Liontown

ANNUAL FINANCIAL REPORT 2020

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As a result of Kathleen Valley’s increased Mineral Resource Estimate, declared in May 2020, Liontown now has the world’s 4th largest hard rock (spodumene) lithium resource base, by ownership.

CHAIRMAN'S LETTER

Tim Goyder - Chairman

Dear Fellow Shareholders,

FY2020 was a positive year for our Company despite the COVID-19 pandemic which had little effect on our operations.

Over the last 12 months we hit a number of key milestones and made excellent progress towards achieving our strategic objective of becoming a significant lithium miner.

Our 100% owned Kathleen Valley Lithium-Tantalum Project has cemented itself as a Tier-1, hard rock, lithium deposit thanks to a near-doubling of its Mineral Resource Estimate (MRE) in May 2020 to 156Mt @ 1.4% Li_2O and 130ppm Ta_2O_5. The updated MRE represents the third successive increase since the maiden MRE was published in September 2018 and clearly establishes Kathleen Valley as a world-class lithium deposit.

A Pre-Feasibility Study (PFS) published in December 2019 gave us some early insights into the economic potential of the Project and, given the substantial increase in the size of the deposit and the delineation of substantial high-grade (>1.5% Li_2O) mineralisation at depth, the Company determined that a new PFS was required prior to committing to a Definitive Feasibility Study (DFS).

The new PFS which will be released in early Q4 2020 will investigate (among other considerations):

- earlier mining of higher-grade ore via underground and optimised open pit mining;
- a revised Whole of Ore Float process flowsheet; and
- a tantalum recovery circuit

The upgraded PFS (+/-25% accuracy) will provide an improved basis for a DFS (+/-15% accuracy), which is now planned to be completed by Q4, 2021.

With the proposed development of Kathleen Valley to a standalone mining and processing operation, Liontown is poised to be one of the first of the next generation of hard rock lithium producers aligned with the forecast resurgence of the lithium-ion battery sector in the coming years.

During the year, the Company also completed a maiden MRE for its 100%-owned Buldania Lithium Project, located near Norseman in Western Australia's south-eastern Goldfields. The Indicated and Inferred Mineral Resource announced in November 2019 relates to the Anna deposit and comprises ~15Mt @ 1.0% Li_2O and 44ppm Ta_2O_5.

There is significant potential for further lithium discoveries within Liontown's large land position at Buldania, which is largely unexplored for lithium outside of the Anna pegmatite.

Together, the total combined MREs at Kathleen Valley and Buldania represent the world's 4th largest hard rock (spodumene) lithium resource base by ownership, which is an outstanding achievement and a tangible measure of the potential value of the Projects and your Company.

The Company was also pleased to commence field work in May 2020 at its 100%-owned Moora Project located just 150km northeast of Perth, Western Australia. This emerging project is located in the same geological terrain as the Julimar discovery where Chalice Gold Mines (ASX:CHN) announced a high-grade Ni-Cu-PGE (Platinum Group Element) discovery in early 2020.

Liontown's initial field programs at Moora returned strongly anomalous gold, PGEs, nickel and copper from wide-spaced geochemical soil sampling programs and, subsequent to the end of the year, the Company completed an Airborne Electromagnetic (AEM) survey over the entire Project area. The AEM survey was designed to detect mineralised sulphide zones beneath cover, and data processing was in progress at the time of writing.

Liontown is in a solid financial position. To achieve this, we have exercised prudence in the current economic climate by streamlining spending to focus almost exclusively on the Kathleen Valley and Moora Projects.

Additionally, as a pre-emptive measure and to conserve cash in the initial months of the COVID-19 outbreak, Directors and senior management agreed to accept equity compensation in lieu of fees and as a percentage of salaries respectively, for a current maximum period of four quarters.

Our shareholders and the capital they provide, have nonetheless enabled us to maintain strong development momentum in 2020 to bring the Kathleen Valley Lithium Project closer to realisation as a future world-class lithium mine.

Consensus forecasts indicate that the lithium market will reach a demand/supply balance in 2022 with a potential shortage in 2023.

Brokers and market commentators are broadly positive on the long-term outlook for lithium – particularly given the ongoing global shift towards electric vehicles from large auto makers. This outlook is underpinned by supporting government policies in China and Europe which both have national and local subsidy schemes in place. China and Europe also recently strengthened and extended their New Energy Vehicle mandate and CO_2 emissions standards, respectively.

We will continue to be guided by our purpose and values during these unprecedented times by developing our projects and supporting the communities in which we operate in order to guarantee long term value for our shareholders.

Finally, I would like to thank our Managing Director David Richards, our COO Adam Smits who is leading the new PFS, our Exploration Manager Jamie Day, my fellow directors and the Company's employees and contractors for their hard work over the past year.

I would also like to thank our shareholders for their continued and valued support.

As Chairman and a major shareholder, I am confident that the long-term future of the Company should provide shareholders with significant capital gains when the EV market enters into the much-anticipated growth phase.

Yours faithfully

Tim Goyder
Chairman

FY2020 KEY HIGHLIGHTS

- **Kathleen Valley Lithium & Tantalum Project:** An updated MRE of 156Mt @ 1.4% Li_2O and 130ppm Ta_2O_5 was announced in May 2020. This represents a more than 600% increase since the maiden MRE was published in September 2018.
- New PFS will be completed in early Q4 2020 following the updated MRE, detailed process engineering, metallurgical testing, geotechnical and hydrological studies.
- **Moora Gold-PGE-Nickel-Copper Project**: Shallow auger sampling defined extensive, strong Au-PGE-Ni-Cu anomalism including individual gold values up to 925ppb (0.92g/t Au).
- **Buldania Lithium Project**: Maiden MRE of 14.9Mt @ 1.0% Li_2O and 44ppm Ta_2O_5 defined for Anna deposit.
- As a result of Kathleen Valley's increased MRE, Liontown now has the world's 4th largest hard rock (spodumene) lithium resource base by ownership.

OPERATING AND FINANCIAL REVIEW

Looking ahead…

Liontown (**Company**) is rapidly progressing the Kathleen Valley Lithium deposit towards a new mining and processing operation in Western Australia. The definition of an updated MRE during 2020, comprising 156 million tonnes at 1.4% Li_2O and 130ppm Ta_2O_5 (~ 5.3Mt of lithium carbonate equivalent), has confirmed the resource as one of the most significant, high quality, hard rock lithium deposits in Australia.

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 incentivized transition to electric vehicles. Liontown is well-positioned to become a significant source of lithium supply just in time to meet this demand which is expected to escalate in the next few years.

Importantly, the Kathleen Valley deposit (Kathleen Valley) is one of the few large, uncommitted (i.e. no offtake agreements and 100% ownership), hard rock lithium deposits in a tier one mining jurisdiction, providing flexibility in terms of future financing or attracting strategic partners.

Ongoing studies at Kathleen Valley will carefully consider the experience from previously commissioned, hard rock lithium mine developments with a focus on metallurgical test work to ensure a high quality spodumene and tantalum concentrate will be produced at optimal grades and recoveries.

The Company's primary objectives in advancing Kathleen Valley are:

- Completion of a new PFS in early Q4 2020 and immediate transition to a Definitive Feasibility Study (DFS); and
- Planning and execution of the transition from an exploration to a mineral development company by employing key personnel with the right expertise and experience.

Consistent with its corporate strategy to focus on battery and precious metals, the Company will also continue to advance the Moora Gold-PGE-Nickel-Copper Project in south-west Western Australia where early work has defined strong geochemical anomalism coincident with geophysical features interpreted to be mafic/ultramafic bodies obscured by shallow cover.

The Moora Project is largely unexplored with little historic work conducted and initial drill testing by Liontown is scheduled for late 2020/early 2021 following completion of further target definition.

In addition, the Company will seek to unlock the significant potential at its second lithium project at Buldania where a maiden MRE of 15Mt @ 1.0% Li_2O was defined during the year.

While Liontown is cognisant of the current uncertainties caused by the COVID-19 pandemic and its impact across global financial markets, the Company remains focused on delivering Australia's next major lithium development.

KEY ACHIEVEMENTS OF THE YEAR

KATHLEEN VALLEY LITHIUM PROJECT

- An initial PFS confirmed the technical and financial viability of a standalone mining and processing operation based on the July 2019 MRE of 74.9Mt @ 1.3% Li_2O and 140ppm Ta_2O_5.
- **Further drilling expanded the MRE to 156Mt @ 1.4% Li_2O and 130ppm Ta_2O_5** which represents an increase of 108% in tonnes and 119% in contained lithium compared with the July 2019 Mineral Resource and a **636% increase** in tonnes and contained lithium from the maiden Mineral Resource of 21.2Mt @ 1.4% Li_2O and 170ppm Ta_2O_5 released in September 2018.
- The updated MRE contains 2.1Mt of Li_2O or 5.3Mt of lithium carbonate equivalent (LCE) and 44Mlbs of Ta_2O_5.
- **80% of the latest MRE is classified as Measured or Indicated**, which will be available for conversion to Proven or Probable Reserves.
- The significant increase in the MRE combined with results from the initial PFS have highlighted a number of opportunities to improve the financial metrics of the Project which will be investigated as part of a new PFS, scheduled for completion in Q4 2020.
- The new PFS will include the following inputs:
  - Mining of higher grade material earlier in the schedule of a future mining operation;
  - Using a simpler Whole of Ore Float (WOF) process to produce a spodumene concentrate grading 6% Li_2O or higher; and
  - A flowsheet to recover tantalum as a by-product.
- It is envisaged that a DFS will commence immediately following completion of the updated PFS in Q4 2020.

MOORA GOLD-PGE*-NICKEL-COPPER PROJECT

- Field work commenced on the 100%-owned, 467km^2 Moora Project which had been secured by exploration licenses applied for in 2018 and 2019.
- The Moora Project is underlain by the same geological sequence as the recent, high-grade Julimar nickel-PGE-copper-gold discovery located ~95km to the south.
- Geochemistry has defined multiple +100ppb gold anomalies with values up to 925ppb (0.92g/t Au).
- The high gold values are coincident with anomalous PGEs (up to 75ppb Pd+Pt), nickel (up to 492ppm) and copper (up to 884ppm).
- Initial drill testing is scheduled for late 2020/early 2021.

*PGE – palladium and platinum

BULDANIA LITHIUM PROJECT

- Maiden MRE of 14.9Mt @ 1.0% Li_2O and 44ppm Ta_2O_5 defined for Anna deposit.
- The mineralised trend at Anna remains open along strike and at depth and, together with other drill ready targets within the Project, there is good potential to increase the resource base.

CORPORATE

- $18 million capital raising via a placement of 150,000,000 fully paid ordinary shares at an issue price of $0.12 per share.
- Cash balance boosted by a final payment of $1.5 million cash relating to the 2017 sale of the Bynoe Lithium Project to Core Lithium.
- Key staff appointed (including highly-experienced Chief Operating Officer – Adam Smits) to facilitate the development of Kathleen Valley including the completion of feasibility and other advanced mining-related studies.

LIONTOWN'S ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) STRATEGY

Companies and investors are increasingly focused on the impact of sustainability on their operations and investments respectively. An increased understanding of how sustainability-related factors can affect economic growth, asset performance and financial markets as a whole underlies this increased focus.

Liontown believes that the way a company manages the environmental and social aspects of its business offers an indication of how well the company is run. A strong commitment to corporate governance is a sign of quality leadership and management required to ensure a company's long-term financial sustainability.

Liontown will proactively seek to integrate consideration of environmental, social and governance factors into our Company practices and decisions and will formalise its ESG commitments in conjunction with the Kathleen Valley DFS which is due for completion in Q4 2021.

We are wholeheartedly committed to the development of our ESG principles which we believe reflects our responsibility to our employees, shareholders, the communities in which we operate and other stakeholders.

KATHLEEN VALLEY LITHIUM PROJECT

Western Australia (100%)

The Kathleen Valley Project, which is approximately 670km north-east of Perth, Western Australia (Figure 1), incorporates a Tier-1, hard rock lithium deposit located on granted Mining Leases in an established mining jurisdiction close to existing transport and energy infrastructure. Liontown has delineated Australia's 5th largest lithium resource, contributing to Liontown having the world's 4th largest hard rock (spodumene) lithium resource base by ownership. An initial feasibility study has confirmed the potential for an economically viable standalone mining operation.

Following release of a second MRE in July 2019, Liontown completed a PFS which confirmed the potential for an economically viable, standalone lithium mining and processing operation at Kathleen Valley. The PFS also identified opportunities to enhance the Project's financial returns by expanding the resource and investigating the potential to recover tantalum as a by-product.

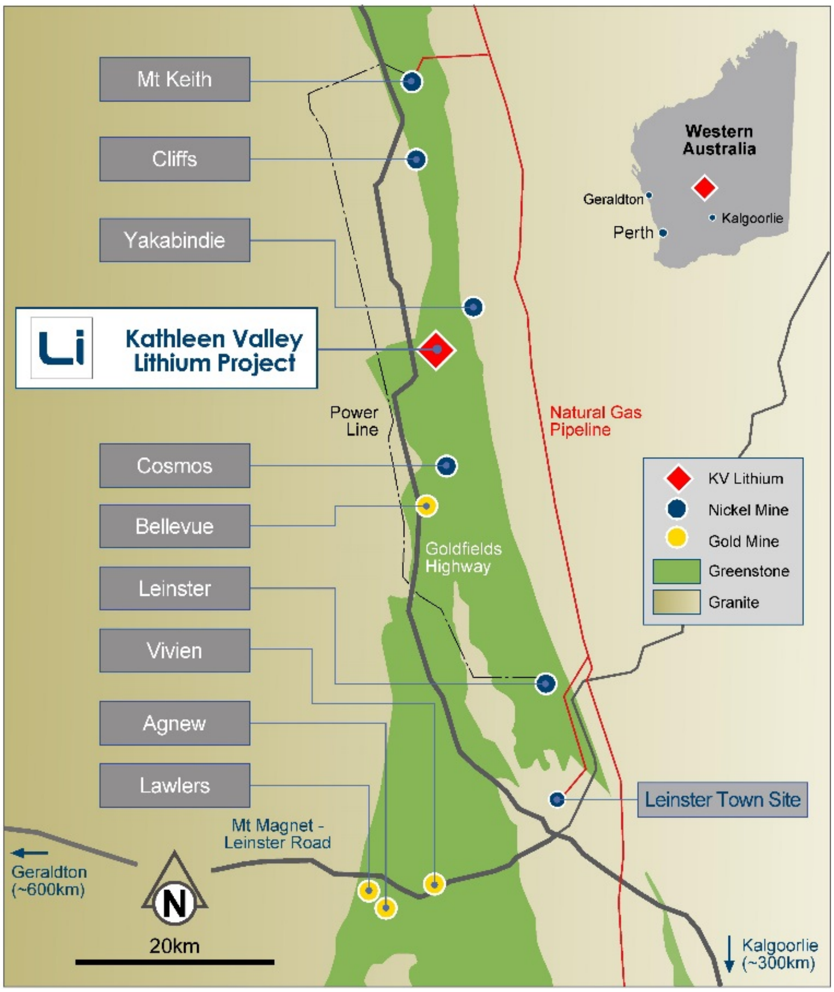

Figure 1: Kathleen Valley Project – Location plan and regional geology

Based on the PFS, the Liontown Board of Directors approved additional drilling designed to expand the MRE and allow further metallurgical test work to refine optimal processing parameters for a future mining operation. Results of these programs and other ongoing related studies will be incorporated into a new PFS due for completion in early Q4 2020.

