

LIONTOWN RESOURCES LIMITED

ABN 39 118 153 825

**Annual Financial Report
30 June 2015**

Liontown Resources Limited

Corporate Directory

Directors

Timothy Rupert Barr Goyder
David Ross Richards
Craig Russell Williams
Anthony James Cipriano

Chairman
Managing Director
Non-executive Director
Non-executive Director

Company Secretary

Leanne Stevens

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Auditors

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Share Registry

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Home Exchange

Australian Securities Exchange Limited
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ASX Codes

Share Code: LTR

Liontown Resources Limited

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Liontown Resources Limited

Operating and Financial Review



1. Business Strategy

Liontown is exploring for standalone metal deposits in northern Tanzania, East Africa and in northern Queensland, Australia.

The Company's strategy is to maintain a focused, consistent approach and to explore projects where drill targets are or can be quickly defined. Where deemed prudent, Liontown will join with partners with the financial and technical resources to accelerate work on projects. Movements in commodity prices, foreign exchange rates and interest rates may adversely impact the achievement of these objectives.

Liontown Resources Limited

Operating and Financial Review

2. Review of Operations

2.1 Overview

During the year, Liontown focussed its exploration efforts on the Jubilee Reef Project in northern Tanzania and the Mt Windsor Project in northern Queensland, both of which are located in proven mineral provinces containing multiple world class gold mining operations.

Fieldwork included RC drilling at both projects with significant gold mineralisation intersected.

The Company elected to withdraw from the Rupa Suguti and Ibaga options in Tanzania; however, new opportunities continue to be assessed with the focus on properties with existing drill targets and the potential for high grade mineralisation.

2.2 Jubilee Reef Gold Project - Tanzania

The Jubilee Reef Project is located approximately 850km northwest of Dar es Salaam within the Lake Victoria Goldfield of northern Tanzania. This Archaean greenstone-granite terrain hosts several multimillion ounce gold deposits including Acacia Mining's Bulyanhulu deposit and AngloGold Ashanti's Geita deposit (see Figure 1). Liontown originally entered the Project via a Joint Venture agreement with Currie Rose Resources Inc in 2011 and has since acquired 100% of the property.

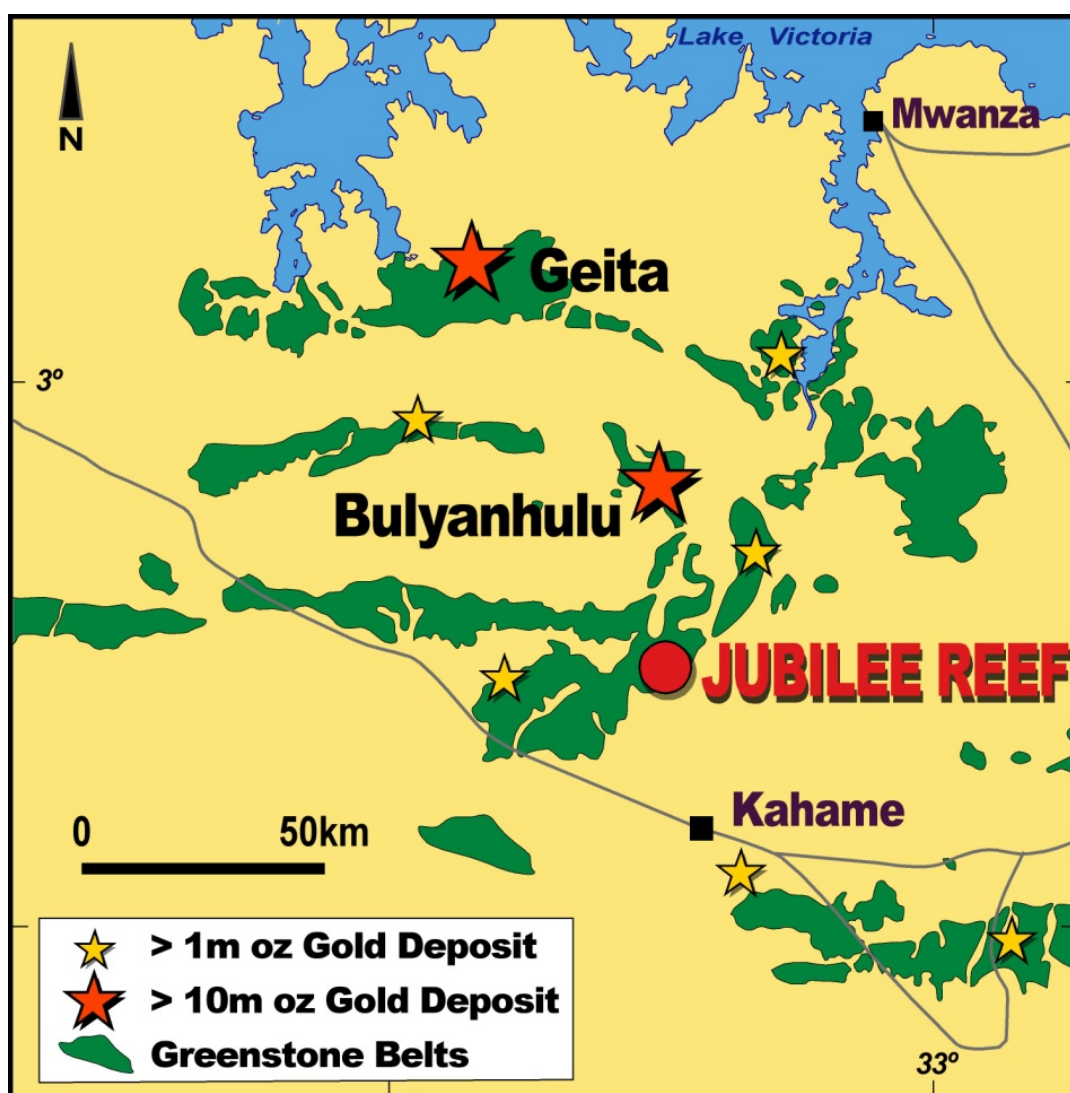


Figure 1: Jubilee Reef Project - Regional Setting

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There were a number of significant developments at Jubilee Reef during the year including:

- Finalising the acquisition of the remaining equity 34% in the project from JV partners Currie Rose Resources;
- Expanding the tenement holding by successfully bidding for 2 PL applications contiguous to the southwest corner of the Project and, importantly, acquiring the westward extension of the **Simba** (formerly Masabi Hill) gold system; and
- Defining further targets at **Simba** and **Chela** (*Figure 2*) which were tested by RC drilling immediately subsequent to the end of the year.

