LIONTOWN RESOURCES LIMITED

ABN: 39 118 153 825

FINANCIAL REPORT

YEAR ENDED 30 JUNE 2021

Contents

Corporate Directory

Directors

Timothy Rupert Barr Goyder .... Chairman
Antonino Ottaviano (appointed 5 May 2021) .... Managing Director
David Ross Richards .... Technical Director
Craig Russell Williams .... Non-Executive Director
Anthony James Cipriano.. Non-Executive Director
Steven John Micheil Chadwick .... Non-Executive Director

Company Secretary

Clint McGhie (Appointed 5 May 2021)

Principal Place of Business & Registered Office

Level 2, 1292 Hay Street, West Perth, Western Australia 6005
Tel: (+61 8) 6186 4600
Web: www.ltresources.com.au
Email: info@ltresources.com.au

Auditors

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street, Perth, Western Australia 6000

Share Registry

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace, Perth, Western Australia 6000
Tel: 1300 557 010

Home Exchange

Australian Securities Exchange Limited
Level 40, Central Park, 152- 158 St Georges Terrace, Perth, Western Australia 6000

ASX Codes

Share Code: LTR

DIRECTORS' REPORT

The Directors present their report together with the financial statements of the Group consisting of Liontown Resources Limited ('Liontown Resources' or 'the Company') and its controlled entities for the financial year ended 30 June 2021 and the independent auditor's report thereon.

1. DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr Tim R B Goyder **Non-Executive Chairman**	
Experience:	Mr Goyder is an experienced mining executive with over 40 years' experience in the resource industry. He has been involved in the formation and management of a number of publicly listed companies and is currently Non-Executive Chairman of Chalice Mining Limited and the Chairman of DevEx Resources Limited. Mr Goyder was appointed as Non-Executive Chairman on 2 February 2006.
Interests in shares, options and service rights at the date of this report:	328,515,585 ordinary shares
Special responsibilities:	Member of the Remuneration Committee.
Directorships held in other listed entities in the last three years:	Mr Goyder is currently Non-Executive Chairman of Chalice Mining Limited (formerly Chalice Gold Mines Limited), Non-Executive Chairman of DevEx Resources Limited and was previously a Non-Executive Director of Strike Energy Limited (resigned 31 December 2018).

Mr Antonino Ottaviano (Appointed 5 May 2021) **Managing Director**	
Qualifications:	BEng (Mechanical), MBA
Experience:	Mr Ottaviano is a global mining executive, with over 30 years leading operations across Australia, the Americas, Asia, Europe and Africa. Prior to joining Liontown, he held senior executive roles with two of the world's largest mining companies, BHP and Rio Tinto, establishing a successful track record in Operations, M&A, project delivery and business transformation programs, most recently as Group Performance and Improvement Officer with BHP Limited.
Interests in shares, options and service rights at the date of this report:	Nil ordinary shares 1,624,692 ordinary shares 5,000,000 unlisted options 2,500,000 unlisted Sign-on performance rights 393,866 unlisted STI performance rights 1,181,600 unlisted LTI performance rights
Special responsibilities:	None
Directorships held in other listed entities in the last three years:	None

Mr David R Richards **Technical Director**	
Qualifications:	BSc (Hons), MAIG
Experience:	Mr Richards has over 40 years' experience in mineral exploration in Australia, Southeast Asia and western USA. His career includes exploration and resource definition for a variety of gold and base metal deposit styles,

	and he led the team that discovered the multi-million ounce, high grade Vera-Nancy gold deposits in North Queensland. He has held senior positions with Battle Mountain Australia Inc, Delta Gold Limited, AurionGold Limited and was Managing Director of ASX-listed Glengarry Resources Limited from 2003 - 2009. Mr Richards was appointed as Managing Director on 1 May 2010. On 5 May 2021, he transitioned from Managing Director and to Technical Director.
Interests in shares, options and service rights at the date of this report:	22,661,067 ordinary shares
Special responsibilities:	None
Directorships held in other listed entities in the last three years:	Mr Richards is a Non-Executive Director of Woomera Mining Limited

Mr Anthony J Cipriano **Independent Non-Executive Director**	
Qualifications:	B.Bus, CA, GAICD
Experience:	Mr Cipriano is a Chartered Accountant with over 30 years' accounting, corporate and finance experience. Mr Cipriano was formerly a senior partner at Deloitte and at the time of his retirement he was the Deloitte National Tax Leader for Energy & Resources and leader of its Western Australian Tax Practice. Mr Cipriano has significant experience working in the resource sector, and in particular dealing with corporate, legal and financial matters. Mr Cipriano was appointed as a Non-Executive Director on 1 July 2014.
Interests in shares, options and service rights at the date of this report:	18,531,343 ordinary shares 1,000,000 unlisted options
Special responsibilities:	Chairman of the Audit Committee, Chairman of the Remuneration Committee.
Directorships held in other listed entities in the last three years:	None

Mr Russell C (Craig) Williams **Independent Non-Executive Director**	
Qualifications:	BSc (Hons)
Experience:	Mr Williams is a Geologist with over 40 years' experience in mineral exploration and development. Mr Williams co-founded Equinox Minerals Limited in 1993 and was President, Chief Executive Officer and Director prior to Barrick Gold's takeover of Equinox. He has been directly involved in several significant discoveries, including the Ernest Henry Deposit in Queensland and a series of gold deposits in Western Australia. In addition to his technical capabilities, Mr Williams also has extensive corporate management and financing experience. Mr Williams was appointed as a Non-Executive Director on 14 November 2006.
Interests in shares, options and service rights at the date of this report:	29,767,343 ordinary shares 1,000,000 unlisted options
Special responsibilities:	Member of the Audit Committee, Member of the Remuneration Committee.
Directorships held in other listed entities in the last three years:	Mr Williams is currently Chairman of OreCorp Limited.

Mr Steven J M Chadwick **Independent Non-Executive Director**	
Qualifications:	BAppSc, AusIMM
Experience:	Mr Chadwick has over 40 years' experience in the mining industry, incorporating technical, operating and management roles, as well as a strong metallurgical background. He was a founding Director of BC Iron

	Limited and a former Managing Director of Coventry Resources, PacMin Mining Limited and Northern Gold Limited, prior to their corporate acquisitions. Mr Chadwick was also a Director of and consulted to major Canadian miner Teck Resources' Australian subsidiary for ten years. Mr Chadwick was appointed as a Non-Executive Director on 10 January 2019.
Interests in shares, options and service rights at the date of this report:	10,047,636 ordinary shares
Special responsibilities:	None
Directorships held in other listed entities in the last three years:	Mr Chadwick is a Non-Executive Director of Lycopodium Limited and was previously an Executive Director of Quantum Graphite Limited (resigned 30 November 2020).

2. COMPANY SECRETARY

The names and details of the Company Secretary in office during the financial year and until the date of this report are as follows:

Mr Clinton W McGhie (appointed 5 May 2021)	
Qualifications:	B.Com, CA, AGIA
Experience:	Mr McGhie is an experienced Chartered Accountant and Company Secretary who commenced his career at a large international accounting firm and has since been involved with a number of ASX and AIM listed exploration and development companies operating in the resources sector, including Salt Lake Potash Limited, Berkeley Energia Limited and Sovereign Metals Limited. Mr McGhie is a Fellow of the Governance Institute of Australia (Chartered Secretary), and a Fellow of the Financial Services Institute of Australasia.

Mr C E Hasson resigned as Company Secretary on 6 May 2021.

3. DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Directors' Meetings	Audit Committee	Risk Committee[1]	Remuneration Committee	Nomination Committee[1]
No. of meetings held:	**9**	**2**	**-**	**3**	**-**
No. of meetings attended:					
T R B Goyder	9	-	-	3	-
T Ottaviano [2]	1	-	-	-	-
D R Richards	9	-	-	-	-
C R Williams	9	2	-	3	-
A J Cipriano	9	2	-	3	-
S J M Chadwick	9	-	-	-	-

[1] Given the current size and composition of the Board, the Company has not established a separate risk or nomination committee. The role of these committees are performed by the full Board and any matters to be dealt with by these committees are included in board meetings.
[2] Appointed as Managing Director on 5 May 2021 and was only eligible to attend one meeting.

4. PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the financial year were mineral exploration and evaluation.

5. REVIEW OF OPERATIONS

The Directors present the Operating and Financial Review of the Group for the year ended 30 June 2021. The information provided in this review forms part of the Director's Report and provides information to assist users in assessing the operations, financial position and business strategies of the Group.

OPERATING PERFORMANCE

Kathleen Valley Lithium & Tantalum Project:

An Updated Pre-Feasibility Study (PFS), which builds on the previous study completed in December 2019, confirmed the technical and financial viability of a standalone 2Mtpa mining and processing operation.

A Downstream Scoping Study (DSS) leveraging off the PFS demonstrated the significant financial upside of an integrated mining, processing and refining operation based on the production of lithium hydroxide (LHM) or lithium sulphate (LSM) using SC6.0 from Kathleen Valley as feedstock.

Following the positive results from the PFS, Liontown commenced a Definitive Feasibility Study (DFS) focussed on SC6.0 production which is due for completion in Q4 2021. As part of the DFS, the Company investigated, and continues to investigate, a number of opportunities to enhance the financial metrics of the Project including Downstream Testwork and optimising mine scheduling and processing.

Buldania Lithium Project

Soil sampling undertaken during the year defined extensive, high-order anomalism for lithium and related metals adjacent to the existing Anna lithium deposit, highlighting a pipeline of exploration and growth opportunities in the area. Subsequent to year end a drilling program commenced designed to test the future resource potential of the broader area.

Moora and Koojan JV Gold-PGE*- Nickel-Copper Projects

The Moora Project and Koojan JV Projects, which are in the Julimar Region of southwest W.A., will form the cornerstone of Minerals 260 Limited – a new gold-PGE*-nickel-copper focused exploration company, proposed to be demerged from Liontown (Liontown shareholder approval obtained on 22 September 2021) and then as part on an Initial Public Offering (IPO) scheduled to be listed on the ASX in Q4 2021.

Maiden drilling at the Moora Project intersected gold plus a number of other significant intersections confirming potential for an economic discovery.

Initial geochemical sampling on previously unexplored Koojan JV Project defined multiple high order gold and/or PGE anomalies.

*PGE: Platinum Group Elements - palladium and platinum

Corporate

In May 2021 Senior mining executive Antonino Ottaviano commenced as Chief Executive Officer and Managing Director.

During the year, Liontown successfully raised $12.5 million via a placement of 54,347,826 fully ordinary shares at an issue price of $0.23 per share. In addition, subsequent to year end, $52 million was raised via a placement of 68,420,000 fully ordinary shares at an issue price of $0.76 per share. The proceeds have been and will continue to be used to advance activities at Liontown's projects.

In July 2020 Liontown received A$1.5 million (receivable at 30 June 2020), for the sale of the Bynoe Lithium Project in the Northern Territory (see LTR: ASX release 14th September 2017).

During the year, Liontown received 40,000,000 ordinary Shares in Lachlan Star Resources (LSA) along with a 1% net smelter return (NSR) for all minerals produced by LSA for the sale of the Killaloe Gold Project in Western Australia (see LSA: ASX release 9 April 2021 and LTR: ASX release 27 January 2021).

RESPONSE TO COVID

Due to the impact of COVID-19, Liontown continued to assess its strategic objectives and funding position to ensure that it can continue to maintain the development momentum at Kathleen Valley and other projects.

In line with its commitments to safeguard the health and well-being of its employees and contractors, Liontown introduced company-wide protocols consistent with the ongoing advice from the Government and health authorities. Liontown continues to monitor the advice to ensure its protocols remain relevant.

FINANCIAL PERFORMANCE

The Group reported a net loss from continuing operations of $10.6 million for the year compared to the net loss of $12.8 million in 2020. Exploration and evaluation expenditure decreased by $4.1 million.

STATEMENT OF CASHFLOWS

Cash and cash equivalents as at 30 June 2021 were $12.5 million (2020: $5.3 million). The net increase in cash of $7.2 million is primarily due to proceeds of $12.5 million received from a placement of 54,347,826 fully ordinary shares, combined with a decrease in exploration and evaluation expenditure payments and final receipt of $1.5m from the sale of the Bynoe Lithium Project.

