

20 February 2019

Dear Shareholder

Notice to Ineligible Shareholders of Non-Renounceable Entitlement Offer

As advised in the ASX announcement on 14 February 2019, Liontown Resources Limited (ASX: LTR) (**Liontown** or the **Company**) is undertaking a capital raising of up to \$7.9 million, by way of a subscription offer to directors and a share placement to professional and institutional investors to raise up to \$3.35 million (**Placement**). In addition, a non-renounceable pro-rata entitlement offer to eligible shareholders of ordinary fully paid shares in the Company at an issue price of \$0.02 per share and on the basis of 1 new share (**New Share**) for every 5 shares held at the record date on 22 February 2019 (**Record Date**) (**Entitlement Offer**). Pursuant to the Entitlement Offer, the Company will issue up to 226,797,492 New Shares to raise up to \$4,535,950 before costs.

The Entitlement Offer is available to all Liontown shareholders (**Shareholders**) registered on the Record Date whose registered address is in Australia or New Zealand (**Eligible Shareholders**). The Entitlement Offer is not being extended to any Shareholders with addresses outside these jurisdictions.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Prospectus

Details of the Entitlement Offer are contained in the Prospectus. The Prospectus can be accessed from the ASX and Liontown websites, www.asx.com.au and www.ltresources.com.au respectively.

Purpose of the Entitlement Offer

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

Shortfall

The Company reserves the right, subject to any restrictions imposed by the Corporations Act and the Listing Rules, to issue Shares not subscribed for under the Entitlement Offer (**Shortfall Shares**) in accordance with the following allocation policy.

The maximum amount of Shortfall Shares that Eligible Shareholders may be issued is:

- (a) the greater of three times that Eligible Shareholders' entitlement or \$10,000 worth of Shortfall Shares;
- (b) if there is insufficient Shortfall Shares to satisfy the applications made in accordance with paragraph (a) above, the applications will be scaled back on a pro rata basis;
- (c) if any Shortfall Shares are remaining after the applications made in accordance with paragraph (a) above are satisfied, the Shortfall Shares are intended to be subscribed for pursuant to the terms of the Underwriting Agreement (refer to the Prospectus for terms);
- (d) Directors and related parties will not be issued with any Shortfall Shares; and
- (e) no Shortfall Shares will be issued if their issue would contravene the takeover prohibition in section 606 of the Corporations Act.



Effect on Capital Structure

The table below sets out the impact of the Placement and Entitlement Offer on the capital structure of the Company:

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

*Assuming no options are exercised prior to the Record Date and that the Placement and Entitlement Offer are fully subscribed.

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

Ineligible shareholders

A Shareholder who has a registered address outside Australia and New Zealand (**Ineligible Shareholder**) will not be eligible to participate in the Entitlement Offer.

The Company's records indicate that you are an Ineligible Shareholder, and as a result, you are not eligible to participate in the Entitlement Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside Australia and New Zealand compared with the small number of Ineligible Shareholders and the number and value of New Shares to which they would otherwise be entitled.

For all enquiries concerning the Prospectus, please contact Kym Verheyen on +61 8 9322 7431. For all general shareholder enquiries, please contact Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

Yours sincerely

Tim Goyder
Chairman