PRE-FEASIBILTY STUDY (PFS)

MAIDEN ORE RESERVE

The PFS included a maiden Ore Reserve of **50.4Mt @ 1.2% Li_2O** which was based on the July 2019 MRE of 74.9Mt @ 1.3% Li_2O and 140ppm Ta_2O_5.

Orelogy Mine Consulting Pty Ltd (**Orelogy**) was responsible for the mining component of the PFS and, as such, developed a maiden Ore Reserve estimate for Kathleen Valley in accordance with the guidelines of the JORC Code 2012.

The Ore Reserve prepared by Orelogy is summarised in Table 1.

Table 1: Kathleen Valley Project – Ore Reserve Estimate (November 2019)

Category	Tonnage (Mt)	Li_2O (%)	Li_2O (T)
Proved	17.1	1.2	204,000
Probable	33.3	1.2	399,600
TOTAL	**50.4**	**1.2**	**603,600**

Notes:

- *Tonnages and grades are diluted and reported above a Li_2O cut-off grade of 0.5%*
- *Tonnages and grades have been rounded.*

Mineral Resources were converted to Ore Reserves in line with the material classifications which reflect the level of confidence within the resource estimate. The Ore Reserve reflects that portion of the Mineral Resource which can be economically extracted by open pit mining methods.

FINANCIAL OUTCOMES

Based on a proposed 2Mtpa standalone mining and processing operation, the PFS demonstrated the potential for strong financial metrics (Table 2/Figure 2).

Table 2: Kathleen Valley Project – Base Case Key Metrics

Scoping Study Outcome	2Mtpa Base Case (Lithium only)
Post-tax $NPV_{8\%}$ (real, post-tax)	**Base Case of A$507M**
Internal Rate of Return (IRR)	**25%** (Base Case IRR)
Payback period (Lithium)	**4 years post-production**
Life of mine (LOM)	**26 Years** (including ramp-up)
Pre-production capital cost	**A$240.5M** including **A$31.1M** in contingency
Average LOM cash operating costs[1]	**US$406/dmt (A$564/tonne) of spodumene concentrate.**
Annual steady state production	**295,000 tonnes of spodumene concentrate**

[1] Cash operating costs include all mining, processing, transport, state and private royalties, freight to port, port costs and site administration and overhead costs

The production targets are based solely on the reported Ore Reserves (33.9% Proved, 66.1% Probable) which have been prepared by a Competent Person in accordance with the requirements of the 2012 JORC Code.

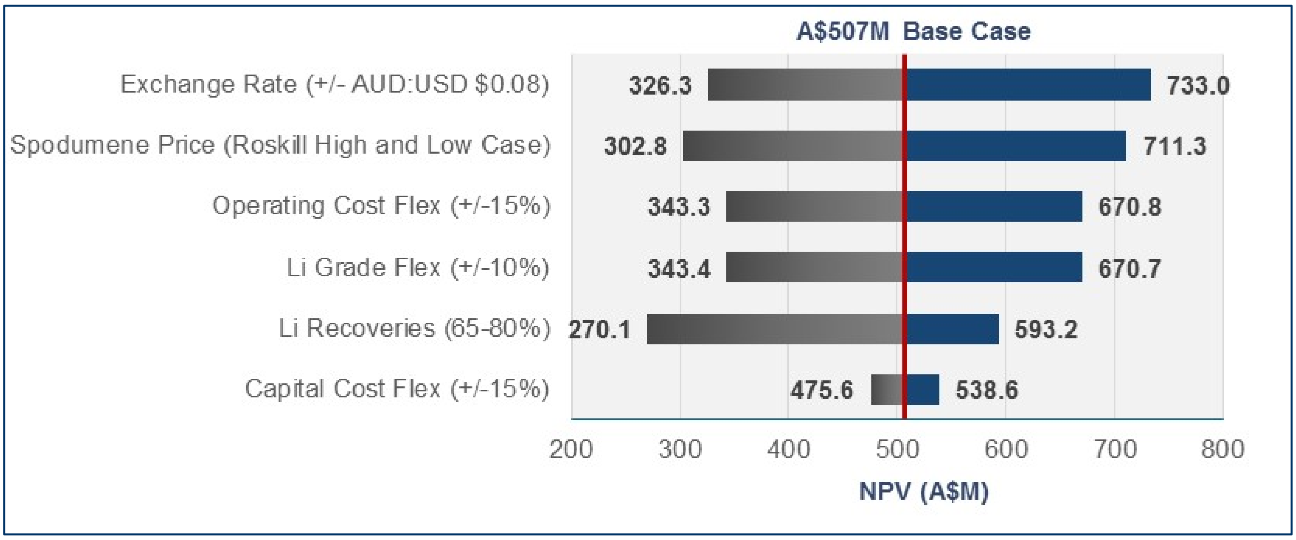

Figure 2: Kathleen Valley Project – NPV Sensitivity Analysis

The base case for the PFS assumes recovery of lithium only, as the test work program required to confirm the recovery and grade obtainable from the inclusion of a tantalum circuit was not completed until later in the financial year.

As a result, the PFS does not incorporate the potential tantalum circuit in the project capital, operating costs or revenue (as credits to operating costs); however, this will be included in the new PFS.

PARAMETERS AND ASSUMPTIONS

The PFS was completed to an overall +/-25% accuracy using the key parameters and assumptions set out in Table 3.

Table 3: Key Parameters and Assumptions

Parameter	
General and Economic	
Discount rate (real, post-tax)	8%
Spodumene concentrate price	US$690 per tonne FOB
Exchange rate – AUD/USD	0.72
Mining and Production	
Average Life-of-Mine strip ratio	7.7:1
Processing rate	2Mtpa
Life-of-Mine Production Target	50.4Mt ore
Average Li_2O grade (diluted)	1.18%
Li_2O recoveries	76%
Spodumene concentrate grade	6.1%
Moisture content of concentrate	13%

Parameter	
Cost Assumptions	
LOM average open pit mining costs ($/t ore mined)	A$35.12
LOM average processing cost ($/t ore milled)	A$18.20
Logistics and transport ($/t concentrate)	A$77.26
General and admin ($/t ore milled)	A$4.71
Western Australia State royalty	5%
Other royalties	3% gross sales and $0.5/t ore mined
Corporate tax rate	30%
Estimated opening tax losses available	A$30M

METALLURGICAL FACTORS

A total of 81 composited drill core samples were collected from across the deposit for the PFS metallurgical test work program. These samples included a range of grades and depths.

The metallurgical test work process consisted of three-stage comminution including high-pressure grinding rolls (**HPGR**), Dense Medium Separation (**DMS**) followed by flotation. This is a similar flowsheet to that used in several hard rock lithium mines currently operating in Western Australia.

The feed composite used in the PFS test work consisted of diamond drill core and was compiled based on the mine plan for the study. The feed composite was deliberately diluted with 10% iron-rich gabbro which hosts the mineralised pegmatites.

The PFS test work did not include any iron removal ahead of DMS separation and only low intensity magnetic separation for iron removal ahead of flotation. A combined spodumene concentrate with a grade of 6.1% Li_2O containing 1.42% Fe_2O_3 was produced from the PFS composite sample.

The results of the PFS test work were preliminary and further metallurgical work designed to optimise recovery and minimise any deleterious elements, including iron, in the lithium concentrate were undertaken later in the year and are ongoing (see pages 15-16).

2020 RESOURCE EXPANSION DRILLING AND UPGRADE

Liontown re-commenced resource definition drilling at Kathleen Valley in August 2019 with 52 new RC holes drilled, 11 previous RC holes extended, and 48 new diamond core holes completed for a total of 39,102m.

The total drilling by Liontown at Kathleen Valley since work commenced in 2017 comprises 445 holes for 86,737m, including 355 RC holes for 63,161m and 90 diamond core holes for 23,576m. This total includes 39 RC holes which were extended following the receipt of results along strike that indicated the potential for deeper mineralisation.

The updated Measured, Indicated and Inferred Mineral Resource, which was prepared by independent specialist resource and mining consulting group Optiro Pty Ltd (**Optiro**), comprises **156Mt at an average grade of 1.4% Li_2O and 130ppm Ta_2O_5.**

Details of the updated MRE are provided in Table 4 and Table 5.

Table 4: Kathleen Valley Mineral Resource Estimate as at May 2020

Resource category	Million tonnes	Li_2O %	Ta_2O_5 ppm
Measured	20	1.3	140
Indicated	105	1.4	130
Inferred	32	1.3	110
Total	**156**	**1.4**	**130**

Notes:

- *Reported above a Li_2O cut-off grade of 0.55%.*
- *Tonnages and grades have been rounded to reflect the relative precision of the estimate. Inconsistencies in the totals are due to rounding.*

Table 5: Mineral Resource Estimate reported by Li_2O % cut-off grades

Cut-off Li_2O %	Million tonnes	Li_2O %	Ta_2O_5 ppm
0.4	158	1.34	128
0.55	156	1.35	128
0.6	155	1.35	128
0.8	148	1.39	129
1.0	130	1.45	131
1.2	100	1.56	132
1.4	64	1.70	131

The MRE is reported and classified in accordance with the guidelines of the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code; 2012).

The updated MRE represents an increase of 108% in tonnes and 119% in contained lithium compared with the MRE announced in July 2019, which formed the basis of a PFS described above.

The updated MRE comprises 2.1Mt of contained lithium oxide and 44Mlbs of contained Ta_2O_5. Using the benchmark Lithium Carbonate Equivalent (**LCE**) measure, the Resource contains 5.3Mt of LCE, underlining its position as one of the few undeveloped, significant lithium projects of scale being progressed towards development in Australia.

Drilling at Kathleen Valley has defined continuous mineralisation over a strike length of 1.7km and to a vertical depth of 600m with system open to the north-west and down-dip (Figure 3).

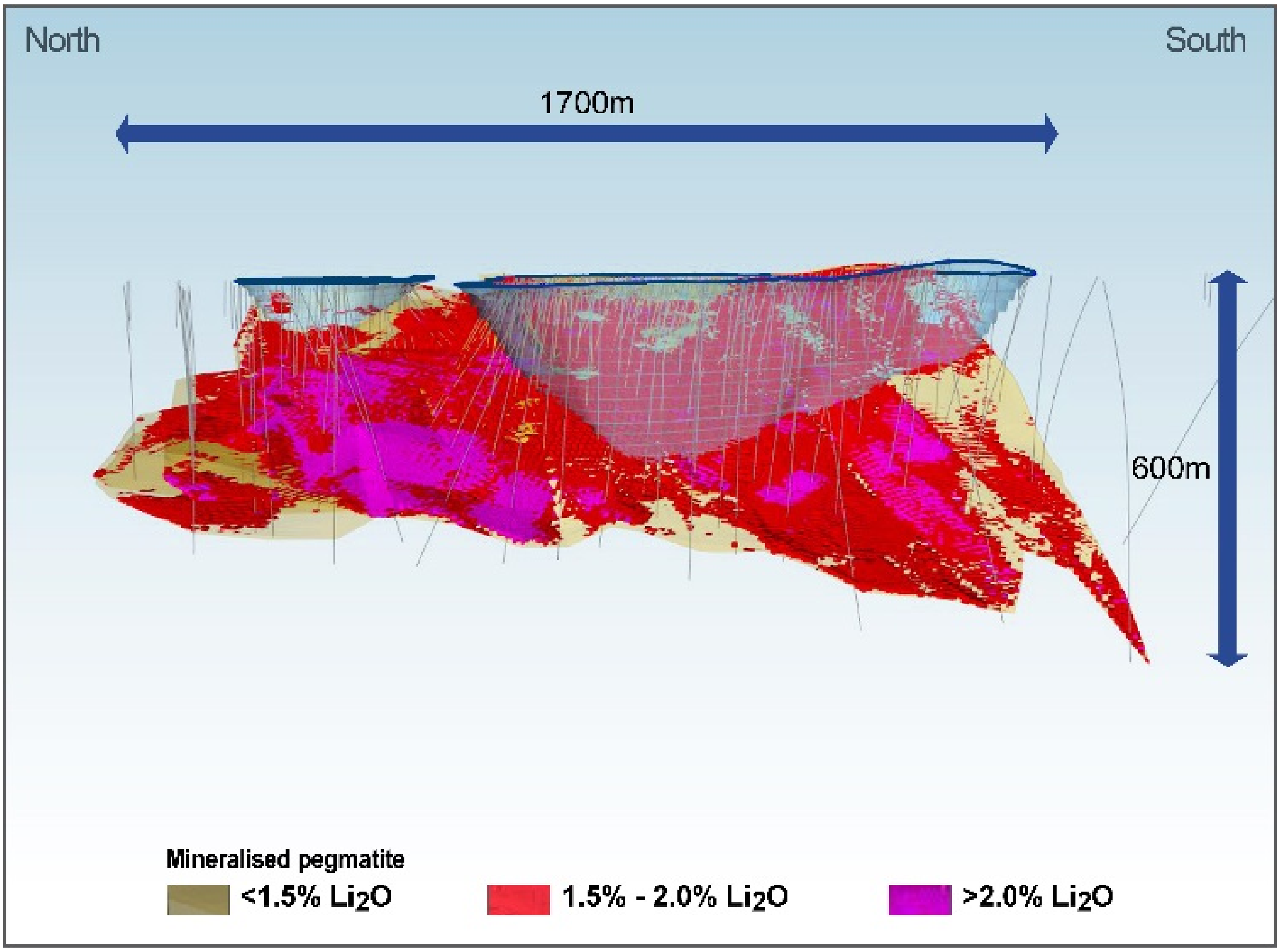

Figure 3: Kathleen Valley – Block model of May 2020 MRE showing conceptual open pits based on July 2019 MRE and completed PFS.