FINANCIAL POSITION

At balance date the group had net assets of $13.5 million (2020: net assets of $6.5 million), and an excess of current assets over current liabilities of $11.0 million (2020: excess of current assets over current liabilities of $6.3 million).

Current assets increased by 83% from $7.0 million as at 30 June 2020 to $12.8 million at 30 June 2021 due to an increase in cash from proceeds of capital raisings offset by a decrease in receivables largely due to the $1.5 million now received from Core Lithium. Current liabilities increased by 151% from $0.7 million at 30 June 2020 to $1.9 million at 30 June 2021 primarily due to an increase in trade payables, which have also increased by $1.1 million.

Outlook

The rising demand in the global market for lithium-ion batteries continues with consensus forecasts predicting exponential growth in battery demand driven by high environmental targets and incentivised transition to electric vehicles. Liontown is well-positioned to become a significant source of lithium supply and has accelerated the Kathleen Valley Project development timeline to take advantage of the rapid upturn in the lithium market and expected deficit in supply.

The Company's primary objectives in the coming year at Kathleen Valley are the:

- Completion of a Definitive Feasibility Study in Q4 2021;
- Optimising mine planning and processing to ensure maximum economic benefits;
- Further progress Downstream Studies;
- Advancing commercial offtake and funding arrangements;
- Final Investment Decision; and
- Committing to longer lead items and processes as soon as possible to enable production to begin within 3 years.

Consistent with it its corporate strategy to focus on battery metals, the Company will also continue to advance the Buldania Lithium Project in southeast Western Australia where new drill targets have been defined with the potential to expand the current resource base.

Exploration during the year confirmed the potential for the Moora and Koojan JV Projects located in the Julimar region of southwest Western Australia to host economic precious and base metal mineralisation. Given the Company's focus of its advanced lithium projects, Liontown has decided to demerge its non-lithium assets into a new Company – Minerals 260 Limited – and together with an IPO seek a separate listing on the ASX. This will enhance the potential for Liontown shareholders to receive maximum value from the current non-lithium asset portfolio while ensuring adequate resourcing and prioritisation is directed towards the Moora and Koojan JV Projects.

Liontown is also strongly committed to maintaining high ESG standards with a focus on returning a positive financial outcome while:

- Minimising carbon emissions, water usage and land disturbance;
- Engaging meaningfully with the Traditional Owners and other local stakeholders; and
- Ensuring corporate governance is consistent with industry best practices.

The Company's Climate strategy is expected to be announced prior to a Final Investment Decision (FID) for the Kathleen Valley development.

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes to the state of affairs other than those noted elsewhere in this financial report.

7. DIVIDENDS

No dividends were declared or paid during the period and the Directors recommend that no dividend be paid.

8. EVENTS SUBSEQUENT TO REPORTING DATE

On 5 July 2021, the Company announced new exploration targets at the Buldania project following soil sampling which defined extensive, high-order anomalisms for lithium (and related metals) adjacent to the existing Anna lithium deposit.

On 14 July 2021 the Company announced the issue 68,420,000 ordinary shares at $0.76 to raise $52 million to fund accelerated development of the Kathleen Valley Project, strategies to optimise operating and capital costs, advancement of downstream strategy, further exploration and drilling at Buldania and general working capital.

On 14 July 2021, the Company announced that a second phase of geochemical sampling at the Koojan JV had confirmed previously identified PGE and gold anomalies and also defined a number of new targets. These latest results will optimize planning of ground geophysical surveys designed to prioritise targets for drill testing.

On 31 July 2021, the Company entered into a royalty termination agreement with Ramelius Resources for payment of $30.25m cash to terminate the Kathleen Valley Royalty held by Ramelius. The termination of the royally will further enhance the Project's future operating costs.

On 10 August 2021, the Company announced that it completed the transaction with Lachlan Star (ASX: LSA) which gives the Company the right to acquire 51% interest in the Koojan Project. The Company can acquire 51% equity in the Koojan Project by spending $4m on exploration within 5 years with a minimum commitment of $500,000 before having the right to withdraw.

On 19 August 2021, the Company announced that, subject to conditions precedent, it will Demerge its subsidiaries Minerals 260 Ltd and ERL Pty Ltd from the Company via an in-specie distribution (Demerger). These subsidiaries currently hold 100% of the Moora Gold-Nickel-Copper-PGE Project, an option to earn a 51% interest in the Koojan Gold-Nickel-Copper-PGE Project, the Dingo Rocks Project and tenement applications at Yalwest. On 19 August 2021, a prospectus was lodged with ASIC in relation to the proposed IPO of Minerals 260 (following its Demerger), seeking to raise a minimum of $15,000,000 and a maximum of $30,000,000. On 22 September 2021, shareholder approval was obtained to proceed with the Demerger. The proposed transactions are planned to be completed in October 2021.

No other matters or circumstances have arisen since 30 June 2021 that have significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

9. LIKELY DEVELOPMENTS

There are no likely developments that will impact on the Company other than as disclosed elsewhere in this report.

10. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium under a contract insuring all Directors and Officers of the Company against liability incurred in that capacity. Disclosure of the nature of liabilities insured and the premium is subject to a confidentiality clause under the contract of insurance.

11. PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

12. ENVIRONMENTAL REGULATIONS

The Company is subject to material environmental regulation in respect to its exploration and evaluation activities. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is compliant with all environmental legislation. The Directors of the Company are not aware of any breach of environmental legislation for the period under review.

13. NON-AUDIT SERVICES

During the year HLB Mann Judd, the Company's auditor, other than review of ASX Quarterly 5B announcements, performed no other services in addition to their statutory audit duties.

14. OPTIONS, SERVICE AND PERFORMANCE RIGHTS GRANTED OVER UNISSUED SHARES

(a) Options

At the date of this report 12,333,334 fully paid ordinary shares of the Company are under option on the following terms and conditions:

	Number
Exercisable at $0.1122 each on or before 16 March 2023	3,333,334
Exercisable at $0.15 each on or before 4 June 2023	2,000,000
Exercisable at $0.30 each on or before 25 November 2023	2,000,000
Exercisable at $0.54 each on or before 9 February 2023	2,500,000

	Number
Exercisable at $0.58 each on or before 9 February 2024	2,500,000
Total Options	**12,333,334**

(b) Performance Rights

At the date of this report 6,386,948 fully paid ordinary shares of the Company are under performance rights on the following terms and conditions:

	Number
Sign on Performance Rights Expire on 1 July 2023, with a nil exercise price	1,250,000
Sign on Performance Rights Expire on 1 July 2024, with a nil exercise price	1,250,000
Short Term Incentive Performance Rights Expire 30 June 2023, nil exercise price	971,736
Long Term Incentive Performance Rights Expire 30 June 2025, nil exercise price	2,915,212
Total Performance Rights	**6,386,948**

(c) Service Rights

At the date of this report, Nil service rights were on issue.

15. REMUNERATION REPORT - AUDITED

(a) Introduction

This remuneration report for the year ended 30 June 2021 outlines remuneration arrangements in place for Directors and other members of the Key Management Personnel ("KMP") of Liontown Resources in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company. KMP's during or since year end were:

(i) Directors

- T Goyder (Chairman)
- T Ottaviano (CEO and Managing Director - appointed CEO on 1 May 2021 and Managing Director on 5 May 2021)
- D Richards (Technical Director)
- C Williams (Non-executive Director)
- A Cipriano (Non-executive Director)
- S Chadwick (Non-executive Director)

(ii) Executives

- A Smits (COO)
- C Hasson (CFO)
- C McGhie (Company Secretary) (appointed 5 May 2021)

There were no other changes to KMP after the reporting date and before the date the financial report was authorised for issue.

(b) Remuneration philosophy

The performance of the Company depends upon the quality of the Directors and executives. The philosophy of the Company in determining remuneration levels is to set competitive remuneration packages to attract and retain high calibre employees and to link a significant component of executive rewards to shareholder value creation. The size, nature and financial strength of the Company is also taken into account when setting remuneration levels so as to ensure that the operations of the Company remain sustainable.

(c) Remuneration Committee

The Remuneration Committee consists of Mr Cipriano (Chairman), Mr Goyder and Mr Williams (all Non-Executive Directors). Prior to this date, the Board performed the role of the Remuneration Committee. The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Directors, the Managing Director, and any Executives.

Details of the Remuneration Committees Charter can be found at the Company's website www.ltresources.com.au.

Use of Remuneration consultants

To ensure the Remuneration committee is fully informed when making remuneration decisions, the Remuneration Committee may seek external advice, as it requires, on remuneration policies and practices. Remuneration consultants can be engaged by, and report directly to, the Committee. In selecting remuneration consultants, the committee would consider potential conflicts of interest and independence from the Group's KMP and other executives. Given the recent growth in the company, the Remuneration Committee has sought some advice from external consultants in relation to remuneration benchmarking for Executives and Non-executive directors as well as the structure and design of incentive based remuneration. This did not involve providing the Remuneration Committee with any remuneration recommendations as defined by the Corporations Act 2001. As a result, the Remuneration committee recommended changes as to the quantum and structure of KMP remuneration which become effective in May 2021.

Remuneration Report approval at 2020 Annual General Meeting

The Remuneration Report for the financial year ended 30 June 2020 received positive shareholder support at the 2020 Annual General Meeting with a vote of 99.84% in favour.

(d) Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive and executive remuneration is separate and distinct.

Non-Executive Director remuneration

The Board recognises the importance of attracting and retaining talented non-executive Directors and aims to remunerate these Directors in line with fees paid to Directors of companies of a similar size and complexity in the mining and exploration industry. The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Company's Constitution and the ASX Listing Rules specify that the aggregate fees to be paid to non-executive directors for their role as a Director are to be approved by shareholders at a general meeting. At the Company's 2018 AGM, Shareholders approved an aggregate amount of fees up to $500,000 per year (including superannuation).

The amount of total compensation apportioned amongst Directors is reviewed annually and the Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Given the current stage of development of the company's operations and planned future direction the Board will seek to increase the non-executive pool at the 2021 AGM.

The remuneration of non-executive directors consists of directors' fees, consulting fees (where applicable) and an entitlement to an additional fee of $5,475 (inclusive of superannuation) per annum for members of the Audit Committee to recognise additional time commitment required for the Audit Committee. The members of the Remuneration Committee do not receive any additional fees.

The Non-Executive Directors are not entitled to receive retirement benefits and, at the discretion of the Board, may participate in the Employee Securities Incentive Scheme ("Scheme") (refer below for further details of the Scheme), subject to approvals required by shareholders.

The Board considers it may be appropriate to issue options to Non-Executive Directors given the current nature of the Company as, until profits are generated, conservation of cash reserves remain a high priority. Any options issued to Directors will require separate shareholder approval.

Use of Non-Executive Directors as consultants

Apart from their duties as Directors, some Non-Executive Directors may undertake work for the Company on a consultancy basis pursuant to the terms of any consultancy services agreement. The nature of the consultancy work may vary depending on the expertise of the relevant Non-Executive Director. Under the terms of any consultancy agreements Non-Executive Directors would receive a daily rate or a monthly retainer for the work performed at a rate comparable to market rates that they would otherwise receive for their consultancy services.

During the year, Mr Chadwick received fees for his consultancy services of $49,000 (30 June 2020: $47,600).

During the year, Mr Cipriano received fees for his consultancy services of $87,500 (30 June 2020: $Nil).

No fees were paid to other Non-Executive Directors under consultancy services agreements.

Executive remuneration

The Company's executive remuneration strategy is designed to attract, motivate and retain high performance individuals and align the interests of executives and shareholders. Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed remuneration

Fixed remuneration is reviewed on an annual basis by the Remuneration Committee and the Board and generally consists of a review of relevant comparative remuneration in the market and, where appropriate, external advice is sought on policies and practices.

Variable remuneration

Variable remuneration is reviewed on an annual basis by the Remuneration Committee and the Board and generally consists of a review of relevant comparative remuneration in the market and, where appropriate, external advice is sought on policies and practices.

Short-term incentive schemes

The Company may issue equity securities (i.e., options, service rights or performance rights) under the Employee Securities Incentive Scheme ("Scheme") to attract, motivate and retain Directors, employees and consultants of the Company and to provide an opportunity to participate in the growth of the Company. The Scheme was last approved by Shareholders at the 2018 AGM.