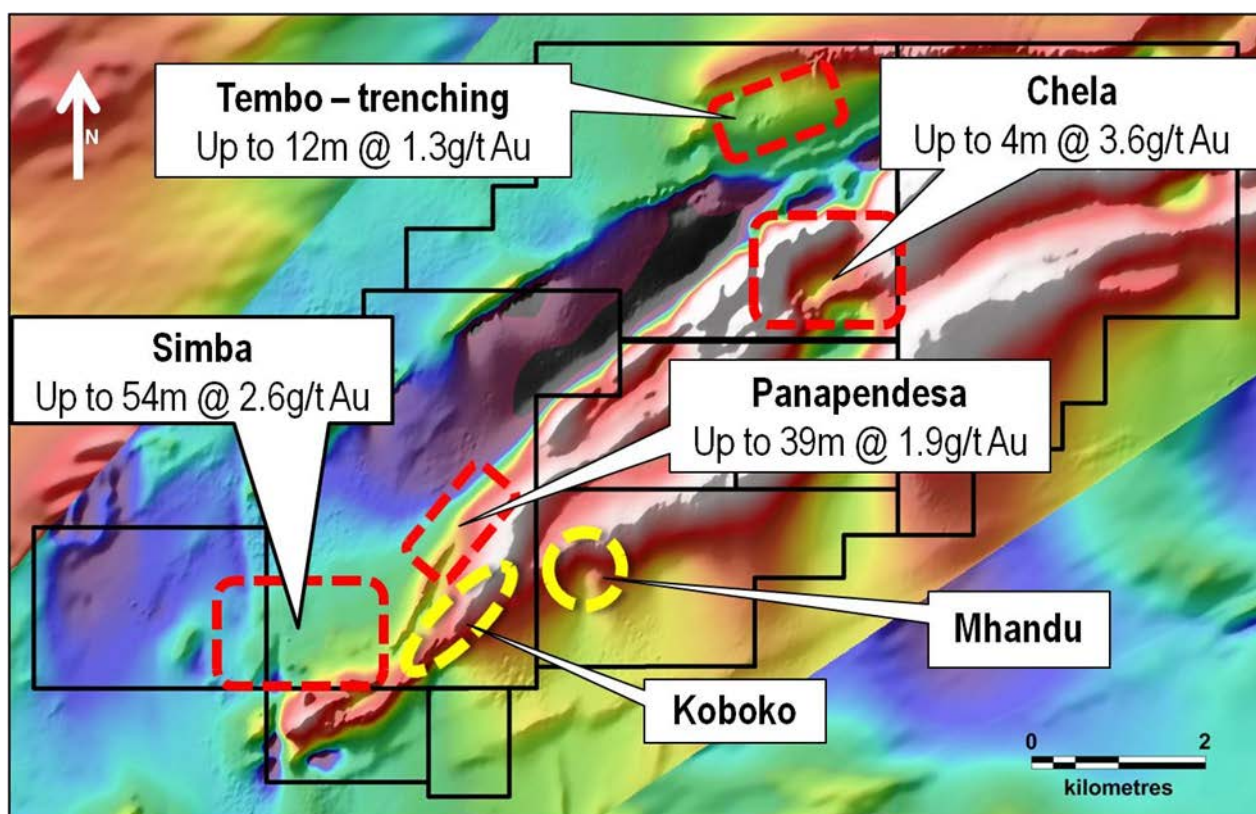


Figure 2: Jubilee Reef Project - Magnetic image showing gold prospects

Previous exploration at Jubilee Reef has focussed on the **Simba** prospect where mineralisation ($>0.1\text{g/t}$) has been defined over a $>1,000$ by 500m area with multiple zones of plus 1g/t gold intersected (*Appendix 1*). Better intersections included:

- JBRR041 62m @ 2.4g/t gold from 70m, including
21m @ 4.7g/t gold from 70m
- JBRR097 23m @ 2.1g/t gold from 51m, including
14m @ 3.2g/t gold from 52m
- JBRR118 86m @ 1.7g/t gold from 9m, including
54m @ 2.6g/t gold from 24m

Drilling at Simba had been constrained by the western tenement boundary of the Jubilee Reef Project; however, in March 2015 Liontown acquired the adjacent area by successfully tendering for the ground (*Figure 2*) that was previously held by Acacia Mining (formerly African Barrick Gold).

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A review of Acacia's exploration data confirmed the westward extension of the Simba system and highlighted a possible SE/NW trend that included the intersections listed above as well as Acacia's best result of 29.7m @ 3.2g/t Au from 114m (Figure 3).

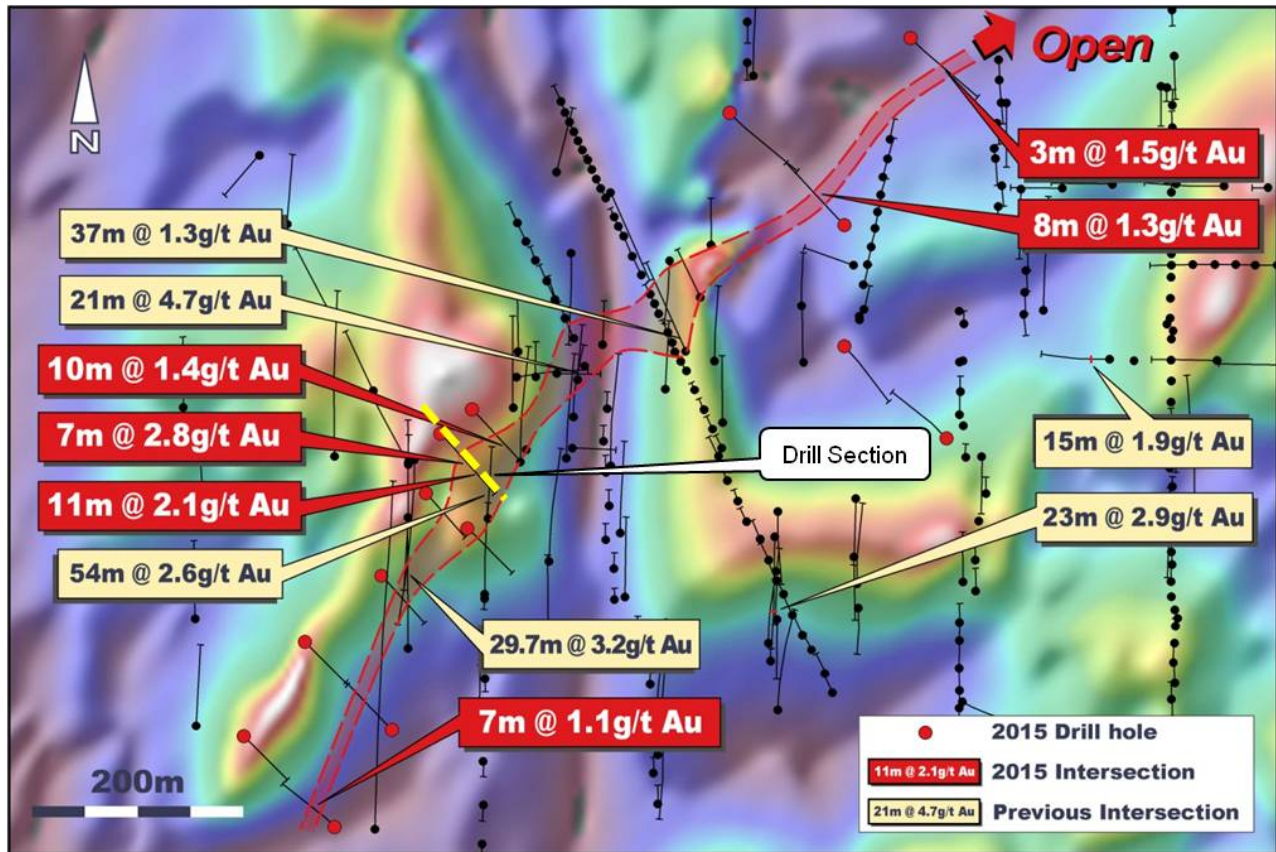


Figure 3: Jubilee Reef Project -Simba prospect showing better intersections on magnetic image

A 14hole/1,644m RC drilling program (JBRR134-142, 147-151) was completed in early July 2015 to test the continuity of and for extensions of Zone A with a number of significant intersections recorded including:

- JBRR138 7m @ 1.1g/t gold from 42m
- JBRR139 10m @ 1.4g/t gold from 91m
- JBRR140 7m @ 2.8g/t gold from 49m and
8m @ 2.4g/t gold from 75m and
11m @ 2.1g/t gold from 121m

(See Appendix 1 for a full listing of RC holes drilled at Simba.)