PFS UPDATE

In light of external challenges associated with the COVID-19 pandemic together with potential improvements and enhancements to the Project, Liontown decided to postpone the DFS and instead produce a new PFS that is aligned to the Project's updated MRE.

The new PFS (+/-25% accuracy) will provide a solid and much improved basis for a DFS (+/-15% accuracy), which is now planned to commence immediately following on from the completion of the new PFS.

The new PFS, scheduled for completion in early Q4 2020, will include inputs not considered as part of the initial PFS reported above.

The updated inputs are based on a review of mining options and metallurgical test work completed by independent consultants in early 2020 and included:

- A mine planning study to determine whether deeper, higher grade mineralisation could be accessed by underground mining;
- An examination of a WOF flowsheet compared with the conventional DMS/Flotation process currently used in the industry; and
- Developing a flowsheet to recover tantalum (Ta_2O_5) concentrate.

The rationale for the reviews included:

- Drilling during the year intersected significant widths of high-grade mineralisation (>1.5% Li_2O) beneath the conceptual open pits derived from the initial PFS (Figure 3);
- Underground mining of higher grades could result in lower dilution, better plant recoveries and lower unit costs;
- WOF could reduce potential operational challenges experienced by the conventional DMS processing route, while maximising the opportunity to recover tantalum; and
- Recovery of a tantalum by-product has the potential to be value-accretive to the whole Project

MINE PLANNING REVIEW

Orelogy was engaged to assess the potential for a combined underground and open pit operation at Kathleen Valley.

The results of this review were positive and indicate that it is feasible to access higher grade material via underground mining early in the schedule of a future mining operation. A combined underground and open pit scenario is being incorporated into the new PFS, which will be based on the current MRE of 156Mt @ 1.4% Li_2O and 130ppm Ta_2O_5.

METALLURGICAL TEST WORK UPDATE

Following the metallurgical program completed for the PFS, which was based on a combined DMS/Flotation flowsheet, an R&D test work program was carried out at ALS Minerals and Geochemistry (Perth) with process input from Lycopodium Minerals Limited (**Lycopodium**). The focus of this work was:

- To develop and test a WOF flowsheet;
- To establish grade-recovery curves for both DMS and WOF flowsheets at a range of composite grades to enable direct comparisons between each; and
- The testing and development of preliminary flowsheets to support the extraction of tantalum.

The WOF flowsheet was investigated as it is believed to offer:

- A simpler, more robust circuit with greater operational certainty, especially in relation to upscaling laboratory-based recoveries to a full-scale, commercial, operating mine plant;
- The opportunity to process the entire plant feed for tantalum recovery compared with ~50% in a combined DMS/Flotation scenario; and
- The potential to extract deleterious elements (such as iron) prior to Li_2O concentration.

A simplified representation of the proposed WOF flowsheet is shown below (Figure 4).

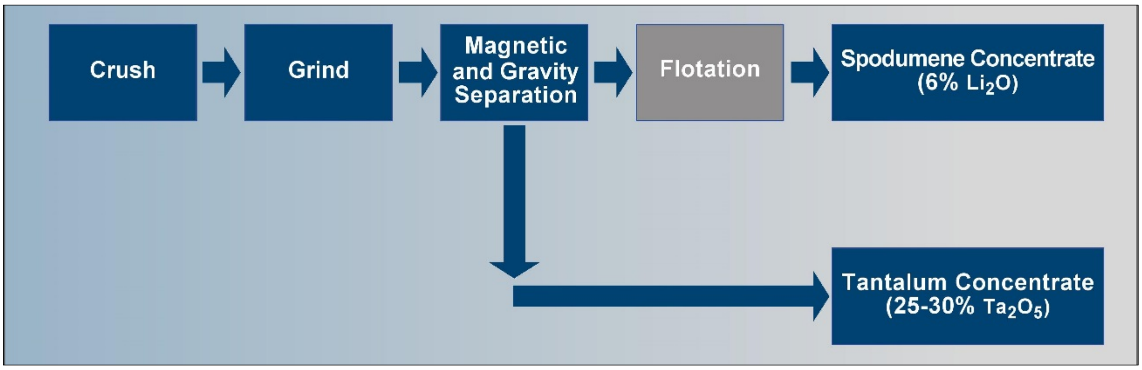

Figure 4: Proposed Whole Ore Flotation flowsheet with Tantalum circuit

Outcomes from this metallurgical test work included:

- Higher grade material for both processing options has a higher recovery, which supports the strategy of targeting high grade zones using underground mining and optimised open-pit shells;
- WOF has the potential to produce a higher grade spodumene concentrate and improved performance with a greater degree of control;
- Using staged recoveries, the overall Ta_2O_5 reporting to concentrate has been estimated as 56% to a grade of 15.3% based on test work. A mineralogical review indicates the potential to produce a 25-30% Ta_2O_5 concentrate at an offsite upgrade facility; and
- Magnetic and gravity separation used to recover tantalum also reduces iron levels in the potential flotation feed by up to 55%. The iron is largely introduced due to contamination from the host gabbro and the milling and grinding circuits.

Both the WOF and Ta_2O_5 flowsheets have considerable scope for further optimisation and are being investigated as part of ongoing test work programs.

Based on the positive outcomes from testwork over the past year the new PFS will incorporate a WOF flowsheet per Figure 4.

MOORA GOLD-PGE-NICKEL-COPPER PROJECT

Western Australia (100%)

The Moora Project, which is located in south-west Western Australia approximately 150km north-east of Perth (Figure 5), comprises wholly-owned tenure applied for in 2018 and 2019 as part of generative studies to acquire areas prospective for precious and battery-related metals. Field work commenced in March 2020 and geochemical surveys have defined strong gold – PGE – nickel - copper anomalism coincident with geophysical features interpreted to be indicative of mafic-ultramafic intrusions similar to the unit that hosts the recent Julimar discovery ~95km to the south.

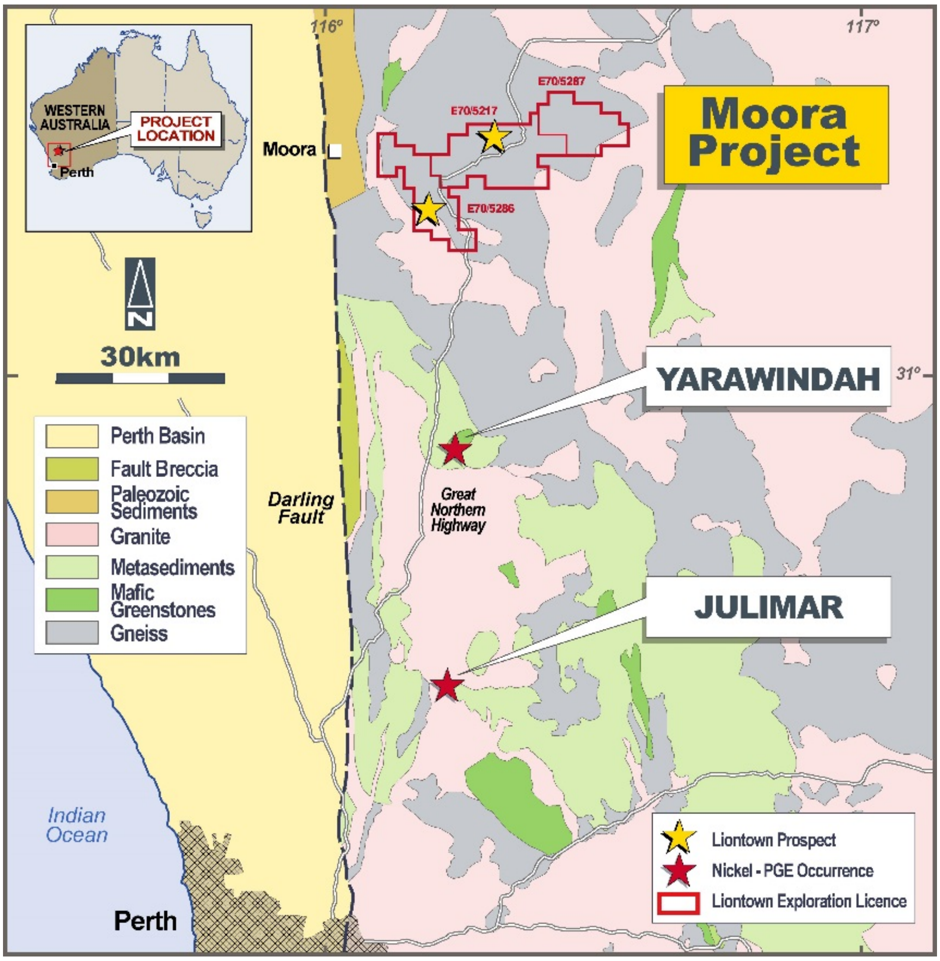

Figure 5: Moora Project: Location and Regional geology plan

Geochemical sampling by Liontown has defined two highly anomalous areas within the Moora Project (Figure 6):

- The 15km long, north-west trending **Mt Yule-Felton Corridor**, located in the south-western part of the Project; and
- The 7x7km **Bindi Bindi** Nickel Area, located in the central part of the Project.

MT YULE – FELTON CORRIDOR *(*FIGURE 7*)*

The Mt Yule – Felton Corridor (**MYFC**) is a 15km-long, 2.5km wide, NW trending zone containing a number of gold-PGE anomalies coincident with magnetic highs indicative of near surface, mafic-ultramafic intrusions obscured by shallow cover. The corridor transitions from being gold-dominant in the north-west to PGE-dominant in the south-east.

Specific targets within the corridor include:

- **Mt Yule –** a 3.6 x 2.2km, E/W trending gold anomaly (>10ppb) containing multiple plus 100ppb zones with a number of >500ppb Au assays (up to 925ppb). The gold anomalism is associated with highly elevated PGEs (up to 25ppb Pd+Pt), nickel (up to 492ppm) and copper (up to 884ppm).
- **Dalkey –** a 1.5 x 2km, N/S trending gold anomaly with assays of up to 127ppb Au. The anomaly is associated with elevated PGEs (>10ppb Pd+Pt) and coincident with a linear magnetic low, possibly reflecting bedrock alteration and mineralisation.
- **Horseshoe** – a 3 x 2km area containing a number of PGE anomalies (up to 75ppb Pd+Pt) associated with elevated gold (>10ppb).
- **Felton –** a 2 x 1.5km area of coincident gold (up to 69ppb Au) and PGE (up to 65ppb Pd+Pt) anomalism located at the SE end of the corridor where the trend remains open.

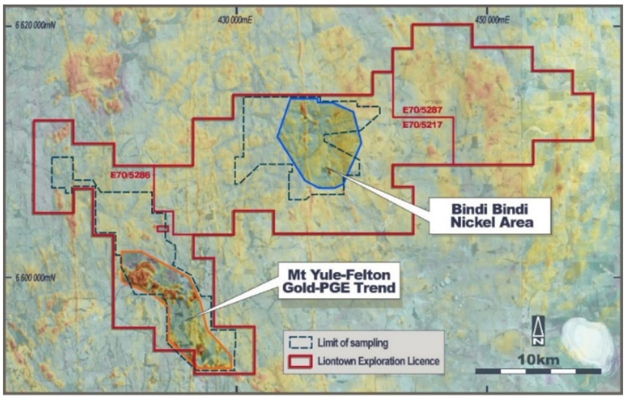

Figure 6: Aerial photograph over regional aeromagnetic image showing anomalous areas defined by auger geochemistry.

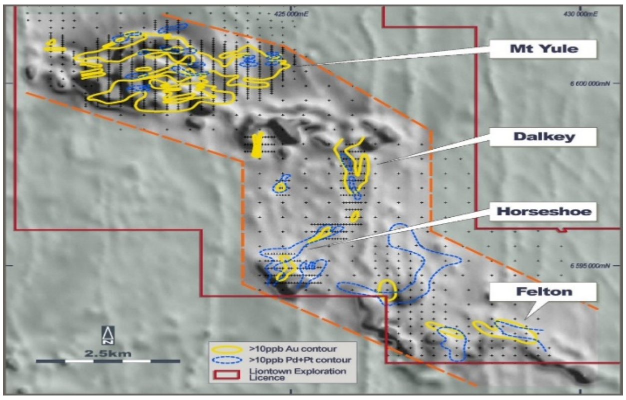

Figure 7: Mt Yule – Felton Corridor: grey scale magnetic image showing Gold and PGE anomalies defined by auger sampling (black dots).

The high gold, PGE, nickel and copper results suggest that the interpreted mafic-ultramafic intrusions within the MYFC are analogous to the unit which hosts the Julimar discovery, where Chalice Gold (ASX;CHN) recently announced a sulphide-related intersection of 10m @ 1.2g/t Au, 3.5g/t Pd+Pt, 0.1% Ni and 1.3% Cu (see CHN: ASX release 9th July 2020).

BINDI BINDI NICKEL AREA (FIGURE 8)

Liontown's auger drilling in the Bindi Bindi area has defined a number of nickel anomalies (up to 1,720ppm Ni) including several which are coincident with mafic-ultramafic bodies mapped by government geologists.

The potential for nickel within the Bindi Bindi area was originally identified by Poseidon Limited in 1968 (see LTR: ASX release 16th April 2020), with shallow RAB drilling returning a number of significant intersections including

- 9m @ 0.62% Ni from 0m;
- 11.5m @ 0.60% Ni from 1.5m; and
- 21m @ 0.57% Ni from 1.5m.

The area drilled by Poseidon is coincident with Liontown's northern-most nickel anomaly (Figure 8) and the intersections were reported to be hosted by strongly weathered, oxidised ultramafic rocks. Poseidon interpreted the elevated nickel values to be related to primary sulphides at depth based on the steep orientation of the mineralised zones and anomalous (>300ppm) copper nearby.