Under the Scheme, the Company can issue either share options or rights, and generally, the Company believes that the issue of share options or rights in the Company aligns the interests of Directors, employees and shareholders alike. In addition to vesting service periods, performance hurdles are set on performance rights issued to Executives in certain circumstances. No performance hurdles are set on options issued to executives, other than vesting service periods in certain circumstances, however the Company believes that as options are issued at a price in excess of the Company's current share price at the date of issue of those options, there is an inherent performance hurdle as the share price of the Company's shares has to increase before any reward can accrue to the executive.

Short-term performance rights will vest to the extent the Board, using its discretion, determines that the short-term incentive criteria have been satisfied.

The Company currently has no formal performance related remuneration policy which governs the payment of annual cash bonuses upon meeting pre-determined performance targets. However, the Board may consider performance related remuneration in the form of cash or share based payments when they consider these to be warranted. There were no bonuses paid to or received by executives in the years ended 30 June 2021 and 30 June 2020.

Long-term incentive Schemes

The Company may issue equity securities (i.e., options or performance rights) under the Employee Securities Incentive Scheme ("Scheme") to attract, motivate and retain Directors, employees and consultants of the Company and to provide an opportunity to participate in the growth of the Company. The Scheme was last approved by Shareholders at the 2018 AGM.

Under the Scheme, the Company can issue either share options or rights, and generally, the Company believes that the issue of share options or rights in the Company aligns the interests of Directors, employees and shareholders alike. In addition to vesting service periods, performance hurdles are set on performance rights issued to executives in certain circumstances.

Long-term performance rights will vest to the extent the Board, using its sole discretion, determines that the long-term incentive criteria have been satisfied.

Service Rights

During the year service rights were issued to certain KMP in lieu of the payment of a portion of the cash salary or fees otherwise payable. Service rights were used as a measure to conserve cash in light of the COVID-19 pandemic. Service rights vested at the end of relevant quarter.

Link between performance and executive remuneration

The focus of executive remuneration over the financial year was fixed remuneration, options and performance rights under the Scheme (i.e., growing the value of Company as reflected through share price) which seeks to ensure that executive remuneration is appropriately aligned with the Business strategy and shareholder interests.

The performance over the last 5 years is as follows:

	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021
Share price ($)	0.009	0.028	0.100	0.105	0.850
Market Capitalisation ($)	8,913,066	30,911,649	153,288,520	179,684,946	1,382,523,586

(e) Remuneration of Key Management Personnel

The table below shows the fixed and variable remuneration for key management personnel.

2021	Short-term benefits					Post-employment benefits	Long term incentives			
	Salary & fees	Consultancy fees	Service Rights	Other amounts[2]	Performance Rights [9]	Superannuation	Options[3]	Performance Rights [9]	Total	Proportion of remuneration performance based
	$	$	$	$	$	$	$	$	$	%
Directors										
T Goyder	34,589	-	133,015	6,636	-	3,286	-	-	177,526	-
T Ottaviano[7]	87,519	-	-	10,193	19,493	8,314	709,207	126,223	960,949	89
D Richards	249,354	-	31,031	35,949	-	21,063	-	-	337,397	-
C Williams	9,278	-	35,677	6,636	-	881	154,862	-	207,334	75
A Cipriano[8]	9,278	87,500	35,677	6,636	-	881	154,862	-	294,834	53
S Chadwick[1]	8,789	49,000	30,867	6,636	-	-	193,577	-	288,869	67
Executives										
A Smits[4]	207,801	-	58,871	35,226	8,814	19,741	202,143	9,434	542,030	41
C Hasson[5]	198,451	-	32,379	16,833	6,645	18,853	160,280	7,112	440,553	40
C McGhie[7]	44,551	-	-	4,841	6,495	4,232	-	6,951	67,070	20
Total	849,610	136,500	357,517	129,586	41,447	77,251	1,574,931	149,720	3,316,562	-

2020	Short-term benefits				Post-employment benefits	Long term incentives		
	Salary & fees	Consultancy fees	Service Rights	Other amounts[2]	Superannuation	Options[3]	Total	Proportion of remuneration performance based
	$	$	$	$	$	$	$	%
Directors								
T Goyder	103,767	-	49,402	3,381	9,858	138,021	304,429	45
D Richards	243,150	-	44,022	15,317	23,099	230,034	555,622	41
C Williams	27,832	-	13,251	3,381	2,644	92,014	139,122	66
A Cipriano	27,832	-	13,251	3,381	2,644	92,014	139,122	66
S Chadwick[1]	26,368	47,000	11,464	3,381	-	92,014	180,227	51
Executives								
A Smits[4]	50,000	-	40,807	41,936	4,750	239,916	377,409	64
C Hasson[5]	12,235	-	10,016	398	1,162	13,694	37,505	37
R Hacker[6]	-	-	-	3,141	-	84,027	87,168	96
Total	491,184	47,000	182,213	74,316	44,157	981,734	1,820,604	-

(1) Mr Chadwick receives Directors' fees and consulting fees via a consultancy agreement with the company. Amounts are billed based on normal market rates for such consultancy services and were due and payable under normal payment terms. Either party may terminate the agreement by providing one months' notice.
(2) Other amounts, where applicable, includes the cost to the Company of providing time off in lieu, annual leave, long service leave, fringe benefits and the attributable non-cash benefit applied by virtue of the Company's Directors and Officers Liability policy.
(3) 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.
(4) Mr Smits commenced as COO on 16 March 2020.
(5) Mr Hasson commenced as CFO on 4 June 2020.
(6) Mr Hacker did not receive any salary and wages for the 2020 financial year as Mr Hacker is remunerated by Chalice Mining Limited and his services are recovered through a corporate services agreement between the Company and Chalice Mining Limited. Mr Hacker ceased as CFO on 4 June 2020.
(7) Mr Ottaviano commenced as CEO on 1 May 2021 and Managing Director on 5 May 2021 and Mr McGhie was appointed Company Secretary on 5 May 2021.
(8) Mr Cipriano entered into a consultancy agreement with the Company to provide corporate , financial advisory and general support services through a consultancy agreement (as disclosed to ASX on 12 May 2021). Amounts are billed on normal market rates for such consultancy services are were due and payable under normal payment terms. Either party may terminate the agreement by providing one months' notice.
(9) The fair value of performance rights was calculated by an Independent expert and allocated to each reporting period starting from the grant date to vesting date.

(f) Key Management Personnel Shareholdings

The relevant interest of each of the key management personnel in the share capital of the Company was:

	Balance 1 July 2020 No. shares	Held at commencement date (5) No. shares	On exercise of options No. shares	Net Acquisitions/ (Disposals) (1) No. shares	On exercise of Service Rights No. Shares	Balance 30 June 2021 No. shares
Directors						
T Goyder	309,188,646	-	3,000,000	15,195,652	1,131,287	328,515,585
T Ottaviano (5)	-	-	-	-	-	-
D Richards	5,367,800	-	15,000,000	(1,256,522)	714,789	19,826,067
C Williams	21,964,080	-	7,500,000	-	303,435	29,767,515
A Cipriano	10,477,908	-	5,500,000	250,000	303,435	16,531,343
S Chadwick	8,100,328	-	2,000,000	434,783	262,525	10,797,636
Executives						
A Smits	40,000	-	-	-	732,963	772,963
C Hasson	100,000	-	-	(250,000)	386,126	236,126
C McGhie (5)	-	-	-	-	-	-

	Balance 1 July 2019 No. shares	Held at commencement date (2)(3)(4) No. shares	On exercise of options No. shares	Net Acquisitions/ (Disposals) (1) No. shares	Held at resignation date (4) No. shares	Balance 30 June 2020 No. shares
Directors						
T Goyder	281,421,980	-	10,000,000	17,766,666	-	309,188,646
D Richards	5,117,800	-	-	250,000	-	5,367,800
C Williams	20,095,747	-	-	1,868,333	-	21,964,080
A Cipriano	9,144,575	-	-	1,333,333	-	10,477,908
S Chadwick	6,766,995	-	-	1,333,333	-	8,100,328
Executives						
A Smits (2)	-	40,000	-	-	-	40,000
C Hasson (3)	-	100,000	-	-	-	100,000
R Hacker (4)	6,250,000	-	-	(871,893)	5,378,107	-

(1) Acquisitions/ Disposals refer to shares purchased and sold on the open market or via participation in the Company's capital raisings that have taken place during the year.
(2) Mr Smits commenced as COO on 16 March 2020.
(3) Mr Hasson commenced as CFO on 4 June 2020.
(4) Mr Hacker ceased as CFO on 4 June 2020.
(5) Mr Ottaviano was appointed CEO on 1 May 2021 and Managing Director on 5 May 2021 and Mr McGhie was appointed Company Secretary on 5 May 2021.

(g) Share-based Payments

As outlined in the Remuneration Report, Directors, key employees and consultants may be eligible to participate in equity-based compensation schemes via the Employee Securities Incentive Plan ("Scheme").

Options

Under the terms and conditions of the Scheme, options issued allow the holder the right to subscribe to one fully paid ordinary share. Any option not exercised before expiry will lapse on the expiry date.

During the reporting period, 10,750,000 options were granted to Directors and other KMP and those options have been valued using the Black-Scholes option valuation method. The following table lists the inputs to the model:

Option class:	Director O20	Executive O21	Executive O22	Executive O23
Grant date	25 November 2020	10 February 2021	10 February 2021	10 February 2021
Dividend yield	Nil	Nil	Nil	Nil
Expected volatility	93%	98%	98%	98%
Risk-free interest rate	0.11%	0.09%	0.09%	0.10%
Expected life of options (years)	3	2	2	3
Exercise price	$0.30	$0.50	$0.54	$0.58
Grant date share price	$0.275	$0.410	$0.410	$0.410
Expiry date	25 November 2023	9 February 2023	9 February 2023	9 February 2024
Number	3,250,000	2,500,000	2,500,000	2,500,000
Fair value at grant date	$0.155	$0.189	$0.181	$0.218

There are no participating rights or entitlements inherent in the options and the holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. All shares allotted upon the exercise of options will rank pari passu in all respect with other shares.

The below table shows a reconciliation of the number of options held by each KMP during the year:

2021	Balance 1 July 2020	Held at commencement date	Granted as remuneration	Grant date	Options Exercised	Held at date of resignation	Balance 30 June 2021	Vested
	No.	No.	No.	No.	No.	No.	No.	%
Directors								
T Goyder	3,000,000	-	-	-	(3,000,000)	-	-	-
T Ottaviano (4)	N/A	-	7,500,000	10/2/2021	-	-	7,500,000	33%
D Richards	20,000,000	-	-	-	(15,000,000)	-	5,000,000	100%
C Williams	7,500,000	-	1,000,000	25/11/2020	(7,500,000)	-	1,000,000	100%
A Cipriano	7,500,000	-	1,000,000	25/11/2020	(5,500,000)	-	3,000,000	100%
S Chadwick	2,000,000	-	1,250,000	25/11/2020	(2,000,000)	-	1,250,000	100%
Executives								
A Smits(1)	10,000,000	-	-	-	-	-	10,000,000	67%
C Hasson(2)	4,000,000	-	-	-	-	-	4,000,000	58%
C McGhie(4)	N/A	-	-	-	-	-	-	-

2020	Balance 1 July 2019	Held at commencement date	Granted as remuneration	Grant Date	Options Exercised	Held at date of resignation	Balance 30 June 2020	Vested
	No.	No.	No.	No.	No.	No.	No.	%
Directors								
T Goyder	10,000,000	-	3,000,000	27/11/2019	(10,000,000)	-	3,000,000	100%
D Richards	15,000,000	-	5,000,000	27/11/2019	-	-	20,000,000	100%
C Williams	5,500,000	-	2,000,000	27/11/2019	-	-	7,500,000	100%
A Cipriano	5,500,000	-	2,000,000	27/11/2019	-	-	7,500,000	100%
S Chadwick	-	-	2,000,000	27/11/2019	-	-	2,000,000	100%
Executives								
A Smits(1)	-	-	10,000,000	16/03/2020	-	-	10,000,000	33%
C Hasson(2)	-	2,000,000	2,000,000	5/06/2020	-	-	4,000,000	0%
R Hacker(3)	6,000,000	-	2,000,000	27/09/2019	-	8,000,000	n/a	75%

(1) Mr Smits commenced as COO on 16 March 2020.
(2) Mr Hasson commenced as CFO on 4 June 2020.
(3) Mr Hacker ceased as CFO on 4 June 2020.
(4) Mr Ottaviano was appointed CEO on 1 May 2021 and Managing Director on 5 May 2021 and Mr McGhie was appointed Company Secretary on 5 May 2021.