The latest results define a 1km long, SW/NE trending arcuate zone of largely continuous gold mineralisation (Figure 3) that comprises multiple lodes (Figure 4) largely hosted by carbonate-altered syenite. The mineralised trend is open along strike where it is obscured by transported cover and there are a number of significant intersections to the east and southeast implying potential for parallel zones.

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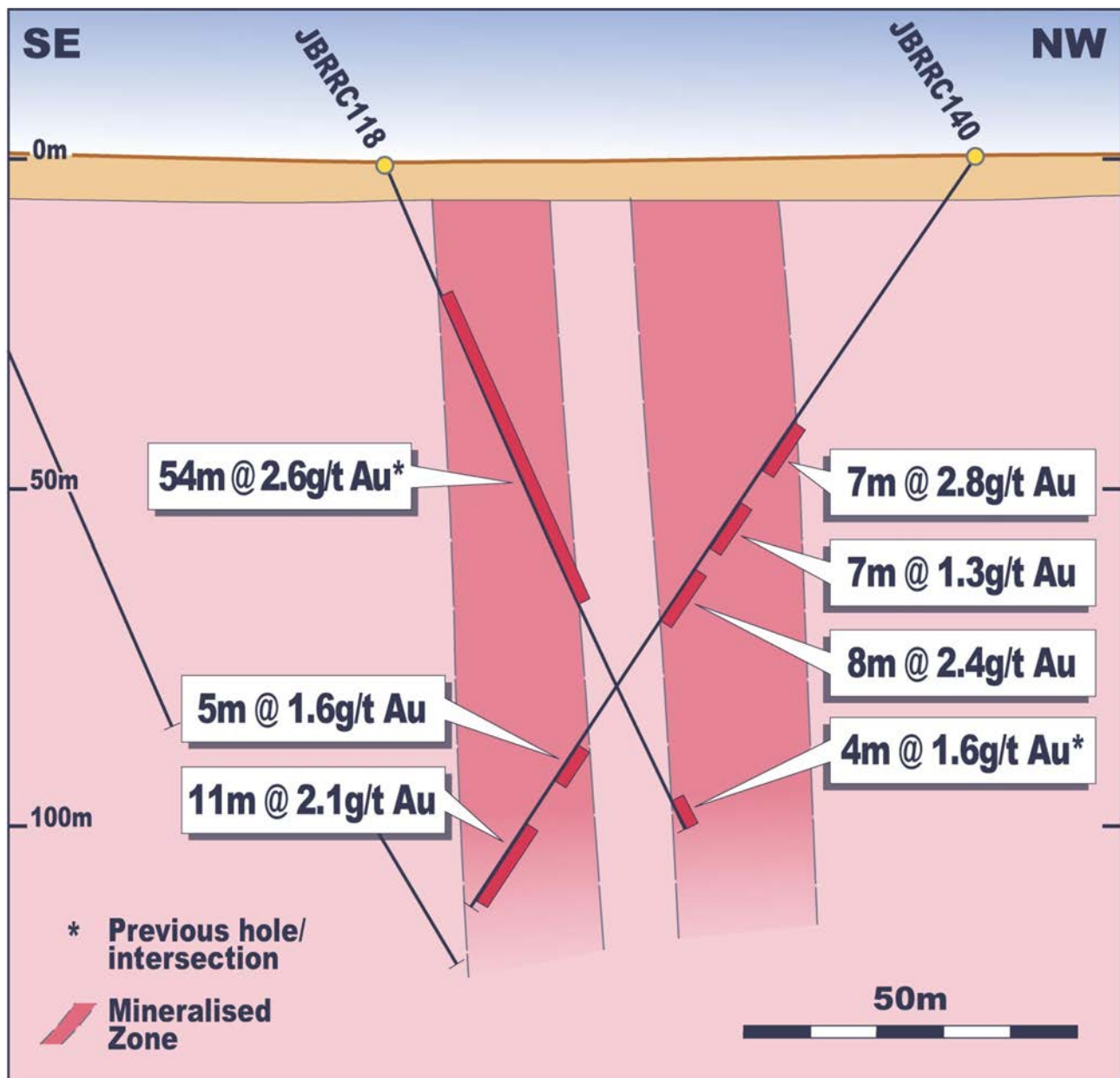


Figure 4: Simba prospect - drill section (see Figure 3 for location)

Chela is located approximately 8 kilometres northeast of Simba and previous shallow geochemical drilling had intersected extensive gold anomalism in transported cover and the underlying bedrock. An additional 4 RC holes (JBRRC143-146) for 580m were drilled to test beneath this anomalism. Better intersections included:

- JBRRC143 3m @ 1.0g/t gold from 56m
- JBRRC146 5m @ 1.1g/t gold from 25m

(See Appendix 2 for a full listing of RC holes drilled at Chela.)

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In addition to Simba and Chela, there are a number of other drill ready prospects within the Jubilee Reef Project (see *Figure 2*) including:

- Tembo - large, irregular soil anomaly where limited trenching has defined a plus 1km gold trend with intersections up to 12m @ 1.3g/t Au;
- Koboko - 2km long soil anomaly coincident with intersection of several layer parallel faults and a kink in the underlying BIF stratigraphy. Main target zone is obscured by transported sediments; and
- Mhandu - 500m long soil anomaly coincident with demagnetized zone that may reflect alteration in the underlying bedrock.

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2.3 Mount Windsor Project - Queensland Australia (Liontown 100%)

The Mount Windsor Project comprises wholly owned tenements located in the Charters Towers gold field of North Queensland (see Figure 5) which has yielded over 15 million ounces of gold from world-class mines such as Charters Towers (+7Moz), Kidston (+4Moz), Pajingo (+3Moz), Ravenswood (+2Moz) and Mt Leyshon (2.7Moz).



Figure 5: Mt Windsor Project - Geological plan showing retained tenement areas.

Exploration at Mt Windsor focussed on the Allandale prospect 75km west southwest of Charters Towers (Figure 5) where previous work indicated potential for a low sulphidation epithermal gold system and high grade mineralisation 150-200m below the surface. The only previous drilling at Allandale comprised shallow RC holes (10 holes/926m) completed by CRA in 1992.

Four RC holes (ALRC11-14) for a total 1,103m were drilled to test for deep gold mineralisation at Allandale. (NB Holes were drilled with the assistance of Queensland government Round 8 CDI grant number 292).

All holes intersected anomalous gold values and the eastern most hole (ALRC11) also recorded significant antimony mineralisation. Better intersections (Figures 6a and 6b) included:

- ALRC14 4m @ 1.7g/t gold from 21m, including
 1m @ 3.4g/t gold from 22m
- ALRC11 1m @ 1.1% antimony from 45m and
 2m @ 1.8% antimony from 113m and
 1m @ 2.8% antimony from 120m

Drill hole statistics and significant assays are listed in Appendix 3.