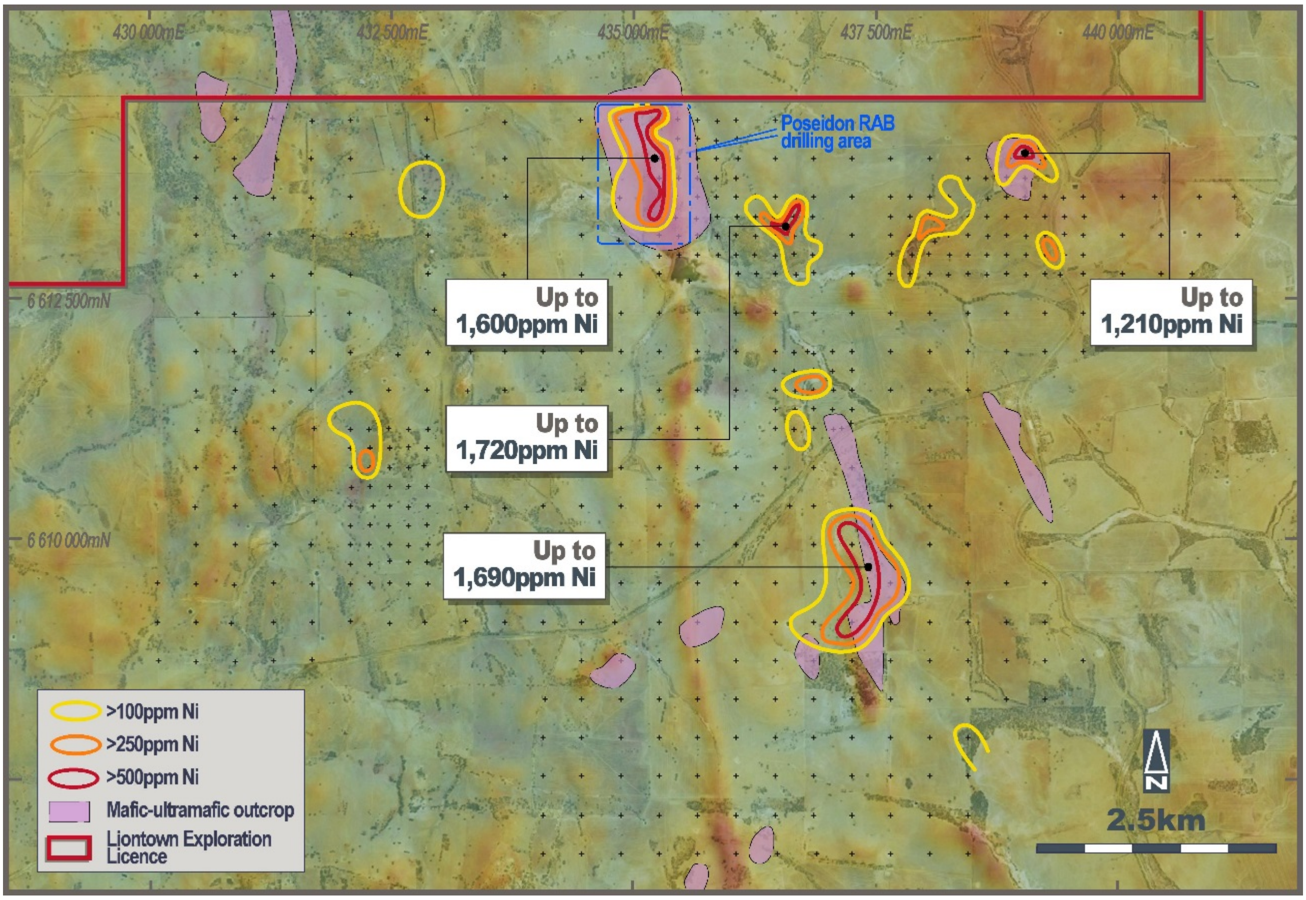

Figure 8: Bindi Bindi area: aerial photograph over coloured magnetic image showing nickel anomalies defined by auger sampling (black dots).

NEXT STEPS

An airborne electromagnetic (**AEM**) survey flown on 200m-spaced lines was completed over the entire Project area in late August 2020.

Electromagnetic techniques have proven to be effective elsewhere in the region, including Julimar, for defining sulphide bodies and the results of the survey, which are due by late September 2020, will be combined with the auger geochemistry to plan a maiden drilling program.

Liontown will also extend auger sampling across the remainder of the Project area with a focus on untested magnetic anomalies.

BULDANIA LITHIUM PROJECT

Western Australia (100%)

The Buldania Project is the Company's second lithium discovery in Western Australia and is located in the southern part of the Eastern Goldfields Province (Figure 9). The Project is located close to major infrastructure in a region that hosts significant lithium deposits including the Mt Marion and Bald Hill lithium mines. Exploration by Liontown has resulted in a greenfields discovery at the Anna prospect where a maiden MRE of ~15Mt @ 1% Li_2O was defined during the year.

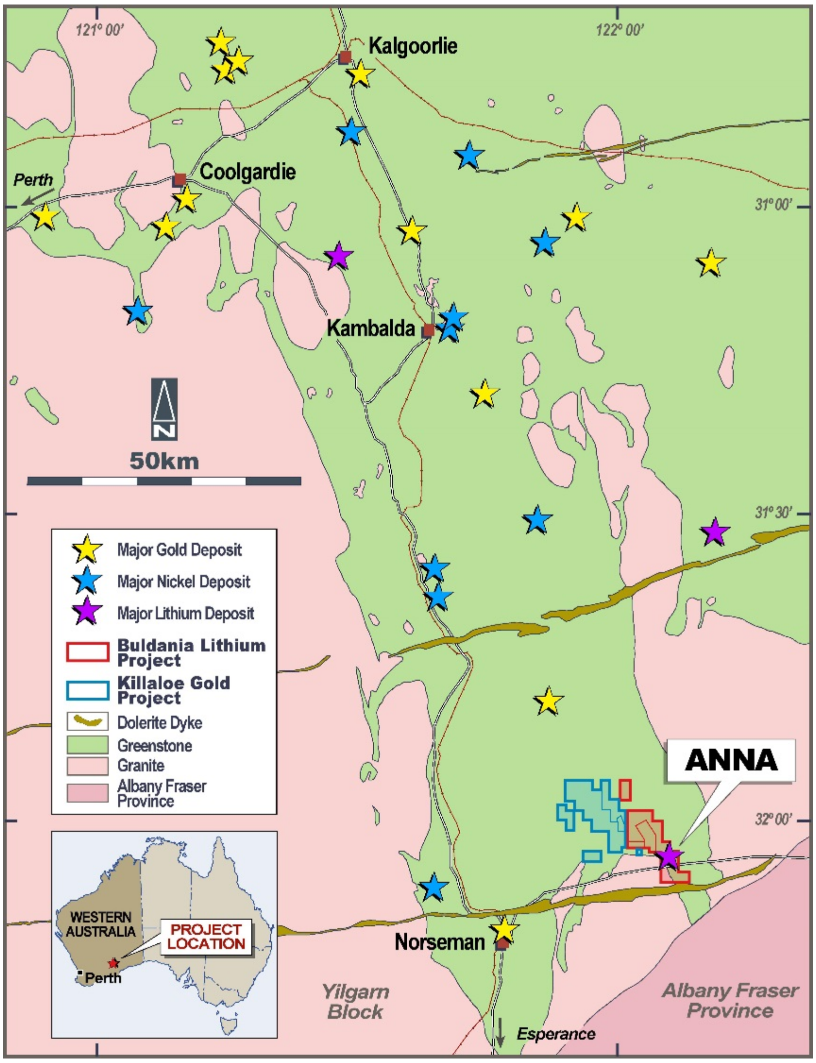

Figure 9: Regional geology plan of SE Goldfields, WA showing Liontown project areas

MAIDEN MINERAL RESOURCE ESTIMATE

Liontown engaged Optiro to prepare a maiden MRE for the Anna lithium deposit at Buldania. The Indicated and Inferred Mineral Resource comprises **14.9Mt @ 0.97% Li_2O and 44ppm Ta_2O_5** and is set out in Table 6 and Table 7 below:

Table 6: Buldania Project/Anna Deposit - Mineral Resource Estimate as at October 2019

Resource category	Million tonnes	Li_2O%	Ta_2O_5 ppm
Indicated	9.1	0.98	45
Inferred	5.9	0.95	42
TOTAL	**14.9**	**0.97**	**44**

Notes:

- *Reported above a Li_2O cut-off grade of 0.5%*
- *Tonnages and grades have been rounded to reflect the relative uncertainty of the estimate.*

Table 7: Mineral Resource Estimate reported by Li_2O% cut-off grades

Cut-off Li_2O	Million tonnes	Li_2O%	Ta_2O_5 ppm
0.3	15.3	0.95	44
0.4	15.3	0.95	44
0.5	14.9	0.97	44
0.6	13.9	1.00	44
0.7	12.1	1.04	44
0.8	10.1	1.09	44
0.9	7.9	1.16	44
1.0	6.0	1.22	42

The Mineral Resource estimate is reported and classified in accordance with the guidelines of the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code; 2012).

The lithium mineralisation at Buldania is hosted by spodumene-bearing LCT (lithium-caesium-tantalum) type pegmatites and is fresh from surface. At Anna, the pegmatites are hosted by a sequence of komatiite, high-Mg basalt, dolerite and carbonaceous shale. Eight mineralised pegmatites (Figure 10) have been identified that are sub-horizontal in the north-west (dips of 0° to -10°) and which steepen in the south-east (dips of up to -65° to the west and to the east).

The mineralised pegmatites have been drilled over an area of 1,300m by 380m and to a depth of 300m. The individual mineralised pegmatites are up to 35m thick and have an average thickness of 4m to 9m and a combined average thickness of 26m.

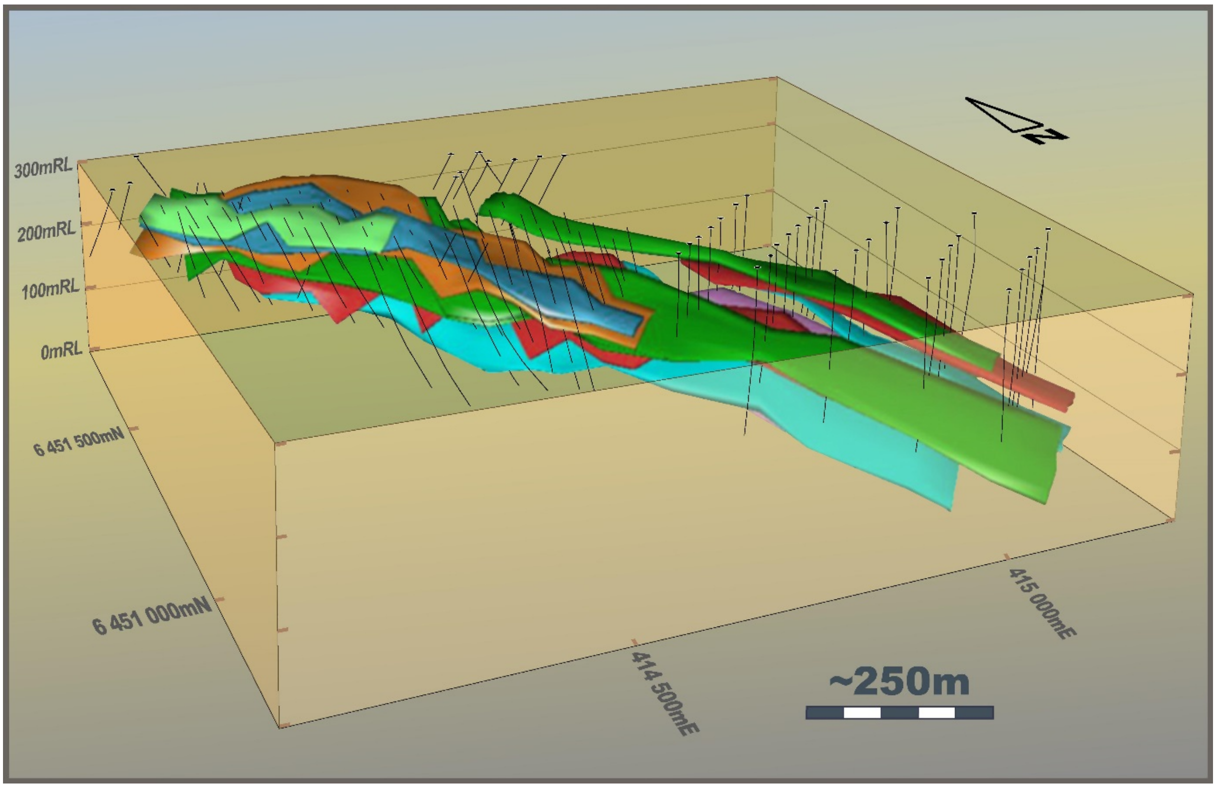

Figure 10: Anna Deposit – 3D view (looking north-east) of drill holes and mineralised pegmatites.

The Anna system remains open along strike, down-dip and, in places, up-dip. There is good potential for discoveries elsewhere within Liontown's large landholding, which is located in an established, well-serviced mining region close to transport, power and camp infrastructure.

NEXT STEPS

Documentation is being prepared to support a Mining Lease application over the Anna lithium deposit which will be lodged in late Q3 2020.

TOOLEBUC PROJECT

Queensland (100%)

The 100%-owned Toolebuc Vanadium Project is located in NW Queensland, approximately 440km west of Townsville (Figure 11) in a region that hosts a number of large vanadium deposits close to road, rail and social infrastructure. Liontown has five, wholly-owned tenements which adjoin existing resources held by other companies and the Project represents a low-cost entry into vanadium, a commodity that is potentially important to the future of energy storage.