Service Rights

During the year service rights were issued to the KMP listed below, in lieu of the payment of a portion of the cash salary or fees otherwise payable. Service rights have been used as a measure to conserve cash in light of the COVID-19 pandemic. Service rights vest at the end of the quarter in which they are issued. The fair value of the service rights granted has been determined using the share price at the grant date.

The below table shows a reconciliation of the number of service rights held by each KMP during the year:

2021	Balance 1 July 2020	Held at commencement date	Granted as remuneration	Service Rights Exercised	Balance 30 June 2021
Directors					
T Goyder	470,497	-	660,790	(1,131,287)	-
T Ottaviano(4)	-	-	-	-	-
D Richards	419,255	-	295,534	(714,789)	-
C Williams	126,197	-	177,238	(303,435)	-
A Cipriano	126,197	-	177,238	(303,435)	-
S Chadwick	109,183	-	153,342	(262,525)	-
Executives					
A Smits(1)	340,062	-	392,901	(732,963)	-
C Hasson(2)	170,031	-	216,095	(386,126)	-
C McGhie(4)	-	-	-	-	-

2020	Balance 1 July 2019	Held at commencement date	Granted as remuneration	Service Rights Exercised	Balance 30 June 2020
Directors					
T Goyder	-	-	470,497	-	470,497
D Richards	-	-	419,255	-	419,255
C Williams	-	-	126,197	-	126,197

2020	Balance 1 July 2019	Held at commencement date	Granted as remuneration	Service Rights Exercised	Balance 30 June 2020
A Cipriano	-	-	126,197	-	126,197
S Chadwick	-	-	109,183	-	109,183
Executives					
A Smits(1)	-	-	340,062	-	340,062
C Hasson(2)	-	170,031	-	-	170,031
R Hacker(3)	-	-	-	-	-

(1) Mr Smits commenced as COO on 16 March 2020.
(2) Mr Hasson commenced as CFO on 4 June 2020.
(3) Mr Hacker ceased as CFO on 4 June 2020.
(4) Mr Ottaviano was appointed CEO on 1 May 2021 and Managing Director on 5 May 2021 and Mr McGhie was appointed Company Secretary on 5 May 2021

(h) Performance Rights

During the year, 2,500,000 sign-on performance rights (vesting subject only to remaining employed at vesting date), 971,736 STI performance rights and 2,915,212 LTI performance rights were issued to the KMP listed below, and other executives. As at 30 June 2021, the 6,386,948 performance rights were on issue to certain directors and employees with certain objectives required to be met (including both market, non-market based and employment status) in order to vest, at the discretion of the Board, have expiry dates as listed below and a nil exercise price.

STI and LTI Opportunities as a Percentage of FAR

		From 1 May 2021	
	Total STI and LTI % of FAR	STI % of FAR	LTI % of FAR
CEO	100%	25%	75%
COO	80%	20%	60%
Other Executive KMP	70%	17.5%	52.5%

FAR: Fixed Annual Remuneration consisting of base salary plus superannuation.

In valuing the performance rights, the company engaged an Independent expert to determine the fair value of these rights at grant date. The determining non-market criteria are listed below, probabilities were applied to meeting these criteria. The Board monitors the relative STI and LTI criteria relative to KMP and other executives' performance in determining the ongoing probability of what portion of LTI and STI are expected to vest.

Refer to the below table for the inputs to the Black Scholes option-pricing model for performance rights granted during the year:

	Sign on Performance Rights - Tranche 1	Sign on Performance Rights - Tranche 2	STI Performance Rights	LTI Performance Rights
Grant date	4 May 2021	4 May 2021	4 May 2021	4 May 2021
Dividend yield	Nil	Nil	Nil	Nil
Expected volatility	90%	90%	90%	90%
Risk-free interest rate	0.080%	0.080%	0.080%	0.105%
Expected life of options (years)	2.16	3.16	2.16	4.16
Exercise price	Nil	Nil	Nil	Nil
Grant date share price	$0.400	$0.400	$0.400	$0.400
Expiry date	1 July 2023	1 July 2024	30 June 2023	30 June 2025
Number	1,250,000	1,250,000	971,736	2,915,212
Fair value at grant date	$0.400	$0.400	$0.218 -$0.400	$0.264 - $0.400

All performance rights, once vested have a nil exercise price. All performance rights that do not vest will lapse. Where a holder of performance rights ceases to be an employee of the group, any unvested performance rights will lapse, except in limited circumstances that are approved by the Board on a case-by-case basis.

There are no participating rights or entitlements inherent in the performance rights and the holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the performance rights. All shares allotted upon the exercise of performance rights will rank pari passu in all respect with other shares.

The below table shows a reconciliation of the number of performance rights held by each KMP during the year:

2021	Balance 1 July 2020	Held at commencement date	Granted as remuneration – Sign on rights	Granted as Remuneration - STI	Granted as remuneration - LTI	Performance Rights Exercised	Balance 30 June 2021
Directors							
T Goyder	-	-	-	-	-	-	-
T Ottaviano[(1)]	-	-	2,500,000	393,866	1,181,600	-	4,075,466
D Richards	-	-	-	-	-	-	-
C Williams	-	-	-	-	-	-	-
A Cipriano	-	-	-	-	-	-	-
S Chadwick	-	-	-	-	-	-	-
Executives							
A Smits	-	-	-	178,096	534,289	-	712,375
C Hasson	-	-	-	134,257	402,771	-	537,028
C McGhie[(1)]	-	-	-	131,260	393,781	-	525,041

[(1)] Mr Ottaviano was appointed CEO on 1 May 2021 and Managing Director on 5 May 2021 and Mr McGhie was appointed Company Secretary on 5 May 2021

Short Term Rights Incentive Details – 1 May 2021 to 30 June 2022

Performance Conditions Category	Performance Conditions will be assessed against Board criteria relating to:	Max Percentage Upon Vesting
ESG and H&S Objectives	(i) No material incidents resulting in loss of access or commercial delays (ii) Zero fatalities (iii) Lost time injury frequency rates (iv) No material environmental incidents (v) Mining Cooperation Agreements In the event there is one or more breaches of assessed objectives, Board discretion will be applied to reduce the allocation of any incentive commensurate with the nature and severity of any breach.	15%
Project Study Advancements	(i) Kathleen Valley DFS against Board criteria (ii) Advancement of Kathleen Valley Engineering and Design (iii) ESG targets Board discretion to be applied in allocating the incentive.	25%
Commercial Achievements	(i) Offtake arrangements (ii) Downstream opportunities (iii) Project funding Board discretion to be applied in allocating the incentive.	35%

Shareholder Return Milestones	Total Shareholder Return (TSR) will be assessed on a both an Absolute and Relative basis. Absolute Total Shareholder Return (TSR) - 12.5% Allocation • 0% allocation, if Absolute TSR <20% • Pro-rata allocation, if Absolute TSR between 20% - 50% • 100%, allocation if Absolute TSR >50% Relative Total Shareholder Return* (TSR) - 12.5% Allocation • Below 50th percentile, 0% allocation • Between 50th and 75th percentile, pro-rata allocation • At or above 75th percentile, 100% of allocation TSR measurement period is between 1 May 2021 and 30 June 2022 using 20 day-VWAP *relative to a comparator group of 21 companies	25%

Long-Term Rights Incentive Details – 1 May 2021 – 30 June 2024

Performance Conditions Category	Performance Conditions will be assessed against Board criteria relating to:	Max Percentage Upon Vesting
ESG and H&S Milestones	(i) Permits and licences for commencement of Kathleen Valley operation (ii) Lost time injury frequency rates (iii) ESG objectives In the event there is one or more breaches of the stated objectives, the Board will exercise its discretion to reduce the allocation of any incentive commensurate with the nature and severity of any breach.	15%
Strategic & Commercial Achievements	(i) Offtake arrangements (ii) Downstream opportunities (iii) Project funding (iv) Project advancement Board discretion to be applied in allocating this incentive.	35%
Shareholder Return Milestones	Total Shareholder Return (TSR) will be assessed on both an Absolute and Relative basis. Absolute Total Shareholder Return (TSR) - 25% Allocation • 0%, if Absolute TSR <50% • Pro-rata, if Absolute TSR between 50% - 100% • 100% allocation, if Absolute TSR >100% Relative Total Shareholder Return* (TSR) - 25% Allocation • Below 50th percentile, 0% allocation • Between 50th and 75th percentile, pro-rata, allocation • At or above 75th percentile, 100% of allocation TSR measurement period is between 1 May 2021 and 30 June 2024 using 20 day-VWAP. *Relative to a comparator group of 21 companies.	50%

Comparator Group

The Comparator Group of companies against which the TSR of Liontown (as at 1 May 2021) are to be measured against are:

Company	Ticker	Company	Ticker
AVZ Minerals Limited	ASX:AVZ	Core Lithium Limited	ASX:CXO
Critical Elements Lithium Corp	TSXV:CRE	European Lithium Limited	ASX:EUR
European Metal Holdings Limited	ASX:EMH	Galaxy Resources Limited	ASX:GXY
IGO Limited	ASX:IGO	Infinity Lithium Corporation Limited	ASX:INF
Ioneer Limited	ASX:INR	Lepidico Limited	ASX:LPD
Lithium Australia NL	ASX:LIT	Mincor Resources Limited	ASX:MCR
Neometals Limited	ASX:NMT	Orocobre Limited	ASX:ORE

Piedmont Lithium Inc	ASX:PLL	Pilbara Minerals Limited	ASX:PLS
Prospect Resources Limited	ASX:PSC	Sayona Mining Limited	ASX:SYA
Sigma Lithium Resources Corp	TSXV:SGMA	Syrah Resources Limited	ASX:SYR
Vulcan Energy Resources Limited	ASX:VUL		

The Comparator Group of Companies will be reviewed on an annual basis.

Vesting of Rights and Expiry Dates

Sign-on Performance Rights

Sign-on performance rights will vest upon the following condition:

- 1,250,000 performance rights (expiring 1 July 2023) vest on continued employment of the CEO/Managing Director until 1 July 2022 for nil consideration; and
- 1,250,000 performance rights (expiring 1 July 2024) vest on continued employment of the CEO/Managing Director until 1 July 2023 for nil consideration.

STI Performance Rights

The 917,736 STI performance rights (expiring 30 June 2023) vest upon non-market conditions disclosed in the above tables and upon board discretion for nil consideration.

LTI Performance Rights

The 2,915,212 LTI performance rights (expire 30 June 2025) vest upon non-market conditions disclosed in the above tables and upon board discretion for nil consideration.

(i) Employment Contracts

Remuneration arrangements for KMP are generally formalised in employment agreements. Details of these contracts are provided below.

Name and job title	Employment contract duration	Notice period	Termination provisions
T Ottaviano	Unlimited	6 months by the Company and employee	12 months in the event of a change of control event 6 months in the event of a material change
D Richards	Unlimited	3 months by the Company and employee	12 months in the event of a change of control event 6 months in the event of a material change
A Smits	Unlimited	3 months by the Company and employee	6 months in the event of a material change
C Hasson	Unlimited	3 months by the Company and employee	6 months in the event of a material change
C McGhie	Unlimited	3 months by the Company and employee	6 months in the event of a material change

(j) Other Transactions with Key Management Personnel

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Group during any given reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

The Group received database administrative services and field services from related parties to the Technical Director, Mr Richards. These services are provided on arm's length commercial terms. The total value of these services was $120,566 (2020: $159,751) and the amount unpaid as at 30 June 2021 was $1,552 (2020: $2,581).

Mr Chadwick provides general metallurgical and technical advisory services to the Company through a consultancy agreement. There is no fixed remuneration component under the consultancy agreement for these services and those services are provided on an "as required basis" at a rate of $2,000 per day. Either party may terminate the agreement by providing one month's notice. Consultancy fees are due and payable under normal payment terms. For the reporting period, the amount incurred was $49,000 (2020: $47,000) and the amount unpaid as at 30 June 2021 was $19,000 (2020:$2,000).