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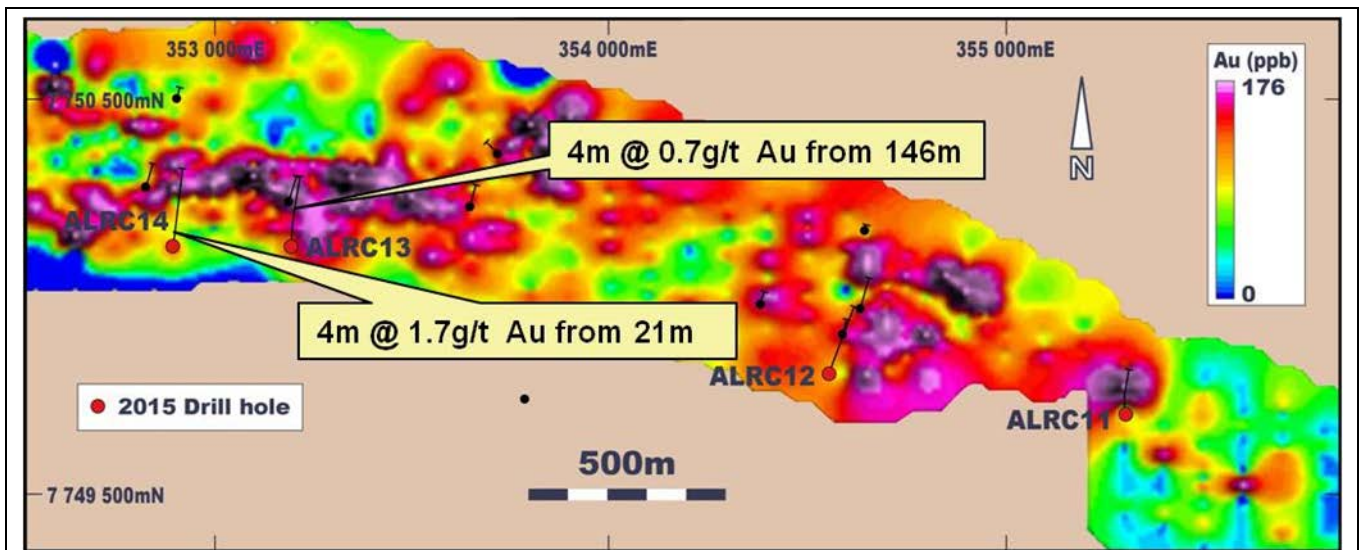


Figure 6a Allandale prospect - Drill hole plan on gold-in-soil image showing better gold intersections.

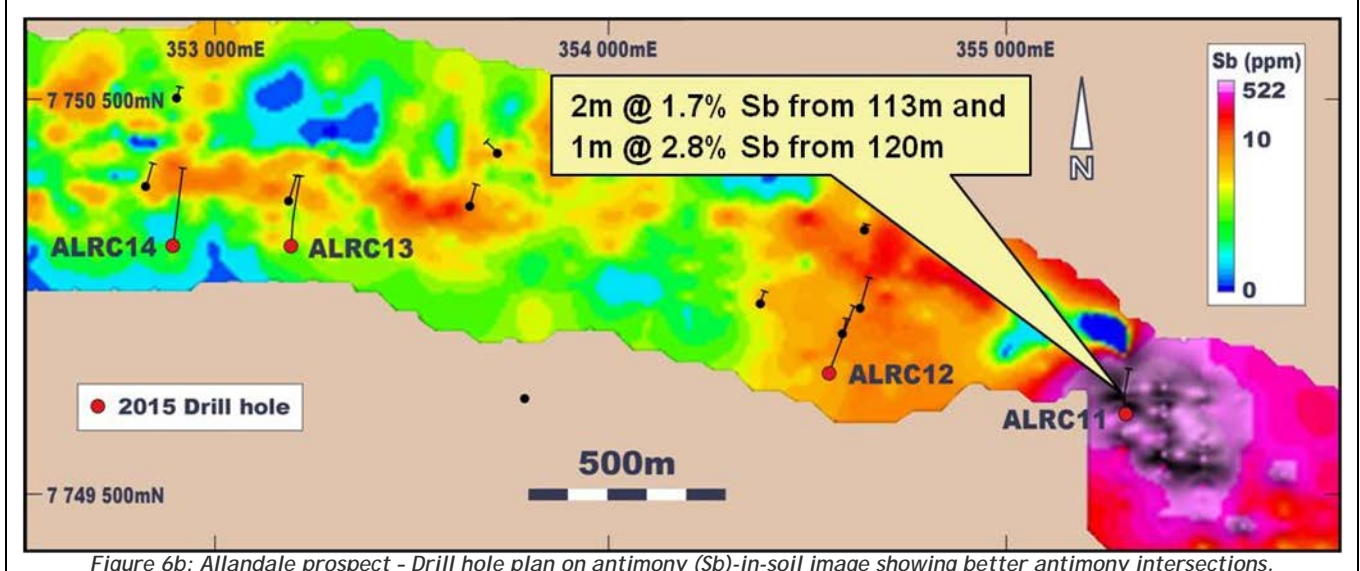


Figure 6b: Allandale prospect - Drill hole plan on antimony (Sb)-in-soil image showing better antimony intersections.

Kagara Transaction

The Mount Windsor Project was established in 2007 and has comprised up to 23 tenements covering a total area >4,000km². The original Project area also included the Liontown base metal deposit (see Figure 5) and surrounding EPM14161.

The Liontown base metal deposit was sold to Kagara Limited (KZL) in 2009 with the consideration comprising two tranches; i.e.

- Tranche 1 - Immediate issue of KZL shares to the value of \$2,250,000; and
- Tranche 2 - A cash payment of \$2,250,000 on either a formal decision to mine the Liontown deposit or if the deposit was sold to a third party.

Subsequent to the 2009 agreement and completion of Tranche 1, Kagara was placed in liquidation.

The sale during the Year of Kagara's Thalanga Operations, which included the Liontown Deposit, to Red River Resources Limited triggered Tranche 2.

Liontown agreed to accept \$465,500 as the full and final settlement from the receiver in November 2014.

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2.4 Other Projects

Following a review of exploration results, Liontown terminated all agreements with the relevant parties that gave the Company the rights to acquire 100% of the Rupa Suguti and Ibaga Projects located in northern Tanzania.

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr David Richards, a full time employee of Liontown Resources Limited, who is a Member of the Australian Institute of Geoscientists. Mr Richards has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Richards consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Information in this report that relates to the Exploration Results of the Jubilee Reef Project is extracted from the ASX announcement entitled "Jubilee Reef Project Drilling Results" released on 5 August 2015 and is available on www.ltresources.com.au.

The Information in this report that relates to the Exploration Results of the Mt Windsor Project is extracted from the ASX announcement entitled "Allandale prospect drilling results" released on 14 August 2015 and is available on www.ltresources.com.au.

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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

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Operating and Financial Review

3. Financial Review

3.1 Financial Performance

The group reported a net loss of \$846,293 for the year (2014: net loss of \$1,387,035). The current year net loss predominantly relates to the write off of capitalised exploration expenditure.