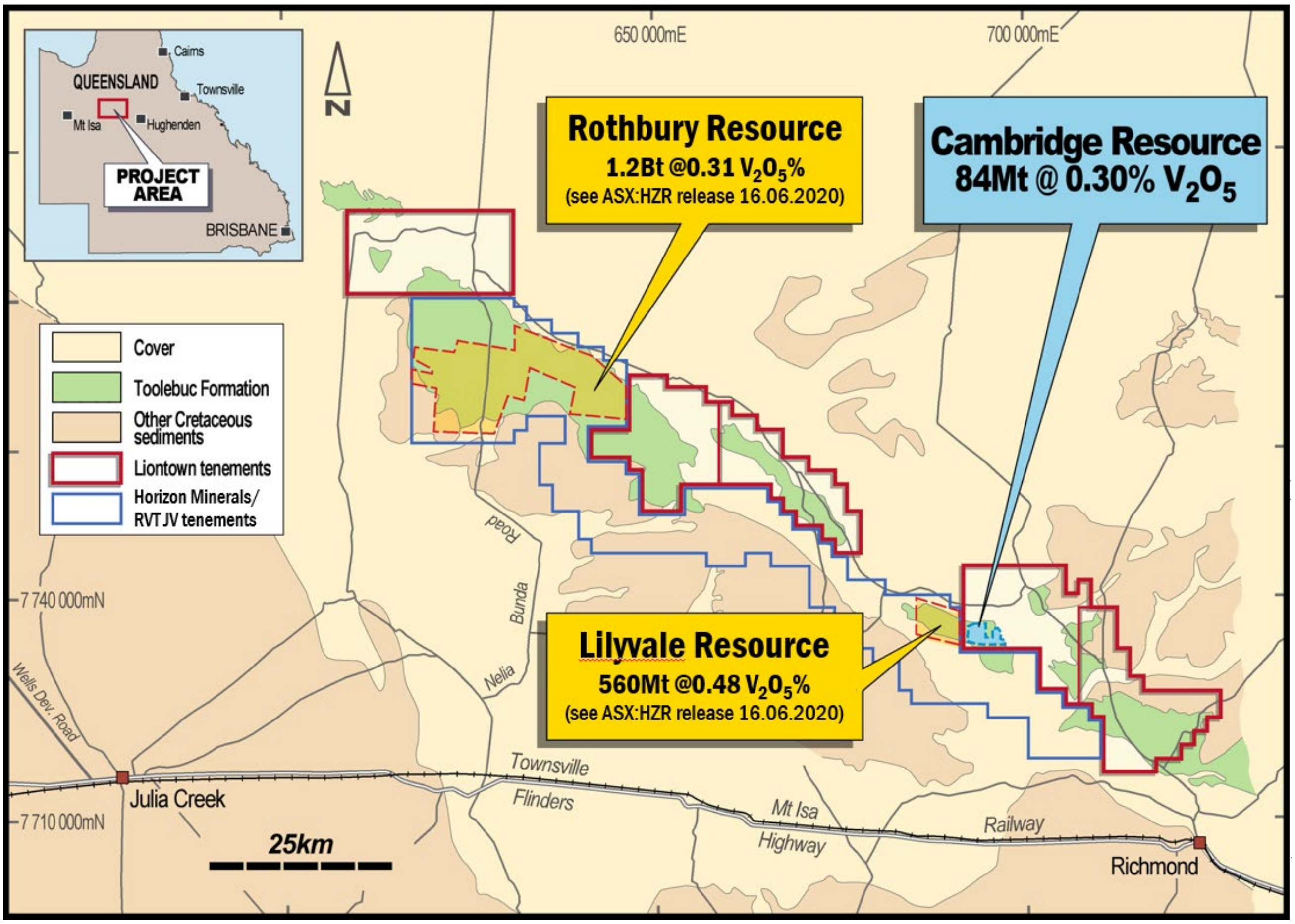

Figure 11: Toolebuc Vanadium Project – location, regional geology and tenure showing mineral resources held by other parties (in yellow) and Liontown's Cambridge deposit (in blue).

When Liontown acquired the Project in 2017, it compiled historic drill data which enabled the preparation of an Inferred MRE of 83.7Mt @ 0.30% V_2O_5 for the Cambridge deposit. Work during the year focused on validating historic drill results used to prepare the Cambridge MRE and testing for extensions of the mineralised zone.

Liontown completed a 30-hole/745m aircore drilling program at the Cambridge prospect with better intersections including:

- MAC013 6m @ 0.45% V_2O_5 from 2m
- MAC015 10m @ 0.45% V_2O_5 from 10m
- MAC022 9m @ 0.36% V_2O_5 from 7m
- MAC029 6m @ 0.39% V_2O_5 from 3m

The drilling intersected similar grades and widths as the historic drilling and defined additional vanadium mineralisation immediately to the north of the Cambridge MRE (Figure 12). The newly-defined mineralisation covers an area of 3.7km^2, averages 7m in thickness and has an average grade of 0.38% V_2O_5.

Preliminary metallurgical test work previously commissioned by Liontown indicates good potential to beneficiate the mineralisation to a higher-grade concentrate that can then be processed to extract the vanadium. The October 2019 drilling program at Cambridge has provided ample material for future test work.

A review of historical data has also identified a number of other high priority targets including the Runnymede prospect located 25-30km north-west of Cambridge (Figure 11). Previous drilling at Runnymede has intersected shallow, ore grade vanadium over a 3.5 x 3.5km area with the mineralised zone open to the north and north-east where extensive, prospective unexplored Toolebuc Formation has been mapped.

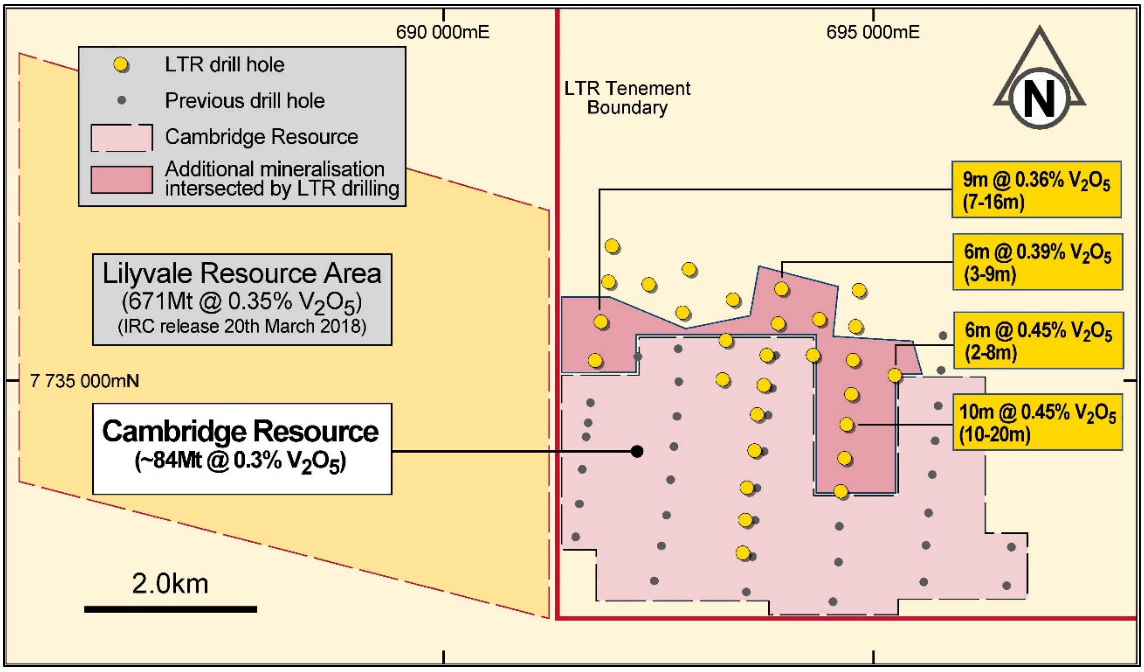

Figure 12: Toolebuc Vanadium Project – Cambridge prospect showing MRE and newly defined mineralisation with better drill results.

In addition to the known prospects, large areas of the Toolebuc Formation within Liontown's tenure have yet to be explored for vanadium and there is good potential for further discoveries.

While the Toolebuc Project represents a quality development and growth opportunity in the battery metals space, Liontown has decided, that following a strategic review of its corporate priorities, to focus on its Western Australian projects.

Consequently, the Company has commenced a process to either divest the Toolebuc Project or bring in a joint venture partner to advance it to the next stage.

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

The group reported a net loss from continuing operations of $12.8 million for the year which is comparable to the net loss of $12.7 million in 2019. Exploration and evaluation expenditure increased by $1.2 million which was offset by $1.5 million in income receivable from Core Lithium Limited (Core) as the conditions of the sale agreement of the Bynoe Lithium Project, entered into in 2017, were satisfied.

STATEMENT OF CASHFLOWS

Cash and cash equivalents at 30 June 2020 were $5.3 million (2019: $3.4 million). The net increase in cash of $1.9 million is primarily due to proceeds of $18 million received from a placement of 150,000,000 fully ordinary shares, offset by an increase in exploration and evaluation expenditure payments and final payment for acquisition of the Buldania Reserve and Production Royalty.

FINANCIAL POSITION

At balance date the group had net assets of $6.5 million (2019: net liabilities of $18,088), and an excess of current assets over current liabilities of $6.3 million (2019: deficit of current assets over current liabilities of $0.1 million).

Current assets increased by 86% from $3.8 million at 30 June 2019 to $7.0 million at 30 June 2020 due to an increase in cash from proceeds of capital raisings and an increase in receivables largely due to the $1.5 million owing from Core Lithium. Current liabilities decreased by 81% from $3.8 million at 30 June 2019 to $0.6 million at 30 June 2020. The prior year liabilities included $1.75 million consideration payable for the Buldania Reserve and Production Royalty which was paid in July 2019. Trade payables have also decreased by $1.2 million.

CORPORATE

CAPITAL RAISINGS

During the year, Liontown successfully raised $18 million via a placement of 150,000,000 fully ordinary shares at an issue price of $0.12 per share, including $1.43 million placed to Directors. The proceeds have been and will continue to be used to advance activities at Liontown's projects.

BYNOE LITHIUM PROJECT – FINAL PAYMENT

Subsequent to year end, Liontown received A$1.5 million in cash from Core. The payment relates to the contingent consideration pursuant to the Sale Agreement Liontown entered into with Core in 2017 for the sale of the Bynoe Lithium Project in the Northern Territory (see LTR: ASX release 14th September 2017).

RESPONSE TO COVID

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

To conserve cash, effective from the April 1st, 2020, the non-executive directors of Liontown agreed to forego all fees they receive from the Company. In addition, the Managing Director (David Richards) and Chief Operating Officer (Adam Smits) agreed to reduce the cash component of their remuneration by 45% and 40% respectively. A general meeting of shareholders subsequently approved the issue of Service Rights to Directors of Liontown in lieu of cash fees and salary.

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.

ORE RESERVE AND MINERAL RESOURCE STATEMENT

The Company reviews and reports its Ore Reserves and Mineral Resources at least annually. The date of reporting is 30 June each year, to coincide with the Company's end of financial year balance date. If there are any material changes to the Ore Reserves and Mineral Resource estimates for the Company's mining projects over the course of the year, the Company is required to report these changes.

KATHLEEN VALLEY LITHIUM PROJECT

The Company reported its maiden Mineral Resource estimate for the Kathleen Valley Lithium-Tantalum Project in Western Australia on 4 September 2018. The Company has since announced updated Mineral Resource estimates for the Project on 9 July 2019 and 11 May 2020.

The Kathleen Valley Project MRE

	As at 30 June 2020[1]			As at 9 July 2019[2]			As at 30 June 2019[3]		
Resource Category	**Million Tonnes**	Li_2O **%**	Ta_2O_5 **ppm**	**Million Tonnes**	Li_2O **%**	Ta_2O_5 **ppm**	**Million Tonnes**	Li_2O **%**	Ta_2O_5 **ppm**
Measured	20	1.3	140	17.6	1.3	160	3.2	1.3	190
Indicated	105	1.4	130	42.2	1.3	140	12.7	1.4	160
Inferred	32	1.3	110	10.1	1.1	150	5.3	1.3	150
Sub-total	**156**	**1.4**	**130**	**69.9**	**1.3**	**150**	**21.2**	**1.4**	**170**
Indicated	n/a	n/a	n/a	2.5	1.5	120	-	-	-
Inferred	n/a	n/a	n/a	2.5	1.3	110	-	-	-
Sub-total	n/a	n/a	n/a	5.0	1.4	110	-	-	-
Total	**156**	**1.4**	**130**	**74.9**	**1.3**	**140**	**21.2**	**1.4**	**170**

[1] Reported above a Li_2O cut-off grade of 0.55% which strikes a balance between the potential open pit and underground expected cut-off grades

[2] Reported above a Li_2O cut-off grade of 0.50% for open pit potential (above 200 mRL) or 0.7% for underground potential (below 200 mRL).

[3] Announced 4 September 2018.

The Company reported its maiden Ore Reserve for the Kathleen Valley Project on 2 December 2019 which was based on the 9 July 2019 MRE. A revised Ore Reserve estimate will be prepared as part of the new PFS based on the larger 30 June 2020 MRE.

The Kathleen Valley Project Ore Reserve:

	As at June 30 2020[1]		As at June 30 2019	
Category	**Million Tonnes**	Li_2O**%**	**Million Tonnes**	Li_2O**%**
Proved	17.1	1.2		
Probable	33.3	1.2	-	-
Total	50.4	1.2	-	-

[1] Reported above a Li_2O cut-off grade of 0.50%

BULDANIA LITHIUM PROJECT

The Company reported its maiden Mineral Resource estimate for the Buldania Lithium Project in Western Australia on 8 November 2019.

The Buldania Project Mineral Resource estimate:

	As at June 30 2020[1]			As at June 30 2019		
Resource Category	Million Tonnes	Li_2O %	Ta_2O_5 ppm	Million Tonnes	Li_2O %	Ta_2O_5 ppm
Indicated	9.1	0.98	45			
Inferred	5.9	0.95	42	-	-	-
Total	14.9	0.97	44	-	-	-

[1] *Reported above a Li_2O cut-off grade of 0.50% for open pit potential*

TOOLEBUC VANADIUM PROJECT

The Company reported its maiden Mineral Resource estimate for the Toolebuc Vanadium Project in North West Queensland on 30 July 2018.

The Toolebuc Project Mineral Resource estimate:

	As at June 30 2020			As at June 30 2019		
Resource Category	Million Tonnes	V_2O_5%	M_oO_5 ppm	Million Tonnes	V_2O_5%	M_oO_5 ppm
Inferred	83.7	0.30	188	83.7	0.30	188
Total	83.7	0.30	188	83.7	0.30	188

GOVERNANCE ARRANGEMENTS AND INTERNAL CONTROLS

The Company has ensured that the Ore Reserve and Mineral Resources quoted are subject to thorough governance arrangements and internal controls.

The Ore Reserve for the Kathleen Valley Project was prepared by independent mining consulting group Orelogy with metallurgical and engineering input provided by Lycopodium.

The Mineral Resource estimates for the Kathleen Valley, Buldania and Toolebuc Projects were prepared by independent specialist resource and mining consulting group Optiro.

The Company confirms that the Ore Reserve and Mineral Resource statements above are based on and fairly represents information and supporting documentation prepared by a Competent Person or Persons.

COMPETENT PERSON STATEMENT AND REFERENCES

KATHLEEN VALLEY LITHIUM PROJECT

The Information in this report that relates to Ore Reserves and PFS for the Kathleen Valley Project is extracted from the ASX announcement "Kathleen Valley Pre-Feasibility Study confirms potential for robust new long-life open pit lithium mine in WA" released on 2nd December 2019 which is available on www.ltresources.com.au.

The information in this report that relates to Mineral Resources for the Kathleen Valley Project is extracted from the ASX announcement "Kathleen Valley confirmed as a world-class lithium deposit as Mineral Resource increases to 156Mt @ 1.4% Li_2O" released on the 11th May 2020 which is available on www.ltresources.com.au.