Mr Cipriano provides corporate, financial advisory services and general support services to the Company through a consultancy agreement (as disclosed to ASX on 12 May 2021). There is no fixed remuneration component under the consultancy agreement for these services and those services are provided on an "as required basis" at a rate of $2,500 per day. Either party may terminate the agreement by providing one month's notice. Consultancy fees are due and payable under normal payment terms. For the reporting period the amount incurred was $87,500 (2020: nil) and the amount unpaid as at 30 June 2021 was $22,500 (2020: nil).

The Group received accounting services from related party of the CFO, Mr Hasson. The total value of these services was $5,160 (2020: 613) and the amount unpaid as at 30 June 2021 was nil (2020: nil).

This is the end of the audited information.

16. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 21 and forms part of the Directors' Report for the year ended 30 June 2021.

17. CORPORATE GOVERNANCE

The Directors of the Group support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability.

Please refer to the Company website at http://www.ltresources.com.au/corporate-governance.

This report is made with a resolution of the Directors:

Antonino Ottaviano
Managing Director

Dated at Perth the 29th day of September 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Liontown Resources Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
29 September 2021

D I Buckley
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Financial Report

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $	2020 $
Continuing operations			
Revenue		-	538
Other income	5(b)	600,000	1,500,000
Exploration and evaluation expenditure expensed	5(e)	(7,104,887)	(11,247,727)
Corporate administrative expenses	5(c)	(2,339,274)	(1,805,018)
Share based payments	8	(2,233,833)	(1,380,033)
Loss from continuing operations		**(11,077,994)**	**(12,932,240)**
Net financing income	5(f)	18,888	99,250
Loss before income tax		**(11,059,106)**	**(12,832,990)**
Income tax benefit	6	492,000	-
Net loss after tax		(10,567,106)	(12,832,990)
Other comprehensive loss Items that will not be reclassified to profit or loss			
Net gain on fair value of financial assets, net of tax	14	1,148,000	-
Total comprehensive loss for the year attributable to owners of the Company		**(9,419,106)**	**(12,832,990)**
Earnings per share attributable to the owners of Liontown Resources Limited			
Basic and diluted loss per share (dollars per share)	7	($0.006)	($0.008)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

,	Note	2021 $	2020 $
Current assets			
Cash and cash equivalents	9	12,545,059	5,257,849
Trade and other receivables	10	285,847	1,773,070
Total current assets		**12,830,906**	**7,030,919**
Non-current assets			
Financial assets	10	2,316,813	76,812
Property, plant and equipment		180,977	123,146
Right-of-use assets		60,946	109,703
Total non-current assets		**2,558,736**	**309,661**
Total assets		**15,389,642**	**7,340,580**
Current liabilities			
Trade and other payables	11	1,628,902	553,101
Employee benefits	12	192,914	148,980
Lease liabilities		48,933	43,076
Total current liabilities		**1,870,749**	**745,157**
Non-current liabilities			
Employee benefits	12	4,999	1,512
Lease liabilities		26,619	74,237
		31,618	**75,749**
Total liabilities		**1,902,367**	**820,906**
Net assets		**13,487,275**	**6,519,674**
Equity			
Share capital	13	77,922,263	63,219,270
Accumulated losses		(68,469,455)	(58,996,115)
Reserves	14	4,034,467	2,296,519
Total equity		**13,487,275**	**6,519,674**

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Issued capital $	Accumulated losses $	Share based payments reserve $	Investment revaluation reserve $	Foreign currency translation reserve $	Total equity $
As at 1 July 2020	**63,219,270**	**(58,996,115)**	**2,157,428**	**-**	**139,091**	**6,519,674**
Loss for the period	-	(10,567,106)	-	-	-	(10,567,106)
Other Comprehensive Income	-	-	-	1,148,000	-	1,148,000
Total comprehensive loss for the year	**-**	**(10,567,106)**	**-**	**1,148,000**	**-**	**(9,419,106)**
Transactions with owners in their capacity as owners:						
Issue of shares (net of costs)	14,152,874	-	-	-	-	14,152,874
Share-based payments	-	-	2,233,833	-	-	2,233,833
Transfer between equity items	550,119	1,093,766	(1,643,885)	-	-	-
As at 30 June 2021	**77,922,263**	**(68,469,455)**	**2,747,376**	**1,148,000**	**139,091**	**13,487,275**

	Issued capital $	Accumulated losses $	Share based payments reserve $	Investment revaluation reserve $	Foreign currency translation reserve $	Total equity $
As at 1 July 2019	**45,228,551**	**(46,591,731)**	**1,206,001**	**-**	**139,091**	**(18,088)**
Loss for the period	-	(12,832,990)	-	-	-	(12,832,990)
Total comprehensive loss for the year	**-**	**(12,832,990)**	**-**	**-**	**-**	**(12,832,990)**
Transactions with owners in their capacity as owners:						
Issue of shares (net of costs)	17,990,719	-	-	-	-	17,990,719
Share-based payments	-	-	1,380,033		-	1,380,033
Transfer between equity items	-	428,606	(428,606)	-	-	-
As at 30 June 2020	**63,219,270**	**(58,996,115)**	**2,157,428**	**-**	**139,091**	**6,519,674**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Cash paid to suppliers and employees		(2,075,644)	(2,177,183)
Payments for exploration and evaluation		(6,563,176)	(12,191,190)
Interest received		27,165	107,820
Interest paid		(8,299)	(8,588)
Government Grants and Incentives		389,089	362,864
Acquisition of royalty rights		-	(1,850,000)
Net cash (used in) operating activities	**9**	**(8,230,865)**	(15,756,277)
Cash flows from investing activities			
Proceeds from the sale of exploration and evaluation tenements		1,500,000	-
Payments for property, plant and equipment		(93,029)	(122,314)
Net cash (used in) / from investing activities		**1,406,971**	(122,314)
Cash flows from financing activities			
Proceeds from issue of shares		14,772,000	18,900,250
Share application monies held on trust		-	(163,750)
Payment for share issue costs		(619,126)	(911,944)
Repayment of lease liabilities		(41,761)	(28,957)
Security deposits		-	(22,413)
Net cash from financing activities		**14,111,113**	17,773,186
Net increase in cash and cash equivalents		7,287,219	1,894,595
Effect of exchange rate fluctuations on cash held		(9)	(15)
Cash and cash equivalents at the beginning of the financial year		5,257,849	3,363,269
Cash and cash equivalents at the end of the financial year	**9**	**12,545,059**	5,257,849

The consolidated statement of cash flows to be read in conjunction with the accompanying notes.

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

BASIS OF PREPARATION

This section of the financial report sets out the Group's (being Liontown Resources Limited and its controlled entities) accounting policies that relate to the Consolidated Financial Statements as a whole. Where an accounting policy is specific to one Note, the policy is described in the Note to which it relates.

The Notes include information which is required to understand the Financial Statements and is material and relevant to the operations and the financial position and performance of the Group.

Information is considered relevant and material if:

- The amount is significant due to its size or nature
- The amount is important in understanding the results of the Group
- It helps to explain the impact of significant changes in the Group's business
- It relates to an aspect of the Group's operations that is important to its future performance.

1. CORPORATE INFORMATION

The consolidated financial report of Liontown Resources Limited for the year ended 30 June 2021 was authorised for issue on 29 September 2021.

Liontown Resources Limited (the 'Company' or 'Liontown') is a for-profit company limited by shares, whose shares are publicly traded on the Australian Securities Exchange. The Company and the majority of its subsidiaries were incorporated and domiciled in Australia. Refer to note 16 for details of subsidiaries and country of incorporation. The registered office and principal place of business of the Company is Level 2, 1292 Hay Street, West Perth, WA 6005.

The nature of the operations and principal activities are disclosed in the Directors' Report.

2. REPORTING ENTITY

The Financial Statements are for the Group consisting of Liontown Resources Limited and its subsidiaries. A list of the Group's subsidiaries is provided at Note 16.

3. BASIS OF PREPARATION

These general purpose Financial Statements have been prepared in accordance with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

These Financial Statements have been prepared under the historical cost convention except where certain financial assets and liabilities are required to be measured at fair value.

(a) Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Any non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(b) Significant accounting judgements and key estimates

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Key estimates and assumptions may have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period.

Specific key estimates and assumptions are described in the relevant notes.

In preparing this report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2020, except for the impact of the new Standards and Interpretations effective 1 July 2020 as disclosed in note 3(e).

(c) Functional currency translation

The functional currency of the Company is Australian dollars and the functional currency of the controlled entity based in Tanzania is United States dollars (US$). The presentation currency of the Group is Australian dollars.

Transactions in foreign currencies are translated to the Group's functional currency at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date. Foreign currency differences arising on retranslation are recognised in profit or loss as incurred. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at exchange rates at the date of the initial transaction.

Foreign currency differences are recognised in other comprehensive income and presented in foreign currency translation reserve (translation reserve) in equity upon translation to presentation currency.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(d) Goods and Services Tax ('GST')

Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australia Taxation Office ('ATO') is included as a current asset or liability in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(e) Adoption of new and revised Accounting Standards

In the year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. It has been determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company.

Standards and Interpretations in issue not yet effective

In the year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations for future annual reporting periods. It has been determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company.

(f) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

PERFORMANCE FOR THE YEAR

This section provides additional information about those individual line items in the consolidated statement of profit or loss and other comprehensive income that the Directors consider most relevant in the context of the operations of the entity.

4. SEGMENT REPORTING

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. The operating segments are identified by management based on the allocation of costs, whether they are corporate related costs or exploration and evaluation costs. Results of both segments are reported to the Board of Directors at each Board meeting.

	Exploration and Evaluation		Corporate		Total	
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Other income	-	-	-	538	-	538
Proceeds on the sale of exploration tenements	600,000	1,500,000	-	-	600,000	1,500,000
Exploration and evaluation expenses	(7,104,887)	(11,247,727)	-	-	(7,104,887)	(11,247,727)
Corporate and administration expenses	-	-	(2,339,274)	(1,805,018)	(2,339,274)	(1,805,018)
Share based payments	-	-	(2,233,833)	(1,380,033)	(2,233,833)	(1,380,033)
Net financing income	-	-	18,888	99,250	18,888	99,250
Loss from continuing operations before income tax	**(6,504,887)**	(9,747,727)	**(4,554,219)**	(3,085,263)	**(11,059,106)**	(12,832,990)
Segment assets	105,055	58,836	256,796	1,859,632	361,851	1,918,468
Unallocated assets					15,027,791	5,422,112
Total assets					**15,389,642**	7,340,580
Segment liabilities	1,039,073	412,856	863,294	408,050	1,902,367	820,906
Total liabilities					**1,902,367**	820,906

5. OTHER INCOME AND EXPENSES

(a) Other Income

	2021 $	2020 $
Other	-	538

(b) Proceeds from the sale of exploration and evaluation tenements

	2021 $	2020 $
Killaloe Gold Project	600,000	-
Bynoe Lithium Project	-	1,500,000

During the 2021 year, the company received 40,000,000 ordinary shares in Lachlan Star Resources (ASX: LSA) as settlement of the sale of the Killaloe Gold Project as announced to ASX on 27 January 2021. The movement in value of this investment has been recognised in an Investment Revaluation Reserve (note 10 and 14), as it is the Board's intention to retain these shares as a long-term investment.

During the 2020 year, the conditions were satisfied for the $1.5 million contingent consideration payment pursuant to the sale agreement entered with Core Lithium Limited in 2017 for the sale of the Bynoe Lithium Project (received in July 2020).

Accounting Policy

Other income is recognised when it is received or when the right to receive payment is established.