Corporate administrative expenses have decreased by 24% to \$446,916 (2014: \$590,194). Due to market conditions making it a challenge for junior exploration companies to raise capital at the current time, the directors have reviewed all costs during the year which has resulted in lowering the personnel expenses and fixed overheads.

During the year the directors resolved to satisfy accrued directors' fees from 1 April 2013 to 30 September 2014 of \$78,144 by the issue of 2,604,800 shares. Net directors' fees payable have continued to be accrued from 1 October 2014 until the Company and directors agree otherwise.

3.2 Statement of Cash Flows

Cash and cash equivalents at 30 June 2015 was \$907,882 (2014: \$976,735).

The movement in cash balances includes application monies held on trust from the 1 for 4 non-renounceable Rights Issue announced in May 2015 to raise a total of \$806,341 before issue costs. The Rights Issue successfully completed on 24 June 2015 and a total of 115,192,468 shares were issued in July 2015.

Exploration expenditure decreased by 24% during the year to \$848,927 (2014: \$1,112,668) due to reduced expenditures in the current market environment.

3.3 Financial Position

As at 30 June 2015, \$690,387 was held on trust as a result of receiving application monies in relation to the rights issue which was finalized subsequent to year end. At balance date the group had net assets of \$5,122,894 (2014: \$5,122,548), and an excess of current liabilities over current assets of \$66,505 (2014: excess of current assets over current liabilities of \$778,568). Current liabilities increased by 275% to \$1,004,967 in 2015 from \$267,402 in 2014 financial year. The significant increase in current liabilities is mainly a result of application monies of \$690,387 from the rights issue being received just prior to year end, where shares were not issued until after year end. If the shares had been issued at year end, there would have been an excess of current assets over current liabilities of \$623,882.

Notwithstanding the abovementioned working capital position at balance date; a 12 month cash flow forecast suggests that the company will need to raise additional funds or sell assets in the coming year to meet its operating expenditure and exploration commitments. If the Company is unable to raise capital or sell assets given the difficult equity market being experienced, there is a material uncertainty that may cause significant doubt as to whether the Company will be able to continue as a going concern. As a result, the Company's auditors have included in their audit report for the 2015 financial year an "emphasis of matter" paragraph.

Current assets decreased by 10% to \$938,462 (2014: \$1,045,970). Non current assets increased by 19% due to expenditure on exploration and evaluation in Tanzania.

3.4 Corporate

In December 2014, the Company established a share sale facility for holders of small parcels of the company's shares. As a result, 8,019,336 shares held in 481 shareholdings were sold at a price of 0.6 cents per share. The Company now has 437 shareholders of ordinary shares on the register

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Appendices

APPENDIX 1: Simba – RC Drilling Statistics

HOLEID	Easting	Northing	Azimuth	Dip	RL	DEPTH	Significant Intersections (>0.5g/t Au)			
							From	To	Interval	Grade
JLRR31	9155	6320	335	-60	1244.1	100	13	17	4	1.14
							28	33	5	1.59
							62	73	11	1.12
JLRR9	9019	6438	14	-60	1254.6	125	91	92	1	1.06
JRRC-1	9300	6350	290	-60	1242.1	98				
JRRC-2	9000	6245	360	-60	1242.3	65	6	27	21	0.93
							48	51	3	3.00
JBRR018	9042	6254	335	-60	1242.64	175	4	6	2	1.32
							17	24	7	1.22
							26	29	3	0.98
							42	69	27	2.76
							80	87	7	1.09
							104	107	3	2.24
							138	144	6	1.20
							153	158	5	1.00
JBRR019	9136	6272	335	-60	1242	175	9	46	37	1.30
JBRR020	9064	6418	155	-60	1253.1	175	107	109	2	1.27
							130	131	1	6.28
JBRR041	9030	6208	360	-60	1241	132	36	44	8	0.74
							70	91	21	4.66
							94	99	5	1.00
							102	132	30	1.40
JBRR042	9029	6364	180	-60	1250.6	165	114	117	3	1.16
							133	137	4	1.49
JBRR043	9120	6236	360	-60	1241.7	123	3	4	1	1.20
							49	55	6	1.08
							100	102	2	0.96
							114	115	1	1.65
JBRR044	9123	6356	180	-60	1246.4	129	31	36	5	2.08
							53	55	2	1.28
							70	72	2	2.38
							82	83	1	1.41
JBRR045	9216	5991	360	-60	1241.7	135	12	32	20	2.33
							50	73	23	2.93
							76	82	6	1.46
JBRR046	9222	6131	180	-60	1241.1	135	127	128	1	3.65
							56	57	1	1.16
							122	128	6	2.11
JBRR047	9600	6027	360	-60	1243.3	140	109	112	3	2.11
JBRR048	9602	6171	180	-60	1241	39				
JBRR049	9610	6176	180	-60	1240.9	79				
JBRR050	9617	6172	360	-60	1240.9	130	53	57	4	1.25
							86	92	6	1.59
							125	127	2	1.15
JBRR051	9477	6305	360	-60	1241.9	190	16	20	4*	0.66
							109	111	2	2.14
JBRR052	9451	6431	180	-60	1242.8	120	18	22	4	1.1
							26	33	7	1.26
							93	97	4	1.05
							117	120	3	1.73

* 1-4m composite samples

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Appendices

APPENDIX 1 (cont): Simba – RC Drilling S7 statistics

HOLEID	Easting	Northing	Azimuth	Dip	RL	DEPTH	Significant Intersections (>0.5g/t Au)			
							From	To	Interval	Grade
JBRRC053	9441	6506	180	-60	1243.3	112	22	25	3	1.08
JBRRC054	9598	6101	180	-60	1241.9	84	23	24	1	1.02
JBRRC061	8980	6267	360	-60	1244	100				
JBRRC062	8970	6201	360	8923	1241.4	150	32	44	12	0.68
							48	49	1	1.39
							77	86	9	0.55
							137	144	7	1.1
JBRRC063	8983	6161	360	-60	1240.2	200	141	148	7	0.98
							154	155	1	2.99
JBRRC064	9062	6273	360	-60	1243.1	80	21	26	5	0.89
							45	55	10	0.89
JBRRC065	9064	6161	360	-60	1240.9	200	16	17	1	1.1
							27	29	2	1.33
JBRRC066	9024	6164	360	-60	1240.6	200	13	15	2	1.24
							90	91	1	2.48
							133	161	28	1.95
							162	183	21	1.46
JBRRC067	9174	6201	360	-60	1239.1	124	186	200	14	1.11
							68	70	2	0.89
JBRRC068	9166	6260	360	-60	1241.1	134	99	103	4	1.22
							3	6	3	1.47
							15	20	5	1.03
							27	34	7	0.83
JBRRC069	9164	6371	360	-60	1246.3	90	50	52	2	1.23
JBRRC070	9220	6098	180	-60	1241.7	187	86	95	9	1.31
JBRRC071	9600	6291	180	-60	1241	111				
JBRRC072	9590	6298	360	-60	1241	150	128	131	3	1.6
JBRRC073	9604	6428	180	-60	1242.1	129	73	74	1	3.97
							122	129	7	1.21
JBRRC074	9594	6428	360	-60	1241.7	123	31	37	6	1.22
							59	66	7	1.6
							29	41	12	1.07
							43	47	4	1.21
JBRRC075	9601	6548	180	-60	1242.2	87	55	61	6	0.93
JBRRC076	9582	6522	180	-60	1242.3	33	89	91	2	2.1
JBRRC077	9587	6521	180	-60	1242.3	95	96	99	3	3.3
JBRRC078	9027	6178	90	-60	1240.7	80	51	57	6	0.95
JBRRC079	9015	6245	90	-60	1242.7	81	Hole abandoned before target depth			
							1	20	19	1.17
							22	24	2	0.86
JBRRC080	8982	6247	80	-60	1242.2	130	30	33	3	1.31
							35	56	21	1.24
JBRRC081	8988	6180	90	-60	1240.4	81	110	123	13	1.43
JBRRC082	9494	6423	270	-60	1242.8	118	32	33	1	1.53
JBRRC083	9568	6430	270	-60	1241.7	96	62	63	1	1.36
JBRRC084	9545	6428	270	-60	1242.5	120	49	60	11	1.38