The information in this report that relates to 2020 metallurgical test work for the Kathleen Valley Project is extracted from the ASX announcement "Liontown defines input criteria for updated PFS at Kathleen Valley Lithium-Tantalum Project, W.A." released on 9th June 2020 which is available on www.ltresources.com.au.

The information in this report that relates to Liontown having the world's 4th largest hard rock (spodumene) lithium resource base by ownership and the Kathleen Valley project being Australia's 5th largest lithium resource is extracted from the ASX announcement "Investor Presentation - September 2020" released on 4th September 2020 which is available on www.ltresources.com.au.

MOORA GOLD-PGE-NICKEL-COPPER PROJECT

The information in this report that relates to Exploration Results for the Moora Project is extracted from the ASX announcements "Initial phase of exploration completed at 100%-owned Moora Nickel Project, located north-east of Perth in Western Australia", "Strong gold, PGE, nickel and copper anomalism returned from initial fieldwork completed at 100%-owned Moora Project, WA" and "Further outstanding gold, PGE and nickel results from 100%-owned Moora Project, WA" released on 16th April 2020, 13th May 2020 and 13th July 2020 respectively and which are available on www.ltresources.com.au.

BULDANIA LITHIUM PROJECT

The Information in this report that relates to Mineral Resources for the Buldania Project is extracted from the ASX announcement "Liontown announces maiden Mineral Resource Estimate for its 100%-owned Buldania Lithium Project, WA" released on the 8th November 2019 which is available on www.ltresources.com.au .

TOOLEBUC VANADIUM PROJECT

The Information in this report that relates to Mineral Resources for the Cambridge Deposit is extracted from the ASX announcement "Liontown Announces Maiden 84Mt Vanadium Resource for Toolebuc Project, NW Queensland" released on the 30th July 2018 which is available on www.ltresources.com.au .

FORWARD LOOKING STATEMENT

This report contains forward-looking statements which involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this report.

No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

TENEMENT SCHEDULE

Project	Tenement No.	Registered Holder	Nature of interests
Kathleen Valley	M36/264	LRL (Aust) Pty Ltd (wholly owned subsidiary of Liontown Resources Limited).	100% - nickel claw back rights retained by other party
	M36/265		
	M36/459		
	M36/460		
	M36/696	Liontown Resources Limited	0% - Application
	E36/879	Liontown Resources Limited	100%
	L36/236	LRL (Aust) Pty Ltd (wholly owned subsidiary of Liontown Resources Limited).	100%
	L36/237		
Moora	E70/5217	ERL (Aust) Pty Ltd (wholly owned subsidiary of Liontown Resources Limited).	100%
	E70/5286		
	E70/5287		
Buldania	E63/856	Avoca Resources Pty Ltd	100% of lithium and related metals only
	P63/1977		
	M63/647		
Killaloe	E63/1018	80% LRL (Aust) Pty Ltd/ 20% Cullen Resources Limited	80%
	E63/1660	LRL (Aust) Pty Ltd (wholly owned subsidiary of Liontown Resources Limited).	100%
	E63/1713		
	M63/0177		
Toolebuc	EPM26490	Liontown Resources Limited	100%
	EPM26491		
	EPM26492		
	EPM26494		
	EPM26495		

DIRECTORS' REPORT

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 2020 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 has considerable experience in the resource industry. He has been involved in the formation and management of a number of publicly listed companies. 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:	313,809,143 ordinary shares 3,000,000 unlisted options 331,655 service rights
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 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 David R Richards **Managing Director**	
Qualifications:	BSc (Hons), MAIG
Experience:	Mr Richards has over 30 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.
Interests in shares, options and service rights at the date of this report:	7,787,055 ordinary shares 18,000,000 unlisted options 295,534 service rights
Special responsibilities:	None
Directorships held in other listed entities in the last three years:	None

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 and finance experience. Mr Cipriano was formerly a 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 across tax, accounting, legal and financial aspects of corporate transactions. 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:	13,604,105 ordinary shares 4,500,000 unlisted options 88,957 service rights
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 Craig R 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, he 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:	27,590,277 ordinary shares 2,000,000 unlisted options 88,957 service rights
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:	8,209,511 ordinary shares 2,000,000 unlisted options 76,964 service rights
Special responsibilities:	None
Directorships held in other listed entities in the last three years:	Mr Chadwick is currently an Executive Director of Quantum Graphite Limited and Non-Executive Director of Lycopodium Limited.

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 Craig E Hasson (appointed 6 November 2019)	
Qualifications:	B.Com, CA, AGIA
Experience:	Mr Hasson is a Chartered Accountant and Chartered Secretary with over 17 years of accounting and corporate experience in the resources and energy industries. Craig commenced his career at Ernst & Young and has since held a range of finance and commercial positions with publicly listed companies.

Ms Kym A Verheyen resigned as Company Secretary on 5 November 2019.

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	-	1	-
No. of meetings attended:					
T R B Goyder	9	-	-	1	-
D R Richards	8	-	-	1	-
C R Williams	9	2	-	1	-
A J Cipriano	9	2	-	1	-
S J M Chadwick	9	-	-	1	-

[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.

A remuneration committee was established during the year. Prior to establishment, any matters to be dealt with by the remuneration committee were included in Board meetings.

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 2020. 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. Please refer to pages 7 to 26 of the Annual Report.

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

In July 2020, the Company received $1.5 million in cash from Core Lithium Limited ("Core") in relation to the contingent consideration pursuant to the sale agreement Liontown Resources entered into with Core in 2017 for the sale of the Bynoe Lithium Project in the Northern Territory.

On 3 July 2020 1,253,619 service rights were issued to key management personnel in lieu of the payment of a portion of cash salary or fees otherwise payable.

No other matters or circumstances have arisen since 30 June 2020 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

The Company has taken out an insurance policy insuring Directors and Officers of the Company and its subsidiaries against any liability arising from a claim bought by a third party against its current or former Directors or Officers and against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The Company indemnifies each of the Directors and Officers of the Company. Under its Constitution, the Company will indemnify those Directors or Officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities as Directors or Officers of the Company and any related entity.

11. PROCEEDINGS ON BEHALF OF THE 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 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, performed no other services in addition to their statutory audit duties.

14. OPTIONS AND SERVICE RIGHTS GRANTED OVER UNISSUED SHARES

(a) Options

At the date of this report 65,800,000 fully paid ordinary shares of the Company are under option on the following terms and conditions:

	Number
Exercisable at $0.035 each on or before 31 March 2021	800,000
Exercisable at $0.035 each on or before 28 March 2022	7,500,000
Exercisable at $0.02 each on or before 31 October 2022	10,700,000
Exercisable at $0.15 each on or before 28 November 2022	21,300,000
Exercisable at $0.1122 each on or before 16 March 2023	10,000,000
Exercisable at $0.15 each on or before 4 June 2023	2,000,000
Exercisable at $0.035 each on or before 28 November 2023	13,500,000
Total Options	**65,800,000**

(b) Service Rights

At the date of this report, 1,253,619 service rights were on issue in lieu of salary and fees on the following terms and conditions:

	Number
Expire on 30 September 2022, with a nil exercise price	1,253,619

15. REMUNERATION REPORT – AUDITED

(a) Introduction

This remuneration report for the year ended 30 June 2020 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)
- D Richards (Managing Director)
- C Williams (Non-executive Director)
- A Cipriano (Non-executive Director)
- S Chadwick (Non-executive Director)

(ii) Executives

- A Smits (COO) (appointed 16 March 2020)
- C Hasson (CFO) (appointed 4 June 2020)
- R Hacker (CFO) (ceased 4 June 2020)

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

A Remuneration Committee was established on 20 May 2020. 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.

(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. The Board will not seek any increase for the non-executive pool at the 2020 AGM.

The remuneration of non-executive directors consists of directors' fees, consulting fees (where applicable) and an additional fee of $5,475 (inclusive of superannuation) per annum is paid to members of the Audit Committee to recognise additional time commitment required for the Audit Committee.

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 and size 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.

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 $47,000 (30 June 2019: $9,600). No fees were paid to other Non-Executive Directors under consultancy services agreement.

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 informally 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 - Long term incentive scheme

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. No formal performance hurdles are set on options issued to executives, other than vesting 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 incentive schemes

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 options when they consider these to be warranted. There were no bonuses paid to or received by executives in the years ended 30 June 2020 and 30 June 2019.

Service Rights

During the year service rights were issued to KMP 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 relevant quarter.

Link between performance and executive remuneration

The focus of executive remuneration over the financial year was fixed remuneration and options 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 share price performance over the last 5 years is as follows:

	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020
Share price	0.017	0.009	0.028	0.10	0.105

(e) Remuneration of Key Management Personnel

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

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**	**-**

2019	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	129,502	-	-	3,999	12,303	74,036	219,840	34
D Richards	262,557	-	-	10,002	24,943	92,546	390,048	24
C Williams	37,110	-	-	3,999	3,525	46,273	90,907	51
A Cipriano	37,110	-	-	3,999	3,525	46,273	90,907	51
S Chadwick(1)	16,728	9,600	-	1,884	-	76,714	104,926	73
Executives								
R Hacker(6)	-	-	-	-	-	52,581	52,581	100
Total	**483,007**	**9,600**	**-**	**23,883**	**44,296**	**388,423**	**949,209**	-

[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. Mr Chadwick was appointed as a Non-executive Director on 10 January 2019.
[2] Other amounts, where applicable, includes the cost to the Company of providing time off in lieu, 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 and 2019 financial years as Mr Hacker is remunerated by Chalice Gold Mines Limited and his services are recovered through a corporate services agreement between the Company and Chalice Gold Mines Limited. Mr Hacker ceased as CFO on 4 June 2020.

(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 2019	Held at commencement date [2],[3]	On exercise of options	Acquisitions/ (Disposals) [1]	Held at cessation date [4]	Balance 30 June 2020
	No. shares	No. shares	No. shares	No. shares	No. shares	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]	-	-	-	-	-	-
C Hasson [3]	-	100,000	-	-	-	100,000
R Hacker [4]	6,250,000	-	-	(871,893)	5,378,107	n/a

	Balance 1 July 2018	Held at commencement date [5]	On exercise of options	Acquisitions/ (Disposals) [1]	Held at resignation date	Balance 30 June 2019
	No. shares	No. shares	No. shares	No. shares	No. shares	No. shares
Directors						
T Goyder	226,184,982	-	-	55,236,998	-	281,421,980
D Richards	3,431,500	-	-	1,686,300	-	5,117,800
C Williams	14,663,122	-	-	5,432,625	-	20,095,747
A Cipriano	6,370,479	-	-	2,774,096	-	9,144,575
S Chadwick [5]	-	639,162	3,500,000	2,627,833	-	6,766,995
Executives						
R Hacker	4,250,000	-	-	2,000,000	-	6,250,000

[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 Chadwick was appointed as a Non-executive Director on 10 January 2019.

(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 the expiry date will lapse on the expiry date.

During the reporting period, 28,000,000 options were granted to KMP and those options have been valued using the Black-Scholes option valuation method. The following table lists the inputs to the model:

	Executives O15	Executives O17	Executives O18	Directors O15
Grant date	27 September 2019	16 March 2020	5 June 2020	27 November 2019
Dividend yield	Nil	Nil	Nil	Nil
Expected volatility	114%	115%	90%	111%
Risk-free interest rate	0.70%	0.45%	0.28%	0.69%
Expected life of options (years)	3	3	3	3
Exercise price	$0.150	$0.1122	$0.150	$0.150
Grant date share price	$0.098	$0.080	$0.130	$0.082
Expiry date	28 November 2022	16 March 2023	4 June 2023	28 November 2022
Number	2,000,000	10,000,000	2,000,000	14,000,000
Fair value at grant date	$0.061	$0.050	$0.069	$0.046

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:

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%

2019	Balance 1 July 2018	Held at commencement date	Granted as remuneration	Grant Date	Options Exercised	Held at date of resignation	Balance 30 June 2019	Vested
	No.	No.	No.	No.	No.	No.	No.	%
Directors								
T Goyder	6,000,000	-	4,000,000	28/11/2018	-	-	10,000,000	100%
D Richards	10,000,000	-	5,000,000	28/11/2018	-	-	15,000,000	100%
C Williams	3,000,000	-	2,500,000	28/11/2018	-	-	5,500,000	100%
A Cipriano	3,000,000	-	2,500,000	28/11/2018	-	-	5,500,000	100%
S Chadwick[4]	-	-	3,500,000	1/05/2019	(3,500,000)	-	-	-
Executives								
R Hacker	3,000,000	-	3,000,000	20/12/2018	-	-	6,000,000	100%

[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 Chadwick was appointed as a Non-executive Director on 10 January 2019.*

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:

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
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.*

(h) 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
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
R Hacker[(1)]	n/a	n/a	n/a

[(1)]Chalice Gold Mines Limited provides corporate services to the Company which includes the services of Mr Hacker. Details of the Corporate Services Agreement between the two companies is outlined below.

(i) 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 receives corporate services including office rent and facilities, management and accounting services under a Corporate Services Agreement with Chalice Gold Mines Limited. Mr Goyder is the Executive Chairman (Non-Executive as of 1 September 2020) and Mr Hacker is the CFO of Chalice Gold Mines Limited. Amounts billed are based on a proportionate share of the cost to Chalice Gold Mines Limited of providing the services and have normal payment terms. The amount recognised in the consolidated statement of profit and loss and comprehensive income for the year was $241,845 (2019: $249,107) and the amount unpaid as at 30 June 2020 was $11,227 (2019: $27,746).

The Group received database administrative services and field services from related parties to the Managing Director, Mr Richards. These services are provided on arm's length commercial terms. The total value of these services was $159,751 (2019: $124,728) and the amount unpaid as at 30 June 2020 was $2,581 (2019: $2,842).

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 $47,000 (2019: $9,600) and the amount unpaid as at 30 June 2020 was $2,000 (2019: nil).

The Group received accounting services from a related party of the CFO, Mr Hasson. The total value of these services was $613 (2019: nil) and the amount unpaid as at 30 June 2020 was nil (2019: nil).

This is the end of the audited information.

16. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 44 and forms part of the Directors' Report for the year ended 30 June 2020.

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 corporate governance statement dated 16th September 2020 released to ASX and posted on the Company website at http://www.ltresources.com.au/corporate-governance.