(c) Corporate and administration expenses

	2021 $	2020 $
Depreciation and amortisation	82,632	60,861
Insurance	66,287	43,514
Legal fees	148,144	36,166
Office costs	47,032	162,062
Personnel expenses (5(d))	1,020,912	736,132
Promotions and Investor relations	68,217	166,199
Conferences and travel	36,091	106,956
Regulatory and compliance	294,274	233,063
Fixed assets written off	1,323	19,300
Consultants – Corporate Advisory	187,604	12,778
ESG, Community and Government Relations	51,678	-
IT and software	115,784	70,530
Other	219,296	157,457
	2,339,274	1,805,018

(d) Personnel expenses

	2021 $	2020 $
Directors' fees, employee wages and salaries	623,372	549,442
Other associated personnel expenses	350,119	117,432
Leave entitlements	47,421	69,258
	1,020,912	736,132

(e) Exploration and evaluation expenditure

	2021 $	2020 $
Exploration Expenditure		
Toolebuc, QLD	35,549	206,497
Kathleen Valley, WA	889,410	6,407,768
Buldania, WA	367,353	1,029,260
Moora, WA	1,397,152	308,306
Koojan, WA	254,492	-
Dingo Rocks, WA	27,521	-
Yalwest, WA	11,580	-
	2,983,057	7,951,831
Feasibility Studies[(1)]		
Kathleen Valley, WA – Pre-feasibility and Scoping Studies	1,246,001	3,195,896
Kathleen Valley, WA – Defined Feasibility Study and other evaluation	2,875,829	-
	4,121,830	3,195,896
Royalty acquisition		
Acquisition of revenue and production royalties	-	100,000
	-	100,000
	7,104,887	11,247,727

[(1)] During the reporting period the Company completed an updated Pre-feasibility Study, Downstream Supply Study and commenced a Defined Feasibility Study at the Kathleen Valley Lithium Project.

Accounting Policy

Costs incurred in the exploration and evaluation stages of specific areas are expensed in the consolidated statement of profit or loss and other comprehensive income as incurred. All exploration and evaluation expenditure, including general permit activity, geological and geophysical costs, project generation and drilling costs, are expensed as incurred. In addition, costs associated with acquiring interests in new exploration licences and study related costs are also expensed. Once the technical feasibility and commercial viability of extracting a mineral resource is demonstrable in respect to an area of interest, development expenditure is capitalised to the consolidated statement of financial position.

(f) Net financing income

	2021 $	2020 $
Interest income	27,187	107,838
Interest expense	(8,299)	(8,588)
	18,888	99,250

Accounting Policy

Net financing costs comprise interest receivable on funds invested and the finance costs associated with the lease liabilities for right-of-use assets.

Interest income is recognised in the consolidated statement of profit or loss and other comprehensive income as it accrues, using the effective interest method. The interest expense component of lease liabilities is recognised in the consolidated statement of profit or loss and other comprehensive income using the effective interest method.

6. INCOME TAX

Components of income tax as follows:

	2021 $	2020 $
Current tax	-	-
Deferred tax	492,000	-
Total income tax benefit/(expense) reported in the statement of profit or loss and other comprehensive income	492,000	-

Numerical reconciliation between tax expense and pre-tax net loss:

	2021 $	2020 $
Loss before tax	(11,059,106)	(12,832,990)
Income tax benefit using the domestic corporation tax rate of 30% (2020: 27.5%)	(3,317,732)	(3,529,072)
Decrease in income tax benefit due to:		
Non-deductible expenses	674,705	380,942
Non-assessable income	(18,102)	(71,188)
Deferred tax assets and liabilities not recognised	2,661,129	3,219,318
Previously unrecognised tax losses to offset DTL on financial assets	492,000	-
Income tax benefit on loss before tax	492,000	-

Income tax in the consolidated statement of profit or loss and other comprehensive income comprises current and deferred tax. Income tax is recognised in the consolidated statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on all temporary differences at balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

Deferred tax asset and a Deferred tax liability of $492,000 (2020: nil) resulting from the fair-value gain recorded on financial assets (Note 10) have been netted off.

Unrecognised deferred tax assets and liabilities for the Group are attributable to the following:

	2021 $	2020 $
Assets		
Revenue Losses available to offset against future taxable income	7,214,610	6,438,562
Other deferred tax assets	976,267	347,040
	8,190,877	6,785,602
Liabilities		
Other deferred tax liabilities	(177,136)	(175,934)
	(177,136)	(175,934)

The unrecognised benefit from temporary differences on capital items amounts to $389,162 (2020: $312,282).

Deferred tax liabilities have not been recognised in respect of these taxable temporary differences as the entity is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Liontown and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own. The Company recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Group.

7. LOSS PER SHARE

The calculation of basic loss per share at 30 June 2021 is based on the loss attributable to ordinary shareholders of the parent entity and a weighted average number of ordinary shares outstanding during the year ended 30 June 2021.

The weighted average number of ordinary shares outstanding during the financial years comprised the following:

	2021	2020
Loss attributable to ordinary shareholders for basic earnings	$10,567,106	$12,832,990
Weighted average number of ordinary shares on issue at the end of the year	1,779,976,597	1,675,915,484
Basic and diluted loss per share (dollars per share)	($0.006)	($0.008)

Diluted loss per share has not been shown as the impact from options and performance rights is anti-dilutive.

Accounting Policy

Basic earnings/loss per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings/loss per share is calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

SHARE-BASED PAYMENTS

This section of the Notes includes information that must be disclosed to comply with accounting standards and other pronouncements relating to the provision of services and remuneration of employees and consultants of the Group, but that is not immediately related to individual line items in the Financial Statements.

8. SHARE BASED PAYMENTS

Employee Securities Incentive Scheme ("EIS")

The Company provides benefits to employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The Company currently provides benefits under an Employee Securities Incentive Scheme ("Scheme"), as approved by Shareholders at the 2018 AGM.

The total expenditure recognised in the consolidated statement of profit and loss and comprehensive income is $2,233,833 (2020: $1,380,033).

Under the terms of the Scheme, the Board may offer equity securities (i.e. options, performance or service rights) at no consideration to full-time or part-time employees (including persons engaged under a consultancy agreement) and Executive and Non-Executive Directors.

Options issued under Employee Securities Incentive Scheme

Each option entitles the holder, on exercise, to one ordinary fully paid share in the Company. There is no issue price for the options. The exercise price for the options is such price as determined by the Board. An option may only be exercised after that option has vested and any other conditions imposed by the Board on exercise are satisfied. The Board may determine the vesting period, if any.

There are no voting or dividend rights attached to the options. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

The following EIS unlisted options were in place at the end of the year:

Series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $	Vesting date
O15	4,900,000	27/09/2019	28/11/2022	0.15	0.0613	27/09/2020
O15	1,000,000	6/11/2019	28/11/2022	0.15	0.0593	6/11/2020
O15	1,000,000	6/11/2019	28/11/2022	0.15	0.0593	6/11/2021
O15	7,000,000	27/11/2019	28/11/2022	0.15	0.0460	27/11/2019
O17	3,333,333	16/03/2020	16/03/2023	0.1122	0.0501	16/03/2020
O17	3,333,333	16/03/2020	16/03/2023	0.1122	0.0501	16/03/2021
O17	3,333,334	16/03/2020	16/03/2023	0.1122	0.0501	16/03/2022
O18	1,333,333	5/06/2020	4/06/2023	0.15	0.0692	5/06/2021
O18	666,667	5/06/2020	4/06/2023	0.15	0.0692	5/06/2022
O19	250,000	6/10/2020	5/10/2023	0.30	0.1094	5/10/2021
O20	3,250,000	25/11/2020	25/11/2023	0.30	0.1549	25/11/2020
O21	2,500,000	10/02/2021	09/02/2023	0.50	0.1891	05/05/2021
O22	2,500,000	10/02/2021	09/02/2023	0.54	0.1813	05/02/2022
O23	2,500,000	10/02/2021	09/02/2024	0.58	0.2180	05/02/2023
TOTAL	**36,900,000**					

The number and weighted average exercise prices of EIS share options under the Scheme is as follows:

	Weighted average exercise price 2021 $	Number of options 2021	Weighted average exercise price 2020 $	Number of options 2020
Outstanding at beginning of the year	0.082	70,150,000	0.030	57,500,000
Granted during the period	0.464	11,000,000	0.139	33,650,000
Exercised during the period	0.048	(43,500,000)	0.031	(21,000,000)
Lapsed/expired during the period	0.150	(750,000)	-	-
Outstanding at the end of the year	0.233	36,900,000	0.082	70,150,000
Exercisable at the end of the year	0.192	26,649,999	0.066	53,833,333

The weighted average contractual life remaining as at 30 June 2021 is 1.72 years (2020: 2.55 years).

The weighted average fair value of options granted during the year was $0.182 (2020: $0.052).

Non-market performance conditions are not taken into account in the grant date fair value measurement of the services received.

The following EIS share options were exercised during the year:

Series	2021			2020		
	Exercised Number	Exercise date	Share price at exercise date $	Exercised Number	Exercise date	Share price at exercise date $
OP5	2,000,000	16/07/2020	0.120	1,500,000	9/07/2019	0.105
OP5	3,000,000	22/07/2020	0.125	2,000,000	18/05/2020	0.105
OP5	800,000	22/10/2020	0.275	-	-	-
OP6	4,000,000	22/07/2020	0.125	4,000,000	18/05/2020	0.105
OP6	700,000	22/10/2020	0.275	-	-	-
OP6	8,000,000	16/11/2020	0.265	-	-	-
OP6	2,000,000	10/05/2021	0.435	-	-	-
OP7	-	-	-	2,500,000	9/07/2019	0.105
OP7	-	-	-	2,500,000	5/12/2019	0.082
OP8	-	-	-	750,000	9/07/2019	0.105
O13	2,500,000	22/07/2020	0.125	1,750,000	9/07/2019	0.105
O13	5,500,000	22/10/2020	0.275	2,000,000	5/12//2019	0.082
O13	5,000,000	16/11/2020	0.265	4,000,000	18/05/2020	0.105
O13	3,000,000	10/05/2021	0.435	-	-	-
O15	2,000,000	22/10/2020	0.275	-	-	-
O15	2,000,000	11/12/2020	0.325	-	-	-
O15	3,000,000	24/02/2021	0.405	-	-	-
TOTAL	**43,500,000**			**21,000,000**		

The fair value of the EIS options is estimated at the grant date using a Black Scholes option-pricing model taking into account the terms and conditions upon which the options were granted. Refer to the table below for weighted average inputs to the Black Scholes option-pricing model:

	2021	2020
Share price at grant date (weighted average)	$0.366	$0.088
Exercise price (weighted average)	$0.460	$0.139
Expected volatility (weighted average)	96%	112%
Expected life (weighted average years)	2.55	3
Vesting period (weighted average years)	0.85	0.64
Expected dividends	Nil	Nil
Risk-free interest rate (weighted average)	0.10%	0.61%

Refer to the table below for inputs to the Black Scholes option-pricing model for EIS options granted during the year:

Series	O19	O20	O21	O22	O23
Grant Date	06/10/2020	25/11/2020	10/02/2021	10/02/2021	10/02/2021
Dividend yield (%)	-	-	-	-	-
Expected volatility (%)	90%	93%	98%	98%	98%
Risk-free interest rate (%)	0.17%	0.11%	0.09%	0.09%	0.10%
Expected life of option (years)	3	3	2	2	3
Exercise price (cents)	0.30	0.30	0.50	0.54	0.58
Grant date share price	0.220	0.275	0.410	0.410	0.410

Service Rights issued under Employee Securities Incentive Scheme

On 3 July 2020, 1,253,619 service rights were granted to Directors and KMP in lieu of payment of cash salary or fees otherwise payable. The service rights had an expiry date of 30 September 2022, vested 30 September 2020 and had a nil exercise price. The fair value of the service rights granted was determined using the share price at grant date of $0.105.

On 6 October 2020, 612,273 service rights were granted to certain Directors and KMP in lieu of payment of cash salary or fees otherwise payable. The service rights had an expiry date of 31 December 2022, vested 31 December 2020 and had a nil exercise price. The fair value of the service rights granted was determined using the share price at grant date of $0.220.

On 31 January 2021, 207,246 service rights were granted to certain Directors in lieu of payment of cash salary or fees otherwise payable. The service rights had an expiry date of 31 March 2023, vested 31 March 2021 and had a nil exercise price. The fair value of the service rights granted was determined using the share price at grant date of $0.44.

There are no voting or dividend rights attached to the service rights. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the service rights have been exercised.

Total service rights on issue at the beginning of the year of 1,761,422 and 2,073,138 issued during the year were converted to ordinary shares during the year. There were no service rights on issue at 30 June 2021 (2020: 1,761,422).

Other Share Based Payments ("Non-EIS")

Options

During the financial year the company issued nil (2020: nil) unlisted (Non-EIS) share options.