* 1-4m composite samples

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Appendices

APPENDIX 1 (cont): Simba – RC Drilling Statistics

HOLEID	Easting	Northing	Azimuth	Dip	RL	DEPTH	Significant Intersections (>0.5g/t Au)			
							From	To	Interval	Grade
JBRRC085	9645	6427	270	-60	1241.9	150	32	36	4*	0.99
							66	71	5	2
JBRRC086	9715	6425	270	-60	1241.9	85	Hole abandoned before target depth			
JBRRC087	9690	6425	270	-60	1241.3	32				
JBRRC088	9715	6260	270	-60	1240.4	150	144	148	4*	0.91
JBRRC089	9641	6261	270	-60	1241.2	119	4	8	4*	0.91
							40	44	4*	1.33
JBRRC090	9562	6260	270	-60	1241.6	114	12	16	4*	1.7
							72	87	15	1.92
JBRRC092	9315	5865	115	-60	1258.4	129				
JBRRC093	9398	5942	115	-60	1251.2	99				
JBRRC094	9300	6029	180	-60	1244.4	87				
JBRRC095	9296	6078	180	-60	1243	110				
JBRRC096	9299	6129	180	-60	1241.1	130	113	117	4	15.44
JBRRC097	9230	6068	180	-60	1243.8	100	24	30	6	1.15
							38	39	1	1.19
							52	66	14	3.17
JBRRC098	9226	6017	180	-60	1245.5	100	10	11	1	1.13
							16	17	1	1.02
JBRRC099	9120	6016	180	-60	1244.5	153	124	128	3	0.77
							136	152	16	0.82
JBRRC100	9120	5911	180	-60	1249.1	150	24	27	3	1.04
							36	40	4	1.05
							49	55	6	0.94
							72	76	4	0.91
JBRRC102	10002	6218	180	-60	1239	29				
JBRRC103	10017	6217	180	-60	1239.2	63				
JBRRC104	10001	6192	180	-60	1239.1	86	33	40	7	1.13
JBRRC111	9593	6162	180	-60	1241.2	130				
JBRRC112	9418	6173	180	-60	1240.1	100				
JBRRC113	9402	6261	180	-60	1241.3	105	80	81	1	1.02
							87	88	1	1.06
							91	92	1	1.51
							104	105	1	1.02
JBRRC114	9398	6309	180	-60	1241.1	120				
JBRRC115	9248	6258	360	-60	1240.3	100	29	31	2	1.17
JBRRC116	9249	6310	360	-60	1240.9	100	41	44	3	1.21
							46	49	3	0.82
JBRRC117	8945	6035	360	-60	1238.4	150	126	128	2	1.02
							146	149	3	0.76
JBRRC118	8950	6110	360	-60	1238.4	120	24	78	54	2.6
							116	120	4	1.6
JBRRC119	8948	5986	360	-60	1240.2	117				
JBRRC120	8945	5916	360	-60	1243.2	111	65	66	1	1.32
JBRRC121	9009	5999	360	-60	1242.2	150				
JBRRC122	9000	6068	360	-60	1240.4	183				
JBRRC123	9093	6039	360	-60	1241.9	150				
JBRRC124	9078	6097	360	-60	1240.8	150				
JBRRC125	9222	5932	360	-60	1251.1	153	106	107	1	1.68
							121	122	1	1.01
							127	128	1	1.12

* 1-4m composite samples

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Appendices

APPENDIX 1 (cont): Simba – RC Drilling Statistics

HOLEID	Easting	Northing	Azimuth	Dip	RL	DEPTH (EoH)	Significant Intersections (>0.5g/t Au)			
							From	To	Interval	Grade
JBRRC126	9204	6689	360	-60	1250.8	147				
JBRRC127	9201	6532	360	-60	1249.7	130	94	95	1	1.02
JBRRC128	9544	6262	270	-60	1241.6	123	28	44	16	1.09
							84	87	3	1.11
JBRRC129	9399	6205	360	-60	1240.5	105	38	40	2	1.29
							81	85	4	1.04
							89	94	5	1.27
JBRRC130	9401	6058	360	-60	1245.1	93				
JBRRC131	9301	6051	360	-60	1244.1	141	108	110	2	1.68
							116	122	6	1.51
JBRRC132	9111	5889	360	-60	1250.5	150	7	15	8	0.74
							70	75	5	0.79
							104	109	5	0.65
JBRRC134	8854	6057	135	-55	1237.5	100	39	40	1	0.96
JBRRC135	8864	5912	315	-55	1240.8	105	26	28	2	0.78
JBRRC136	8782	5995	135	-55	1235.9	100				
JBRRC137	8724	5906	135	-55	1237.5	100				
JBRRC138	8810	5820	315	-55	1243.5	105	26	30	4	1
							42	49	7	1.14
							54	56	2	0.87
							58	63	5	0.72
							69	71	2	0.84
JBRRC139	8940	6214	135	-55	1243.5	120	13	16	3	0.85
							29	30	1	1.37
							46	47	1	1.8
							51	69	18	0.75
							91	101	10	1.37
JBRRC140	8910	6191	135	-55	1239	135	21	25	4	0.76
							28	30	2	0.92
							42	46	4	0.7
							49	56	7	2.78
							63	70	7	1.31
							75	83	8	2.37
							107	112	5	1.58
							115	116	1	1.5
JBRRC141	8896	6135	135	-55	1237.5	100	121	133	11	2.05
							58	59	1	1.49
							90	97	7	1.13
JBRRC142	8935	6102	135	-55	1237.5	100	8	13	5	1.93
							23	26	3	1.24
							39	41	2	2.59
JBRRC147	9183	6494	135	-55	1251	150	32	37	5	0.74
JBRRC148	9291	6388	315	-55	1243.2	140	52	55	3	0.73
							57	60	3	0.66
							63	71	8	1.3
JBRRC149	9354	6565	135	-55	1247.5	150	83	86	3	1.47
JBRRC150	9388	6187	315	-55	1240	117				
JBRRC151	9291	6274	135	-55	1241	120	119	120	1	1.33
MSDD0032	8810	6170	0	-60.56	1235	311.1	53	59	6	1.69
							80	81	1	3.69
MSRC0021	8739	6454	225	-60	1246	124	88	89	1	0.81
MSRC0022	8879	6165	330	-60	1235	150	55	57	2	1.6
MSRC0023	8846	6232	330	-60	1237	115				
MSRC0024	8805	6306	330	-60	1237	154	123	124	1	1.67
MSRC0025	8765	6389	0	-60	1245	150	22	23	1	1.09
							109	111	2	1.32

