hasson  
Company Secretary

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For More Information:

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