This report is made with a resolution of the Directors:

David R Richards

Managing Director

Dated at Perth the 16th day of September 2020

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 2020, 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
16 September 2020

D I Buckley
Partner

hlb.com.au

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FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Continuing operations			
Revenue		538	1,450
Other income	5(a)	1,500,000	-
Net fair value loss on fair value of equity instruments designated as FVTPL		-	(139,012)
Exploration and evaluation expenditure expensed	5(d)	(11,247,727)	(10,013,181)
Corporate administrative expenses	5(b)	(1,805,018)	(2,023,817)
Share based payments	8	(1,380,033)	(563,788)
Impairment loss on loan		-	(30,912)
Loss from continuing operations		**(12,932,240)**	**(12,769,260)**
Net financing income	5(e)	99,250	45,545
Loss before income tax		**(12,832,990)**	**(12,723,715)**
Income tax expense	6	-	-
Net loss after tax		(12,832,990)	(12,723,715)
Other comprehensive loss			
Items reclassified to profit or loss			
Exchange differences on translation of foreign operations:			
Members of the parent		-	(5,493)
Total comprehensive loss for the year		**(12,832,990)**	**(12,729,208)**
Earnings per share attributable to the owners of Liontown Resources Limited			
Basic and diluted loss per share (cents per share)	7	(0.766)	(1.018)

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 2020

	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	9	5,257,849	3,363,269
Trade and other receivables	10	1,773,070	414,985
Total current assets		**7,030,919**	**3,778,254**
Non-current assets			
Financial assets		76,812	54,400
Property, plant and equipment		123,146	44,424
Right-of-use assets		109,703	-
Total non-current assets		**309,661**	**98,824**
Total assets		**7,340,580**	**3,877,078**
Current liabilities			
Trade and other payables	11	553,101	3,759,149
Employee benefits	12	148,980	136,017
Lease liabilities		43,076	-
Total current liabilities		**745,157**	**3,895,166**
Non-current liabilities			
Employee benefits	12	1,512	-
Lease liabilities		74,237	-
		75,749	**-**
Total liabilities		**820,906**	**3,895,166**
Net assets/(liabilities)		**6,519,674**	**(18,088)**
Equity			
Share capital	13	63,219,270	45,228,551
Accumulated losses		(58,996,115)	(46,591,731)
Reserves	14	2,296,519	1,345,092
Total equity		**6,519,674**	**(18,088)**

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 2020

	Issued capital $	Accumulated losses $	Share based payments 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**

	Issued capital $	Accumulated losses $	Share based payments reserve $	Foreign currency translation reserve $	Total equity $
As at 1 July 2018	**37,199,397**	**(33,982,669)**	**526,129**	**144,584**	**3,887,441**
Loss for the period	-	(12,723,715)	-	-	(12,723,715)
Other comprehensive loss	-	-	-	(5,493)	(5,493)
Total comprehensive loss for the year	**-**	**(12,723,715)**	**-**	**(5,493)**	**(12,729,208)**
Transactions with owners in their capacity as owners:					
Issue of shares (net of costs)	8,029,154	-	-	-	8,029,154
Share-based payments	-	-	794,525	-	794,525
Transfer between equity items	-	114,653	(114,653)	-	-
As at 30 June 2019	**45,228,551**	**(46,591,731)**	**1,206,001**	**139,091**	**(18,088)**

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 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Cash paid to suppliers and employees		(2,073,183)	(1,816,601)
Payments for exploration and evaluation		(11,932,326)	(6,181,008)
Interest received		107,820	46,079
Interest paid		(8,588)	-
Acquisition of royalty rights		(1,850,000)	(250,000)
Net cash used in operating activities	**9**	**(15,756,277)**	**(8,201,530)**
Cash flows from investing activities			
Proceeds from sale of financial assets		-	1,090,258
Payments for property, plant and equipment		(122,314)	(11,447)
Net cash (used in) / from investing activities		**(122,314)**	**1,078,811**
Cash flows from financing activities			
Proceeds from issue of shares		18,900,250	8,046,955
Share application monies held on trust		(163,750)	163,750
Payment for share issue costs		(911,944)	(577,171)
Repayment of lease liabilities		(28,957)	-
Security deposits		(22,413)	(4,400)
Net cash from financing activities		**17,773,186**	**7,629,134**
Net increase in cash and cash equivalents		1,894,595	506,415
Effect of exchange rate fluctuations on cash held		(15)	110
Cash and cash equivalents at the beginning of the financial year		3,363,269	2,856,744
Cash and cash equivalents at the end of the financial year	**9**	**5,257,849**	**3,363,269**

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

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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 2020 was authorised for issue on 16 September 2020.

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 2019, except for the impact of the new Standards and Interpretations effective 1 July 2019 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 2020, 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. As a result of this review, the Group has applied AASB 16 Leases.

AASB 16 Leases

The Group has applied AASB 16 from 1 July 2019 using the modified retrospective approach, with no restatement of comparative information. The impact on the accounting policies, financial performance and financial position of the Group from the adoption of AASB 16 is detailed below.

AASB 16 Leases supersedes AASB 117 Leases and related Interpretations. The Group has adopted AASB 16 from 1 July 2019 which has resulted in changes in the classification, measurement and recognition of leases. The changes result in almost all leases where the Group is the lessee being recognised on the consolidated statement of financial position and removes the former distinction between 'operating' and 'finance' leases. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term leases and leases of low value assets.

The Group has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening consolidated statement of financial position on 1 July 2019. Under this approach, there is no initial impact on accumulated losses, and comparatives have not been restated.

The Group from time to time leases various premises, plant and equipment. Prior to 1 July 2019, leases were classified as operating leases. Payments made under operating leases were charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

From 1 July 2019, where the Company is a lessee, the Group recognises a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Group (i.e. commencement date). Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the consolidated statement of profit or loss and other comprehensive income over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the rate implied in the lease. If this rate is not readily determinable, the Group uses its incremental borrowing rate.

Lease payments included in the initial measurement if the lease liability consist of:

- Fixed lease payments less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date;
- Any amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of extension options, if the Group is reasonably certain to exercise the options; and
- Termination penalties of the lease term reflects the exercise of an option to terminate the lease.

Extension options are included in a number of property leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if, at commencement date, it is reasonably certain that the options will be exercised.

Subsequent to initial recognition, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment to the right-of-use asset) whenever there is a change in the lease term (including assessments relating to extension and termination options), lease payments due to changes in an index or rate, or expected payments under guaranteed residual values.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date, less any lease incentives received and any initial direct costs. These right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the terms of a lease require the Group to restore the underlying asset, or the Group has an obligation to dismantle and remove a leased asset, a provision is recognised and measured in accordance with AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease (or the useful life of the leased asset if this is shorter). Depreciation starts on commencement date of the lease.

Where leases have a term of less than 12 months or relate to low value assets, the Group has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

Impact on adoption of AASB 16

On adoption of AASB 16, other than short-term leases and leases of low-value assets, the Group had no lease liabilities and right-of-use assets that required recognition under the principles of AASB 16.

Leases entered into during the period that did not qualify for exemptions were measured at the present value lease payments, discounted using the lessee's incremental borrowing rate.

In the consolidated statement of cash flows, the Group has recognised cash payments for the principal portion of the lease liability within financing activities, cash payments for the interest portion of the lease liability as interest paid within operating activities and short-term lease payments and payments for lease of low-value assets within operating activities.

The adoption of AASB 16 resulted in no initial recognition of right-of-use assets and lease liabilities in respect of all operating leases as the only leases in existence qualified for the exemptions of short-term leases and leases of low-value assets.

The net impact on accumulated losses on 1 July 2019 was $nil.

Other than AASB 16, there is no material impact of the new and revised Standards and Interpretations on the Group.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 30 June 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted by 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	
	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$
Other income	-	-	538	1,450	538	1,450
Proceeds on the sale of exploration tenement	1,500,000	-	-	-	1,500,000	-
Exploration and evaluation expenses	(11,247,727)	(10,013,181)	-	-	(11,247,727)	(10,013,181)
Corporate and administration expenses	-	-	(1,805,018)	(2,023,817)	(1,805,018)	(2,023,817)
Share based payments	-	-	(1,380,033)	(563,788)	(1,380,033)	(563,788)
Net fair value loss on fair value of equity instruments designated at FVTPL	-	-	-	(139,012)	-	(139,012)
Impairment on loan		-	-	(30,912)	-	(30,912)
Net financing income	-	-	99,250	45,545	99,250	45,545
Loss from continuing operations before income tax	**(9,747,727)**	**(10,013,181)**	**(3,085,263)**	**(2,710,534)**	**(12,832,990)**	**(12,723,715)**
Segment assets	58,836	41,855	1,859,632	65,292	1,918,468	107,147
Unallocated assets					5,422,112	3,769,931
Total assets					**7,340,580**	**3,877,078**
Segment liabilities	412,856	3,251,605	408,050	643,561	820,906	3,895,166
Total liabilities					**820,906**	**3,895,166**

5. OTHER INCOME AND EXPENSES

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

	2020 $	2019 $
Bynoe Lithium Project	1,500,000	-

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

Accounting Policy

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

(b) Corporate and administration expenses

	2020 $	2019 $
Depreciation and amortisation	60,861	11,999
Insurance	43,514	41,659
Legal fees	36,166	61,134
Office costs	162,062	160,479
Personnel expenses (5(c))	736,132	815,585
Promotions and Investor relations	166,199	384,494
Conferences and travel	106,956	198,916
Regulatory and compliance	233,063	195,517
Fixed assets written off	19,300	4,640
Other	240,765	149,394
	1,805,018	2,023,817

(c) Personnel expenses

	2020 $	2019 $
Directors' fees, employee wages and salaries	549,442	673,261
Other associated personnel expenses	117,432	56,975
Leave entitlements	69,258	85,349
	736,132	815,585

(d) Exploration and evaluation expenditure

	2020 $	2019 $
Exploration Expenditure		
Toolebuc, QLD	206,497	116,303
Kathleen Valley, WA	6,407,768	4,207,644
Buldania, WA	1,029,260	2,949,668
Moora	308,306	17,857
Other	-	3,785
	7,951,831	7,295,257
Scoping and Pre-Feasibility Studies[1]		
Kathleen Valley, WA – Scoping Study	-	374,998
Kathleen Valley, WA – Pre-feasibility Studies	3,195,896	342,926
	3,195,896	717,924
Royalty acquisition		
Acquisition of revenue and production royalties	100,000	2,000,000
	100,000	2,000,000
	11,247,727	10,013,181

[1] During the reporting period the Company completed an initial Pre-feasibility Study and commenced an updated Pre-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.

(e) Net financing income

	2020 $	2019 $
Interest income	107,838	45,545
Interest expense	(8,588)	-
	99,250	45,545

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 and loss and comprehensive income using the effective interest method.

6. INCOME TAX

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

	2020 $	2019 $
Loss before tax	(12,832,990)	(12,723,715)
Income tax benefit using the domestic corporation tax rate of 27.5%	(3,529,072)	(3,499,022)
Decrease in income tax benefit due to:		
Non-deductible expenses	380,942	759,320
Non-assessable income	(71,188)	-
Deferred tax assets and liabilities not recognised	1,719,318	1,459,067
Junior Mineral Exploration Incentive	1,500,000	1,127,500
Effect of different tax rates of foreign subsidiaries operating other jurisdictions	-	153,135
Income tax expense on loss before tax	-	-

Income tax in the consolidated statement of profit and loss and 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.

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

	2020 $	2019 $
Assets		
Revenue losses available to offset against future taxable income	6,438,562	4,670,588
Capital Losses available to offset against future taxable income	-	81,529
Other deferred tax assets	347,040	(93,541)
	6,785,602	4,658,576
Liabilities		
Other deferred tax liabilities	(175,934)	(66,920)
	(175,934)	(66,920)

The unrecognised benefit from temporary differences on capital items amounts to $312,282 (2019: $185,811).

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 2020 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 2020.

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

	2020	2019
Loss attributable to ordinary shareholders for basic earnings	$12,832,990	$12,723,715
Weighted average number of ordinary shares on issue at the end of the year	1,675,915,484	1,239,424,852

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 $1,380,033 (2019: $563,788).

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
OP5	1,800,000	8/04/2016	31/03/2021	0.035	0.016	8/04/2016
OP5	4,000,000	24/05/2016	31/03/2021	0.035	0.015	24/05/2016
OP6	2,700,000	10/10/2017	31/10/2022	0.02	0.006	10/10/2017
OP6	12,000,000	28/11/2017	31/10/2022	0.02	0.022	28/11/2017
O13	10,000,000	28/11/2018	28/11/2023	0.035	0.019	28/11/2018
O13	6,000,000	20/12/2018	28/11/2023	0.035	0.018	20/12/2018
O15	5,650,000	27/09/2019	28/11/2022	0.15	0.061	27/09/2020
O15	1,000,000	6/11/2019	28/11/2022	0.15	0.059	6/11/2020
O15	1,000,000	6/11/2019	28/11/2022	0.15	0.059	6/11/2021
O15	14,000,000	27/11/2019	28/11/2022	0.15	0.046	27/11/2019
O17	3,333,333	16/03/2020	16/03/2023	0.1122	0.050	16/03/2020
O17	3,333,333	16/03/2020	16/03/2023	0.1122	0.050	16/03/2021
O17	3,333,334	16/03/2020	16/03/2023	0.1122	0.050	16/03/2022
O18	1,000,000	5/06/2020	4/06/2023	0.15	0.069	4/06/2021
O18	1,000,000	5/06/2020	4/06/2023	0.15	0.069	4/06/2022

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

	Weighted average exercise price 2020 $	Number of options 2020	Weighted average exercise price 2019 $	Number of options 2019
Outstanding at beginning of the year	0.030	57,500,000	0.026	33,750,000
Granted during the period	0.139	33,650,000	0.035	29,250,000
Exercised during the period	0.031	(21,000,000)	0.035	(4,500,000)
Lapsed/expired during the period	-	-	0.038	(1,000,000)
Outstanding at the end of the year	0.082	70,150,000	0.030	57,500,000
Exercisable at the end of the year	0.066	53,833,333	0.030	55,000,000

The weighted average contractual life remaining as at 30 June 2020 is 2.55 years (2019: 3.33 years).

The weighted average fair value of options granted during the year was $0.052 (2019: $0.019).