* 1-4m composite samples

Liontown Resources Limited

Appendices

APPENDIX 1 (cont): Simba – RC Drilling Statistics

HOLEID	Easting	Northing	Azimuth	Dip	RL	DEPTH (EoH)	Significant Intersections (>0.5g/t Au)			
							From	To	Interval	Grade
MSRC0028	8879	6112	180	-60	1234	161	137	143	6	2.78
MSRC0032	8879	6162	0	-60.82	1235	57				
MSRC0034	8679	5915	0	-60	1235	154	127	128	1	1.09
MSRC0035	8678	6016	0	-60	1224	154	18	19	1	1.09
							70	71	1	1.19
MSRC0036	8686	6116	360	-61	1224	164	124	125	1	1.32
MSRC0037	8667	6216	0	-60.41	1224	151	147	149	2	1.04
MSRC0038	8470	6215	0	-60.34	1224	94				
MSRC0039	8479	6115	0	-60	1225	160				
MSRC0040	8481	6015	0	-60	1222	164				
MSRC0041	8479	5907	0	-60	1222	66				
MSRCDD0027	8885	6166	180	-58.3	1235	367.2	18	19	1	2.05
							96	98	2	1.13
							210.65	214.65	4	2
							280	282	2	3.12
							291.32	292.32	1	1.13
MSRCDD0029	8879	5989	0	-60	1238	429.7	323.32	326.32	3	1.15
							18	19	1	1.82
							73	74	1	1.24
							114	143.7	29.7	3.15
							226.78	247	20.22	2.6
							286	290	4	2.67
MSRCDD0033	8848	5818	0	-60.71	1241	648.6	348	349	1	7.3
							355	356	1	1.83
							66	69	3	0.75
							109	110	1	1.31
							179	180	1	1.28
							362	363	1	1.03
							410	411	1	1.07
							453	456	3	0.93
							471	472	1	2.35
							518	519	1	1.82
							608	609	1	1.02
							611	612	1	1.4
							614	615	1	1.08
							618	623	5	0.82
							625	626	1	2.07
							639	641	2	1.18

* 1-4m composite samples

Liontown Resources Limited

Appendices

APPENDIX 2: Chela –RC Drilling Statistics

HOLEID	EAST	NORTH	RL	Azimuth	Dip	DEPTH (EoH)	DATE	Significant Intersections (>0.5g/t Au)			
								mFROM	mTO	Interval (m)	Au (g/t)
JBRR055	5236	10914	1328.7	155	-60	118	30-May-12	NSA			
JBRR056	5302	10806	1329.3	335	-60	130	01-Jun-12				
JBRR057	5303	10795	1329.1	155	-60	148	02-Jun-12	20	24	4*	0.86
								111	117	6	0.59
JBRR058	5374	10652	1330.9	335	-60	158	04-Jun-12	NSA			
JBRR059	5587	10943	1352.5	155	-60	156	06-Jun-12	63	64	1	0.62
								92	94	2	1.29
JBRR060	5657	10817	1356.7	335	-60	155	08-Jun-12	108	110	2	1.02
JBRR143	5980	10223	1358.5	315	-55	150	29-Jun-15	56	59	3	1.01
JBRR144	5862	10337	1344	135	-55	130	30-Jun-15	NSA			
JBRR145	5866	10884	1374	305	-55	150	02-Jul-15				
JBRR146	5723	10985	1372	125	-55	150	03-Jul-15	25	30	5	1.14

*4m composite samples

APPENDIX 3: Allandale – RC Drilling Statistics

HOLEID	Year Drilled	EAST	NORTH	RL	DEPTH	AZIMUTH	DIP	Significant (>0.5g/t) Au				Significant (>1%) Sb				
								From	To	Interval	Grade	From	To	Interval	Grade	
RC92AL01	1992	354633	7749967	367.8	156	17	-60	No significant results				No significant results				
RC92AL02		354589	7749902	364.2	72	17	-60									
RC92AL03		354381	7749976	365.2	63.5	17	-60									
RC92AL04		353716	7750356	370.1	78	17	-60									
RC92AL05		353647	7750223	376.2	108	17	-60									
RC92AL06		353189	7750235	386	132	17	-60									
RC92AL07		352829	7750272	394.8	120	17	-60									
RC92AL08		352384	7750282	388.5	117	17	-60									
RC92AL09		352906	7750496	384.5	54	17	-60									
RC92AL10		354644	7750163	360.5	25	17	-60									
ALRC11	2015	355301	7749700	360.5	200	0	-55	No significant results				45	46	1	1.1	
												113	115	2	1.8	
												120	121	1	2.8	
ALRC12			354556	7749799	359	299	17	-55	117	118	1	0.6	No significant results			
ALRC13			353198	7750126	380.4	305	0	-55	146	150	4	0.7				
								152	153	1	0.7					
								21	25	4	1.7					
ALRC14			352902	7750125	387.5	299	0	-55	incl. 1m @ 3.4g/t Au from 22m							
								32	33	1	0.7					
								38	39	1	0.8					

Liontown Resources Limited

Schedule of Tenements

TANZANIA

Jubilee Reef Project

Tenement #	Status	Registered Holder	Current Equity
PL4495/2007	Granted	Liontown Resources (T) Limited	100%
PL6168/2009	Granted	Liontown Resources (T) Limited	100%
PL8125/2012	Granted	Liontown Resources (T) Limited	100%
PL8304/2012	Granted	Liontown Resources (T) Limited	100%
PL9711/2014	Granted	Currie Rose Resources (T) Limited	100% - pending transfer to Liontown
PL9973/2014	Granted	Liontown Resources (T) Limited	100%
PL10222/2014	Granted	Currie Rose Resources (T) Limited	100% - pending transfer to Liontown
PL10599/2015	Granted	Liontown Resources (T) Limited	100%

AUSTRALIA

Mt Windsor Project

Tenement #	Nature of Interest	Registered Holder	Current Equity
EPM16627	Owned	Liontown Resources Limited	100%
EPM16920	Owned	Liontown Resources Limited	100%

Liontown Resources Limited

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 2015 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.

Tim R B Goyder
Chairman

Tim has over 30 years' experience in the resource industry. He has been involved in the formation and management of a number of publicly-listed companies and is currently Managing Director of Chalice Gold Mines Limited, Chairman of Uranium Equities Limited and a director of PhosEnergy Limited. He has been a Director and Chairman since 2006. Tim was also previously a Director of Strike Energy Ltd from 2010 until June 2014.

David R Richards
BSc (Hons), MAIG
Managing Director

David 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. Managing Director since 2010.

Craig R Williams
BSc (Hons)
Non-executive Director

Craig is a Geologist with over 30 years experience in mineral exploration and development. Craig co-founded Equinox Minerals Limited in 1993 and was President, Chief Executive Officer and Director prior to Barrick Gold's takeover of Equinox. He is currently Chairman of OreCorp Limited. 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. Craig has been a Director since 2006 and member of the Audit Committee.