Each option entitles the holder, on exercise, to one ordinary fully paid share in the Company. There is no issue price for the options. The exercise price for the options is determined by the Board. An option may only be exercised after that option has vested and any other conditions imposed by the Board on exercise are satisfied. The Board may determine the vesting period, if any.

There are no voting or dividend rights attached to the options. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

The following Non-EIS unlisted options were in place at the end of the year:

Series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $	Vesting date
O14	1,500,000	28/03/2019	28/03/2022	0.035	0.015	28/03/2019
TOTAL	**1,500,000**					

The number and weighted average exercise prices of Non-EIS options is as follows:

	Weighted average exercise price 2021 $	Number of options 2021	Weighted average exercise price 2020 $	Number of options 2020
Outstanding at beginning of the year	0.041	7,900,000	0.035	14,900,000
Granted during the period	-	-	0.150	400,000
Exercised during the period	0.042	(6,400,000)	0.035	(7,400,000)
Outstanding at the end of the year	0.035	1,500,000	0.041	7,900,000
Exercisable at the end of the year	0.035	1,500,000	0.035	7,500,000

The weighted average contractual life remaining as at 30 June 2021 0.74 years (2020: 1.78 years).

Non-market performance conditions are not taken into account in the grant date fair value measurement of the services received.

The following Non-EIS share options were exercised during the year:

Series	2021			2020		
	Exercised Number	Exercise date	Share price at exercise date $	Exercised Number	Exercise date	Share price at exercise date $
O14	2,000,000	20/10/2020	0.265	100,000	9/8/2019	0.115
O14	2,000,000	10/12/2020	0.315	7,300,000	18/05/2020	0.105
O14	2,000,000	12/02/2021	0.445	-	-	-
O16	400,000	29/01/2021	0.390	-	-	-
TOTAL	**6,400,000**			**7,400,000**		

The fair value of the Non-EIS options is estimated at the grant date using a Black Scholes option-pricing model taking into account the terms and conditions upon which the options were granted. Refer to the table below for weighted average inputs to the Black Scholes option-pricing model:

	2021	2020
Share price at grant date (weighted average)	-	$0.098
Exercise price (weighted average)	-	$0.15
Expected volatility (weighted average)	-	114%
Expected life (weighted average)	-	3
Vesting period (weighted average)	-	1
Expected dividends	-	Nil
Risk-free interest rate (weighted average)	-	0.70%

Performance Rights issued under Employee Securities Incentive Scheme

2,500,000 Sign-on performance rights (vesting subject only to remaining employed at vesting date), 971,736 Short-term performance rights (STI) and 2,915,212 Long-term performance rights (LTI) were issued during the year. As at 30 June 2021, the 6,386,948 performance rights were on issue to certain directors and employees with certain objectives required to be met (including market, non-market based and employment status) in order to vest, have expiry dates as listed below and nil exercise price. The fair value of the performance rights are calculated as at grant date.

1,000,000 performance rights that were on issue at 30 June 2020 lapsed on 13 September 2020.

A summary of performance rights on Issue is as follows:

30 June 2021

Grant date	Opening Balance	Granted	Vested	Lapsed/forfeited	Closing Balance	Share price at date of issue ($)
14 Sep 2018	1,000,000	-	-	(1,000,000)	-	0.0268
4 May 2021	-	6.386,948	-	-	6,386,948	0.4000
TOTAL	**1,000,000**	**6,386,948**	**-**	**(1,000,000)**	**6,386,948**	

30 June 2020

Grant date	Opening Balance	Granted	Vested	Lapsed/forfeited	Closing Balance	Share price at date of issue ($)
14 Sep 2018	1,000,000	-	-	-	1,000,000	0.0268
TOTAL	**1,000,000**	**-**	**-**	**-**	**1,000,000**	

Details of the issue of Performance rights during the year:

Series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $	Vesting date
PR1	1,250,000	4 May 2021	1 July 2023	Nil	$0.40	1/7/2022
PR2	1,250,000	4 May 2021	1 July 2025	Nil	$0.40	1/7/2023
PR3	971,736	4 May 2021	30 June 2023	Nil	Various (1)	30/6/2022
PR4	2,915,212	4 May 2021	30 June 2025	Nil	Various (1)	30/6/2024
TOTAL	**6,386,948**					

(1) *Fair value at grant date varies as is determined by each individual non- market driven segment. The rights were valued by an independent expert.*

The weighted average contractual life remaining as at 30 June 2021: 3.15 years.

Refer to the below table for the inputs to the Monte Carlo simulation (market based conditions) and Black Scholes option-pricing model (non-market based conditions) for performance rights granted during the year:

	Sign on Performance Rights - Tranche 1	Sign on Performance Rights - Tranche 2	STI Performance Rights	LTI Performance Rights
Grant date	4 May 2021	4 May 2021	4 May 2021	4 May 2021
Dividend yield	Nil	Nil	Nil	Nil
Expected volatility	90%	90%	90%	90%
Risk-free interest rate	0.080%	0.080%	0.080%	0.105%
Expected life of options (years)	2.16	3.16	2.16	4.16
Exercise price	Nil	Nil	Nil	Nil
Grant date share price	$0.400	$0.400	$0.400	$0.400
Expiry date	1 July 2023	1 July 2024	30 June 2025	30 June 2025
Number	1,250,000	1,250,000	971,736	2,915,212
Fair value at grant date	$0.400	$0.400	$0.218 -$0.400	$0.264 - $0.400

Accounting Policy

The cost of equity-settled transactions with Employees, Directors and those providing similar services is measured by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, account is taken of any performance conditions, conditions linked to the price of the shares of the Company ('market conditions') and non-market conditions. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

(i) the extent to which the vesting period has expired; and
(ii) the number of awards that, in the opinion of the Directors, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options and rights is reflected as additional share dilution in the computation of earnings per share.

Significant accounting judgements and key estimates

The Group measures the cost of equity-settled share-based payments at fair value at the grant date using a Black Scholes option-pricing model or another appropriate valuation methodology taking into account the terms and conditions upon which the instruments were granted and the assumptions outlined in this Note.

The expected life of the share-based payments is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

ASSETS

This section provides additional information about those individual line items in the consolidated statement of financial position that the Directors consider most relevant in the context of the operations of the entity.

9. CASH AND CASH EQUIVALENTS

	2021 $	2020 $
Cash at bank	12,543,938	5,256,820
Petty cash	1,121	1,029
	12,545,059	5,257,849

Reconciliation of loss after income tax to net cash flows from operating activities:

	2021 $	2020 $
Loss for the period	(10,567,106)	(12,832,990)
Depreciation and amortisation	82,632	60,861
(Gain) from disposal of tenement	(600,000)	(1,500,000)
Foreign exchange (gain)/losses	7	100
Share-based payments	2,233,833	1,380,033
Deferred Tax	(492,000)	-
Fixed assets written off	1,323	19,300
	(9,341,311)	(12,872,696)
Changes in operating assets and liabilities:		
(Increase) in trade and other receivables	(12,777)	141,915
Increase/(decrease) in trade and other payables	1,075,802	(3,039,971)
Increase in provisions	47,421	14,475
Net operating cash flows	(8,230,865)	(15,756,277)

Non-cash investing and financing activities

During the year the Company made additions of $Nil (2020: $146,270) to right-of-use assets.

Changes in liabilities arising from financing activities

	Lease Liability $	Other payables $	Total $
Balance at 1 July 2019	-	163,500	163,500
Issue of Shares	-	(163,500)	(163,500)
Acquisition of leases	146,270	-	146,270
Net cash used in financing activities	(28,957)	-	(28,957)
Balance at 30 June 2020	117,313	-	117,313
Net cash used in financing activities	(41,761)	-	(41,761)
Balance at 30 June 2021	75,552	-	75,552

Accounting Policy

Cash and cash equivalents comprise cash balances and term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. The carrying value of cash and cash equivalents is considered to approximate fair value.

10. TRADE AND OTHER RECEIVABLES, FINANCIAL ASSETS

Current	2021 $	2020 $
Trade and other receivables	176,322	1,686,969
Prepayments	109,525	86,101
	285,847	1,773,070

Other receivables in 2020 included an amount receivable of $1.5 million from Core Lithium Limited pursuant to the contingent conditions met in relation to the sale of the Bynoe Lithium Project in November 2017. This amount was received in July 2020.

There was no expected credit loss at balance date.

Financial Assets Non-Current	2021 $	2020 $
Investment in Equity Securities	2,240,000	-
Other Financial Assets	76,813	76,812
	2,316,813	76,812

Accounting Policy

Trade and other receivables are initially recognised at fair value and subsequently at the amounts considered recoverable. Trade receivables are generally due for settlement within periods ranging from 30 to 60 days. Any expected credit loss is provided for.

The value of equity securities held as an investment are initially measured at fair value. These are assessed at reporting date to ensure their separate carrying values represents their holding value. Any movements (net of tax) are recoded through the Investment Revaluation reserve and therefore Comprehensive Income.

Investments held in Equity Securities

The Company received 40,000,000 shares in Lachlan Star Limited (ASX: LSA) in April 2021 for the sale of the Killaloe Gold Project. The initial consideration was deemed and recorded as income. These shares have been revalued at year end to market value at Balance Date, based on Lachlan Stars share price on ASX at 30 June 2021. The Board views these shares as a long-term investment and as such the Fair-value adjustment is classified as Equity in Investment revaluation reserve.

EQUITY AND LIABILITIES

11. TRADE AND OTHER PAYABLES

	2021 $	2020 $
Trade payables	584,715	241,958
Accrued expenses	972,587	290,869
Other payables	71,600	20,274
	1,628,902	553,101

Accounting Policy

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

12. EMPLOYEE BENEFITS

	2021 $	2020 $
Current		
Annual leave	116,082	56,780
Provision for long service leave	62,579	52,513
Other accrued employee entitlements	14,253	39,687
	192,914	148,980
Non-Current		
Provision for long service leave	4,999	1,512
	4,999	1,512

Accounting Policy

Liabilities for employee benefits for annual leave and other current entitlements represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date, including related on-costs.

The Group’s obligation in respect of long-term employee benefits such as long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value using corresponding government bond yields as a discount rate.

13. CAPITAL AND CAPITAL MANAGEMENT

Ordinary shares on issue:

	2021 No.	2021 $	2020 No.	2020 $
On issue at the beginning of the year	1,711,285,201	63,219,270	1,532,885,201	45,228,551
Rights issues and placements [(1)] [(2)]	54,347,826	12,500,000	150,000,000	18,000,000
Issue of shares for unlisted options	49,642,394[(3)]	2,272,000	28,400,000	900,250
Issue of shares for service rights	3,834,560	550,119	-	-
Share issue costs	-	(619,126)	-	(909,531)
Movement during the year	107,824,780	14,702,993	178,400,000	17,990,719
On issue at the end of the year	**1,819,109,981**	**77,922,263**	1,711,285,201	63,219,270

[(1)] In November 2020, the Company completed a placement to raise $12,500,000 by issuing 54,347,826 fully paid ordinary shares at an issue price of $0.23 per share.
[(2)] In September 2019, the Company completed a placement to raise $18,000,000 by issuing 150,000,000 fully paid ordinary shares at an issue price of $0.12 per share.
[(3)] 3,000,000 options were exercise on a cashless basis for 2,742,394 shares

Accounting Policy

Issued share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised, net of tax, directly in equity as a reduction of the share proceeds received.

Ordinary shares entitle the holder to participate in dividends in proportion to the number of and amounts paid on the shares held.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll, each share is entitled to one vote.

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders.

14. RESERVES

	2021 $	2020 $
Share-based payments reserve	2,747,376	2,157,428
Investment revaluation reserve	1,148,000	-
Foreign currency translation reserve	139,091	139,091
Total Reserves	**4,034,467**	**2,296,519**

Nature and purpose of reserves:

Share-based payments

	2021 $	2020 $
Balance at beginning of the financial year	2,157,428	1,206,001
Share based payments	2,233,833	1,380,033
Transfers to Accumulated Losses and Share Capital	(1,643,885)	(428,606)
	2,747,376	**2,157,428**

The share-based payments reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration and other parties as part of their compensation for services. Refer to note 8 for further details of share-based payment plans.