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	2020			2019		
	Exercised Number	Exercise date	Share price at exercise date $	Exercised Number	Exercise date	Share price at exercise date $
OP5	1,500,000	9/07/2019	0.105			
OP5	2,000,000	18/05/2020	0.105			
OP6	4,000,000	18/05/2020	0.105			
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				4,500,000	11/06/2019	0.10
O13	1,750,000	9/07/2019	0.105			
O13	2,000,000	5/12/2019	0.082			
O13	4,000,000	18/05/2020	0.105			

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:

	2020	2019
Share price at grant date (weighted average)	$0.088	$0.026
Exercise price (weighted average)	$0.139	$0.035
Expected volatility (weighted average)	112%	100%
Expected life (weighted average)	3	4.93
Vesting period (weighted average)	0.64	-
Expected dividends	Nil	Nil
Risk-free interest rate (weighted average)	0.61%	2.06%

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

Series	O15	O15	O15	O17	O18
Grant Date	27/09/2019	6/11/2019	27/11/2019	16/03/2020	5/06/2020
Dividend yield (%)	-	-	-	-	-
Expected volatility (%)	114%	112%	111%	115%	90%
Risk-free interest rate (%)	0.70%	0.88%	0.69%	0.45%	0.28%
Expected life of option (years)	3	3	3	3	3
Exercise price (cents)	0.15	0.15	0.15	0.1122	0.15
Grant date share price	0.098	0.098	0.082	0.080	0.130

Service Rights issued under Employee Securities Incentive Scheme

On 6 May 2020, 510,093 service rights were granted to certain employees in lieu of payment of cash salary or fees otherwise payable. The service rights have an expiry date of 30 June 2022, vest at the end of the relevant quarter and have a nil exercise price. The fair value of the service rights granted was determined using the share price at grant date of $0.12.

On 30 June 2020, 1,251,329 service rights were granted to Directors in lieu of payment of cash salary or fees otherwise payable. The service rights have an expiry date of 30 June 2022, vest immediately and have a nil exercise price. The fair value of the service rights granted was determined using the share price at grant date of $0.105.

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.

Other Share Based Payments ("Non-EIS")

Options

In September 2019 the Company issued 400,000 unlisted share options to a consultant of the Company as consideration for work performed.

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	7,500,000	28/03/2019	28/03/2022	0.035	0.015	28/03/2019
O16	400,000	27/09/2019	28/11/2022	0.150	0.061	27/09/2020

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

	Weighted average exercise price 2020 $	Number of options 2020	Weighted average exercise price 2019 $	Number of options 2019
Outstanding at beginning of the year	0.035	14,900,000	-	-
Granted during the period	0.150	400,000	0.035	15,000,000
Exercised during the period	0.035	(7,400,000)	0.035	(100,000)
Outstanding at the end of the year	0.041	7,900,000	0.035	14,900,000
Exercisable at the end of the year	0.035	7,500,000	0.035	14,900,000

The weighted average contractual life remaining as at 30 June 2020 is 1.78 years (2019: 2.75 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	2020			2019		
	Exercised Number	Exercise date	Share price at exercise date $	Exercised Number	Exercise date	Share price at exercise date $
O14	100,000	9/08/2019	0.115			
O14	7,300,000	18/05/2020	0.105			
O14				100,000	24/05/2019	0.092

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:

	2020	2019
Share price at grant date (weighted average)	$0.098	$0.019
Exercise price (weighted average)	$0.150	$0.035
Expected volatility (weighted average)	114%	100%
Expected life (weighted average)	3	3
Vesting period (weighted average)	1	-
Expected dividends	Nil	Nil
Risk-free interest rate (weighted average)	0.70%	1.53%

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

Series	O16
Grant Date	27/09/2019
Dividend yield (%)	-
Expected volatility (%)	114%
Risk-free interest rate (%)	0.70%
Expected life of option (years)	3
Exercise price (cents)	0.15
Grant date share price	0.098

Performance Rights

No performance rights have been issued during the year. As at 30 June 2020 there were 1,000,000 performance rights outstanding. These performance rights were issued on 14 September 2018, are subject to the consultant meeting certain objectives, have an expiry date of 13 September 2020 and a nil exercise price. The fair value of the performance rights granted was determined using the share price at grant date of $0.027.

The performance rights subsequently lapsed on 13 September 2020.

Performance rights contain non-market performance conditions which were not taken into accounting the grant date fair value measurement of the services received.

Accounting Policy

The cost of equity-settled transactions with employees and Directors is measured by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('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

	2020 $	2019 $
Cash at bank	5,256,820	3,362,421
Petty cash	1,029	848
	5,257,849	3,363,269

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

	2020 $	2019 $
Loss for the period	(12,832,990)	(12,723,715)
Depreciation and amortisation	60,861	12,215
Bad debts written off	-	2,862
Foreign exchange (gain)/losses	100	(36,633)
Share-based payments	1,380,033	563,788
Net fair value loss on fair value of equity instruments designated as FVTPL	-	139,012
Fixed assets written off	19,300	4,640
Impairment of loan	-	30,912
	(11,372,696)	(12,006,919)
Changes in operating assets and liabilities:		
Increase in trade and other receivables	(1,358,085)	(185,390)
Increase in trade and other payables	(3,039,971)	3,142,516
Decrease in other financial assets	-	755,505
Increase in provisions	14,475	92,758
Net operating cash flows	(15,756,277)	(8,201,530)

Non-cash investing and financing activities

During the year the Company made additions of $146,270 to right-of-use assets.

Changes in liabilities arising from financing activities

	Lease Liability $	Other payables $	Total $
Balance at 1 July 2018	-	-	-
Capital raising funds received (held in trust)	-	163,500	163,500
Balance at 30 June 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

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

Current	2020 $	2019 $
Trade and other receivables	1,686,969	358,274
Prepayments	86,101	56,711
	1,773,070	414,985

Other receivables include 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 subsequently received in July 2020. There was no expected credit loss at balance date.

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.

EQUITY AND LIABILITIES

11. TRADE AND OTHER PAYABLES

	2020 $	2019 $
Trade payables	241,958	1,423,444
Accrued expenses	290,869	384,661
Acquisition of royalty payable[1]	-	1,750,000
Share application monies held on trust	-	163,750
Other payables	20,274	37,294
	553,101	3,759,149

[1] Represents the prior year balance of consideration payable to acquire the Buldania revenue and production royalties.

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

	2020 $	2019 $
Current		
Annual leave	56,780	62,922
Provision for long service leave	52,513	73,095
Other accrued employee entitlements	39,687	-
	148,980	136,017
Non-Current		
Provision for long service leave	1,512	-
	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.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated statement of profit or loss and other comprehensive income as incurred.

13. CAPITAL AND CAPITAL MANAGEMENT

Ordinary shares on issue:

	2020		2019	
	No.	$	No.	$
On issue at the beginning of the year	1,532,885,201	45,228,551	1,103,987,460	37,199,397
Rights issues and placements [1]	150,000,000	18,000,000	394,297,741	7,885,955
Issue of shares for unlisted options	28,400,000	900,250	4,600,000	161,000
Issue of shares to acquire the Killaloe Project	-	-	20,000,000	520,000
Issue of shares to acquire Buldania mining lease lithium rights	-	-	10,000,000	240,000
Share issue costs	-	(909,531)	-	(777,801)
Movement during the year	178,400,000	17,990,719	428,897,741	8,029,154
On issue at the end of the year	1,711,285,201	63,219,270	1,532,885,201	45,228,551

[1] 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.

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

Nature and purpose of reserves:

Share-based payments

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.

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.

(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:

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

2019	Interest maturing in: <1 year $	1-5 years $	Floating interest $	Non-interest bearing $	Total $	Weighted average interest rate %
Financial assets						
Bank balances	-	-	3,362,420	849	3,363,269	0.69
Trade and other receivables	-	-	-	414,981	414,981	-
Financial assets	54,400	-	-	-	54,400	3.29
Financial liabilities						
Trade and other payables	-	-	-	(3,759,149)	(3,769,149)	-

A change of 100 basis points in interest rates on bank balances and term deposits over the reporting period would have increased/(decreased) the Group's profit and loss by $97,597 (2019: $16,420).

(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. Other than the $1.5 million receivable from Core Lithium which was received in July 2020, 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 $553,101 (2019: $3,759,149) all of which are due within 60 days and undiscounted lease liabilities of $129,572 (2019: nil).

(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 2020 %	2019 %
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%

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.

	2020 $	2019 $
Statement of profit and loss and other comprehensive income		
Loss for the year	(22,757,725)	(2,877,306)
Total comprehensive loss	(22,757,725)	(2,762,652)
Statement of financial position		
Assets		
Current assets	7,030,919	3,778,250
Non-current assets	309,662	8,266,849
Total assets	7,340,581	12,045,099
Liabilities		
Current liabilities	519,583	1,912,877
Non-current liabilities	75,750	-
Total liabilities	595,333	1,912,877
Net assets	6,745,248	10,132,222
Equity		
Share capital	63,219,270	45,228,551
Reserves	2,157,428	1,206,000
Accumulated losses	(58,631,450)	(36,302,329)
Total equity	6,745,248	10,132,222

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 LIABILITIES AND ASSETS

For the year ended 30 June 2020, there are no contingent assets (30 June 2019: $1,500,000 relating to the contingent payment from Core Lithium Ltd in relation to the sale of the Bynoe Lithium project in November 2017).

For the year ended 30 June 2020, there are no contingent liabilities (30 June 2019: nil).

19. REMUNERATION OF AUDITORS

Audit and review services	2020 $	2019 $
HLB Mann Judd	30,300	30,376

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:

	2020 $	2019 $
Within 1 year	939,556	587,990
1-5 years	2,224,228	1,327,380
>5 years	3,398,381	1,162,200
	6,562,165	3,077,570

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
- D Richards
- C Williams
- A Cipriano
- S Chadwick

Executives

- A Smits (COO) (appointed 16 March 2020)
- C Hasson (CFO) (appointed 4 June 2020)
- R Hacker (CFO) (ceased 4 June 2020)

The key management personnel compensation is as follows:

	2020 $	2019 $
Short-term employee benefits	794,713	516,490
Post-employment benefits	44,157	44,296
Share-based payments	981,734	388,423
	1,820,604	949,209

(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:

	2020 $	2019 $
Corporate service charge and provision of KMP services[(1)]	241,845	249,107
Technical consultancy services of KMP[(2)]	47,000	9,600
Database management and field services[(3)]	159,751	124,728
Accounting services [(4)]	613	-
	449,209	383,435

[(1)]The Group receives corporate services including office rent and facilities, KMP services, management and accounting services under a Corporate Services Agreement with Chalice Gold Mines Limited. Messrs Goyder and Hacker are KMP's of Chalice Gold Mines Limited. Amounts invoiced are based on a proportionate share of the cost to Chalice Gold Mines Limited of providing the services and have normal payment terms.
[(2)]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. Either party may terminate the agreement by providing one months' notice and are payable under normal payment terms.
[(3)]The Group receives database management and field services from related parties of the Managing Director, Mr Richards. Amounts paid are on normal commercial terms.
[(4)]The Group receives 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 $15,808 (2019: $30,588).

22. EVENTS OCCURRING AFTER THE REPORTING PERIOD

In July 2020, the Company received $1.5 million in cash from Core Lithium Limited ("Core") in relation to the contingent consideration pursuant to the Sale Agreement Liontown entered into with Core in 2017 for the sale of the Bynoe Lithium Project in the Northern Territory.

On 3 July 2020 1,253,619 service rights were issued to KMP in lieu of the payment of a portion of cash salary or fees otherwise payable.

No other matters or circumstances have arisen since the 30 June 2020 that have significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group'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 2020 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 2020.

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

David Richards

David R Richards

Managing Director

Dated this 16th day of September 2020

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 2020, 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 2020 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. We have determined that there are no key audit matters to communicate in our 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 2020, 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.

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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 2020.

In our opinion, the Remuneration Report of Liontown Resources Limited for the year ended 30 June 2020 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
16 September 2020

DBuckley

D I Buckley
Partner

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report applicable as at 15 September 2020 is set out below.

Shareholdings

Substantial shareholders

The number of shares held by substantial shareholders and their associated interests were:

Shareholder	Number of ordinary shares held	Percentage of capital held %	Number of unlisted options held	Percentage of unlisted options held %	Number of unlisted service rights held	Percentage of unlisted service rights held %
Mr Timothy Goyder	313,809,143	18.20	3,000,000	4.56	331,655	26.46

Class of Shares and Voting Rights

There were 4,607 holders of the ordinary shares of the Company, 14 holders of unlisted options and 7 holders of service rights. The Company has 65,800,000 unlisted options and 1,253,619 service rights on issue, of which 59,153,619 were issued under the Employee Securities Incentive Scheme.

The voting rights to the ordinary shares set out in the Company's Constitution are:

> "Subject to any rights or restrictions for the time being attached to any class or Classes of shares -
>
> (a) at meetings of members or classes of members each member entitled to vote in person or by proxy or attorney; and
>
> (b) on a show of hands every person who is a member has one vote and on a poll every person in person or by proxy or attorney has one vote for each ordinary share held."

Holders of options or service rights do not have voting rights.

Restricted Securities

There are no restricted ordinary shares on issue.

On-Market Buy-Back

There are no current no-market buy-back of securities.

Distribution of equity security holders

	Number of equity security holders		
Category	**Ordinary Shares**	**Unlisted Share Options**	**Unlisted Service Rights**
1 – 1,000	151	-	-
1,001 – 5,000	301	-	-
5,001 – 10,000	608	-	-
10,001 – 100,000	2,133	-	3
100,001 and over	1,414	14	4
Total	**4,607**	**14**	**7**

Marketable Parcel

The number of shareholders holding less than a marketable parcel was 166.

TWENTY LARGEST ORDINARY FULLY PAID SHAREHOLDERS AS AT 15 SEPTEMBER 2020

Name	Number of ordinary shares held	Percentage of capital held %
MR TIMOTHY GOYDER	313,809,143	18.20
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	93,298,472	5.41
CLEMENT PTY LTD	48,940,000	2.84
GRAHAM KLUCK MANAGEMENT & INVESTMENT PTY LTD	43,506,000	2.52
THE UNIVERSAL ZONE PTY LTD	26,290,000	1.52
ANISIMOFF SUPER FUND PTY LIMITED	22,074,844	1.28
INVIA CUSTODIAN PTY LIMITED	21,964,080	1.27
CITICORP NOMINEES PTY LIMITED	21,116,336	1.22
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	20,042,280	1.16
SODERHOLME CO PTY LTD	19,256,936	1.12
BOTSIS HOLDINGS PTY LTD	16,000,000	0.93
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,935,427	0.87
MR ANTHONY CIPRIANO	13,604,105	0.79
DOUBLE EAGLE PTY LTD	11,215,479	0.65
GREMAR HOLDINGS PTY LTD	11,000,000	0.64
GREMLYN PTY LTD	11,000,000	0.64
EQUITY TRUSTEES LIMITED	10,640,000	0.62
CALM HOLDINGS PTY LTD	10,000,000	0.58
KENMA INVESTMENT ADVISORS PTY LIMITED	9,800,000	0.57
BNP PARIBAS NOMS PTY LTD	9,564,727	0.55
Total	**748,057,829**	**43.38**

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