Investment revaluation reserve

The investment revaluation reserve is used to record the value of financial assets held at balance date. Refer to note 10 for further details.

	2021 $	2020 $
Balance at beginning of the financial year	-	-
Realised gain/losses on sale of financial assets	-	-
Fair value movement on revaluation of financial assets	1,640,000	-
Tax effect on investment revaluations and disposals	(492,000)	-
Balance at the end of the financial year	**1,148,000**	**-**

Foreign currency translation reserve

The foreign currency translation reserve is used to record the exchange differences arising from the translation of the financial statements of foreign subsidiaries.

FINANCIAL INSTRUMENTS

15. FINANCIAL INSTRUMENTS

(a) Capital risk management

The capital structure of the Group consists of equity attributable to equity holders, comprising issued capital, reserves and accumulated losses as disclosed in notes 13 and 14, and in the consolidated statement of financial position.

The Board reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues as well as the issue of debt (where appropriate), if the need arises.

(b) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, equity prices and interest rates will affect the Group's income or value of its holdings of financial instruments.

The Group currently has exposure to both equity price risk and interest rate risk. The Board reviews the exposure to these risks on a regular basis to ensure that the Group is not adversely affected by movements in these exposures.

(c) Foreign exchange rate risk

The Group undertakes certain transactions denominated in foreign currencies, hence has exposure to exchange rate fluctuations. The Group does not currently hedge this exposure. The Group currently has no significant exposure to foreign exchange rates.

(d) Interest rate risk

Interest rate risk is the risk that changes in bank deposit rates affect the consolidated entity's income and future cash flow from interest income. The exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	Interest maturing in:					
2021	<1 year $	1-5 years $	Floating interest $	Non-interest bearing $	Total $	Weighted average interest rate %
Financial assets						
Bank balances	-	-	12,543,938	1,121	12,545,059	0.22
Trade and other receivables	-	-	-	285,847	285,847	-
Financial assets	76,813	-	-	-	76,813	1.10
Financial liabilities						
Trade and other payables	-	-	-	(1,628,902)	(1,628,902)	-
Lease liabilities	(48,933)	(26,619)	-	-	(75,552)	8.85

2020	Interest maturing in: <1 year $	1-5 years $	Floating interest $	Non-interest bearing $	Total $	Weighted average interest rate %
Financial assets						
Bank balances	-	-	5,256,820	1,029	5,257,849	1.10
Trade and other receivables	-	-	-	1,773,070	1,773,070	-
Financial assets	76,812	-	-	-	76,812	1.10
Financial liabilities						
Trade and other payables	-	-	-	(553,101)	(553,101)	-
Lease Liabilities	(43,076)	(74,237)	-	-	(117,313)	8.85

A change of 100 basis points in interest rates (other than where a decrease would result in negative interest rates) on bank balances and term deposits over the reporting period would have reduced the Group's loss by $122,902 (2020: $97,597) and increased the Group's loss by $27,947 (2020: $97,597).

(e) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations., The consolidated entity's exposure to credit risk is not significant and currently arises principally from sundry receivables which represent an insignificant proportion of the Group's activities and cash and cash equivalents.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the notes to the financial statements.

(f) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board actively monitors the Group's ability to pay its debts as and when they fall due by regularly reviewing the current and forecast cash position based on the expected future activities.

The Group has non-derivative financial liabilities which include trade and other payables of $1,628,902 (2020: $553,101) all of which are due within 60 days and undiscounted lease liabilities of $79,512 (2020:129,572).

(g) Net fair values of financial instruments

The carrying amount of all financial assets and liabilities approximate their net fair values.

GROUP COMPOSITION

This section of the Notes includes information that must be disclosed to comply with accounting standards and other pronouncements relating to the structure of the Group, but that is not immediately related to individual line items in the Financial Statements.

16. LIST OF SUBSIDIARIES

	Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Parent entity			
Liontown Resources Limited	Australia		
Subsidiaries			
Liontown Resources (Tanzania) Limited	Tanzania	100%	100%
LRL (Aust) Pty Ltd	Australia	100%	100%
ERL (Aust) Pty Ltd	Australia	100%	100%
Minerals 260 Limited (1)	Australia	100%	-

(1) Incorporated on 4 June 2021.

17. PARENT ENTITY INFORMATION

The financial information for the parent entity, Liontown Resources Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries are accounted for at cost less impairment in the parent entity's financial statements.

	2021 $	2020 $
Statement of profit and loss and other comprehensive income		
Loss for the year	(10,081,942)	(22,757,725)
Total comprehensive loss	(10,081,942)	(22,757,725)
Statement of financial position		
Assets		
Current assets	12,890,906	7,030,919
Non-current assets	2,509,251	309,662
Total assets	15,400,157	7,340,581
Liabilities		
Current liabilities	1,170,527	519,583
Non-current liabilities	31,617	75,750
Total liabilities	1,202,144	595,333
Net assets	14,198,013	6,745,248
Equity		
Share capital	77,922,263	63,219,270
Reserves	3,895,376	2,157,428
Accumulated losses	(67,619,626)	(58,631,450)
Total equity	14,198,013	6,745,248

OTHER INFORMATION

This section of the Notes includes other information that must be disclosed to comply with accounting standards and other pronouncements, but that is not immediately related to individual line items in the Financial Statements.

18. CONTINGENT ASSETS AND LIABILITIES

For the year ended 30 June 2021, there are no contingent assets (30 June 2020: nil).

For the year ended 30 June 2021, there are no contingent liabilities (30 June 2020: nil).

19. REMUNERATION OF AUDITORS

Audit and review services	2021 $	2020 $
HLB Mann Judd	36,018	30,300

20. COMMITMENTS

In order to maintain current rights of tenure to exploration tenements the Group, together with its joint venture partners, is required to perform exploration work to meet the minimum expenditure requirements specified by various State governments. These amounts are subject to negotiation when application for a lease application and renewal is made and at other times. The approximate minimum level of expenditure to retain current tenements which are not provided for in the consolidated financial statements are detailed below:

	2021 $	2020 $
Within 1 year	968,495	939,556
1-5 years	1,388,564	2,224,228
>5 years	3,080,579	3,398,381
	5,437,638	6,562,165

In relation to:

- Yalwest and Dingo Rocks tenements nil commitment as they are under application and were not granted as at 30 June 2021.
- Koojan tenements has a minimum commitment in relation to the Farm-In of $500,000 within 18 months of settlement, which has not yet occurred.

To the extent that expenditure commitments are not met, tenement areas may be reduced, and other arrangements made in negotiation with the relevant State and Territory government departments on renewal of tenements to defer expenditure commitments or partially exempt the Company.

21. RELATED PARTY TRANSACTIONS

(a) Key management personnel

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Directors

- T Goyder
- T Ottaviano (appointed CEO on 1 May 2021 and Managing Director on 5 May 2021)
- D Richards
- C Williams
- A Cipriano
- S Chadwick

Executives

- A Smits (COO)
- C Hasson (CFO)
- C McGhie (Company Secretary) (appointed 5 May 2021)

The key management personnel compensation is as follows:

	2021 $	2020 $
Short-term employee benefits	1,115,696	794,713
Post-employment benefits	77,251	44,157
Share-based payments	2,123,615	981,734
	3,316,562	1,820,604

(b) Loans made to key management personnel and related parties

No loans were made to key management personnel and their related parties.

(c) Other transactions with key management personnel

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

	2021 $	2020 $
Corporate service charge and provision of KMP services(1)	-	241,845
Corporate advisory services of KMP(2)	87,500	-
Technical consultancy services of KMP(3)	49,000	47,000
Database management and field services(4)	120,566	159,751
Accounting services (5)	5,160	613
	262,226	449,209

(1) In the prior year the Group received corporate services including office rent and facilities, KMP services, management and accounting services under a Corporate Services Agreement with Chalice Mining Limited. Messrs Hacker is a KMP of Chalice Mining Limited and was a KMP of the Company until 4 June 2020. Amounts invoiced are based on a proportionate share of the cost to Chalice Mining Limited of providing the services and have normal payment terms.
(2) The Company received corporate, financial advisory services and general support services through a consultancy agreement (as disclosed to ASX on 12 May 2021) from Mr Cipriano at a rate of $2,500 per day and are payable under normal payment terms. Either party may terminate the agreement by providing one months' notice.
(3) The Company's Non-Executive Director Mr Chadwick provides general metallurgical and technical advisory services to the Company through a consultancy agreement. There is no fixed remuneration component under the consultancy agreement for these services and those services are provided on an "as required basis" at a rate of $2,000 per day and are payable on normal payment terms. Either party may terminate the agreement by providing one months' notice.
(4) The Group receives database management and field services from related parties of the Managing Director, Mr Richards. Amounts paid are on normal commercial terms.
(5) The Group received accounting services from a related party of the CFO, Mr Hasson. Amounts paid are on normal commercial terms.

Amounts payable to KMP and related parties at reporting date arising from these transactions was $43,052 (2020: $15,808).

22. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 5 July 2021, the Company announced new exploration targets at the Buldania project following soil sampling which defined extensive, high-order anomalisms for lithium (and related metals) adjacent to the existing Anna lithium deposit.

On 14 July 2021 the Company announced the issue of 68,420,000 ordinary shares at $0.76 to raise $52 million to fund accelerated development of the Kathleen Valley Project, strategies to optimise operating and capital costs, advancement of downstream strategy, further exploration and drilling at Buldania and general working capital.

On 14 July 2021, the Company announced that a second phase of geochemical sampling at the Koojan JV had confirmed previously identified PGE and gold anomalies and also defined a number of new targets. These latest results will optimize planning of ground geophysical surveys designed to prioritise targets for drill testing.

On 31 July 2021, the Company entered into a royalty termination agreement with Ramelius Resources for payment of $30.25m cash to terminate the Kathleen Valley Royalty held by Ramelius. The termination of the royally will further enhance the Projects future operating costs.

On 10 August 2021, the Company announced that it completed the transaction with Lachlan Star (ASX: LSA) which gives the Company the right to acquire 51% interest in the Koojan Project. The Company can acquire 51% equity in the Koojan Project by spending $4m on exploration within 5 years with a minimum commitment of $500,000 before having the right to withdraw.

On 19 August 2021, the Company announced that, subject to conditions precedent, it will Demerge its subsidiaries Minerals 260 Ltd and ERL Pty Ltd from the Company via an in-specie distribution (Demerger). These subsidiaries currently hold the 100% of the Moora Gold-Nickel-Copper-PGE Project, an option to earn a 51% interest in the Koojan Gold-Nickel-Copper-PGE Project, the Dingo Rocks Project and tenement applications at Yalwest. On 19 August 2021, a prospectus was lodged with ASIC in relation to the proposed IPO of Minerals 260 (following its Demerger) seeking to raise a minimum of $15,000,000 and a maximum of $30,000,000. On 22 September 2021, shareholder approval was obtained to proceed with the Demerger. The proposed transactions are planned to be completed in October 2021.

No other matters or circumstances have arisen since 30 June 2021 that have significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Liontown Resources Limited ('the Company'):

   (a) the financial statements, notes and additional disclosures of the Group are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the financial position of the Group as at 30 June 2021 and of its performance for the year then ended; and

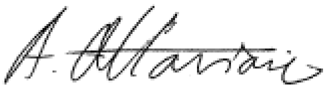
      ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

   (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

This declaration is signed in accordance with a resolution of the Directors:



Antonino Ottaviano

Managing Director

Dated this 29th day of September 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Liontown Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Liontown Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

Key Audit Matter	How our audit addressed the key audit matter
Share Based Payments Refer to Note 8	
During the year the Group had numerous share-based payments recording an expense to profit or loss of $2,233,833. The performance rights issued required different accounting methodologies and valuation techniques. Valuation of share-based payments was a key audit matter due to the complex nature of the valuation principles, the subjectivity involved with the vesting on non-market based performance conditions and the material amount of the resulting expense. We focused on this area as a key audit matter due to the audit effort required and the degree of estimation involved.	Our procedures included but were not limited to: - We assessed management's valuation, classification and calculation of each category of share-based payments; - We evaluated management's assessment of the expected vesting date of the non-market based vesting conditions - We considered if the accounting and valuations were in accordance with AASB 2 *Share-based Payment*; and - We assessed the adequacy of the Group's disclosures in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Liontown Resources Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
29 September 2021

D I Buckley
Partner