Anthony J Cipriano
B.Bus, ACA, GAICD
Non-executive Director
(Appointed 1 July 2014)

Anthony is a Chartered Accountant with 27 years accounting and finance experience. Anthony was formerly a partner at Deloitte and at the time of his retirement in 2013 he was the Deloitte National Tax Leader for Energy & Resources and leader of its Western Australian Tax Practice. Anthony has significant experience working across tax, accounting, legal and financial aspects of corporate transactions. Anthony is also a director of Lachlan Star Limited (Administrator Appointed). Anthony was appointed the Chair of the Audit Committee on 13 August 2014.

2. Company secretary

Leanne Stevens
B.Com, CA, ACSA

Leanne is a Chartered Accountant who has over 10 years of accounting and governance experience within the mining and energy industries. Leanne is also Company Secretary of Chalice Gold Mines Limited.

Richard K Hacker
B.Com, CA, ACIS
(resigned as joint company
secretary on 15 October 2014)

Liontown Resources Limited

Directors' Report

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**	Remuneration*	Nomination*
Number of meetings held:	4	2	-	-
Number of meetings attended:				
T R B Goyder	4	-	-	-
A J Cipriano	4	2	-	-
D R Richards	4	-	-	-
C R Williams	4	2	-	-

*The full Board did not officially convene as an nomination or remuneration committee during the reporting period, however, nomination and remuneration discussions occurred at Board meetings as required.

**A separate audit committee was established on 13 August 2014 following the appointment of Mr Cipriano on 1 July 2014 as a non-executive director. Mr Cipriano was appointed the Chairman of the audit committee.

Given the current size and composition of the Board, the Company has not established a separate remuneration or nomination committee.

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

Refer to the Operating and Financial Review from pages 3 to 12 of the Annual Report.

6. Significant changes in the state of affairs

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

7. Remuneration report - audited

7.1 Introduction

This remuneration report for the year ended 30 June 2015 outlines remuneration arrangements in place for directors and other members of the key management personnel 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 key management personnel ("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, or any controlled entity. KMP's during or since year end were:

(i) Directors

T R B Goyder (Chairman)

C R Williams (Non-executive Director)

A J Cipriano (Non-executive Director) (appointed 1 July 2014)

D R Richards (Managing Director)

Liontown Resources Limited

Directors' Report

(ii) Executives

Richard Hacker (CFO) (resigned as joint company secretary 15 October 2014)

Mr Cipriano was appointed as a non-executive director on 1 July 2014. There were no other changes to KMP after the reporting date and before the date the financial report was authorised for issue.

7.1.1 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 are also taken into account when setting remuneration levels so as to ensure that the operations of the Company remain sustainable.

7.1.2 Remuneration committee

The Board performs the role of the Remuneration Committee and is responsible for determining and reviewing compensation arrangements for the directors, the Managing Director and any executives.

7.1.3 Remuneration structure

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

a) 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. Shareholders have approved an aggregate amount of up to \$300,000 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 2015 AGM.

The remuneration of non-executive directors consists of directors' fees. Each director receives a fee for being a director of the Company. No additional fees are paid for each Board committee which a director sits due to the size of the Company. The non-executive directors are not entitled to receive retirement benefits and, at the discretion of the Board, may participate in the Employee Share Option Plan, subject to the usual 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 consultancy services agreement. The nature of the consultancy work varies depending on the expertise of the relevant non-executive director. Under the terms of these 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.

Due to the market conditions and with an emphasis on conserving cash reserves, directors agreed to continue to accrue director fees but defer the payment of directors' fees from 1 October 2014. The remuneration of non-executive directors for the year ended 30 June 2015 is detailed in page 24 of this report.

Liontown Resources Limited

Directors' Report

b) *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 annually by the Board by a process which consists of a review of relevant comparative remuneration in the market and, where appropriate, external advice on policies and practices.

Variable remuneration - Long term incentive scheme

Options may be issued under the Employee Share Option Plan to directors, employees and consultants of the Company and must be exercised within 3 months of termination. Other than the vesting period, there is no performance hurdle required to be achieved by the Company to enable the options to be exercised.

The Company believes that the issue of share options in the Company aligns the interests of directors, employees and shareholders alike. As no formal performance hurdles are set on options issued to executives, 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.

7.1.4 **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
Executive Director D R Richards Managing Director	Unlimited	3 months by the Company and the employee	Nil
Executive R K Hacker ⁽¹⁾ Chief Financial Officer	N/A	N/A	N/A

⁽¹⁾ Chalice Gold Mines Limited provides corporate services to the Company which from 2006, includes the services of Mr Hacker. Details of the Corporate Services Agreement between the two companies are outlined in note 19 of the Financial Report.

Liontown Resources Limited

Directors' Report

7.2 Key Management Personnel remuneration (audited)

Key Management Personnel		Short-term payments			Post-employment payments		Share-based payments	Value of options as proportion of remuneration (%)	
		Salary & fees (B)	Non-monetary benefits	Total	Super-annuation benefits	Termination benefits	Options (A)	Total(B)	
\$	\$	\$	\$	\$	\$	\$	\$		
Directors									
T R B Goyder (D)	2015	15,290	3,180	18,470	1,458	-	-	19,928	0%
	2014	45,872	2,814	48,686	4,243	-	-	52,929	0%
D R Richards	2015	154,604	8,196	162,800	14,687	-	3,505	180,992	2%
	2014	209,157	7,168	216,325	19,347	-	14,865	250,537	6%
A W Kiernan (resigned 11 November 2013)	2015	-	-	-	-	-	-	-	-
	2014	28,379	1,025	29,404	1,485	-	-	30,889	0%
C R Williams	2015	32,110	3,180	35,290	3,053	-	-	38,343	0%
	2014	32,110	2,814	34,924	2,970	-	-	37,894	0%
A J Cipriano (appointed 1 July 2014)	2015	32,110	3,180	35,290	3,053	-	-	38,343	0%
	2014	-	-	-	-	-	-	-	-
Executive									
R K Hacker (C)	2015	-	-	-	-	-	-	-	-
	2014	-	2,814	2,814	-	-	9,979	12,793	78%
Total Compensation									
	2015	234,114	17,736	251,850	22,251	-	3,505	277,606	
	2014	315,518	16,635	332,153	28,045	-	24,844	385,042	

Liontown Resources Limited

Directors' Report

Notes in relation to the table of directors' and executive officers' remuneration

- A. The fair value of the options are calculated at the date of grant using a Black Scholes option pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options allocated to this reporting period. In valuing the options, market conditions have been taken into account. (Refer to note 14).
- B. Due to the market conditions and with an emphasis on conserving cash reserves, directors agreed to continue to accrue directors' fees but defer the payment of directors' fees from 1 October 2014. At 30 June 2015 the net payable amount of \$37,510 in directors' fees for the period from 1 October 2014 to 30 June 2015 was accrued. All taxation liabilities have been paid during the year.
- C. Mr Hacker did not receive any salary and wages for the 2015 financial year as he is remunerated by Chalice Gold Mines Limited through the corporate services agreement between the Company and Chalice Gold Mines Limited. (Refer to note 19).
- D. Mr Goyder suspended his directors' fee indefinitely from 1 January 2015 to assist in conserving the Company's cash reserves.

7.3 Equity instruments

7.3.1 Options and rights over ordinary shares granted as compensation

There were no options over ordinary shares in the Company granted as compensation during the reporting period.

7.3.2 Exercise of options granted as compensation

During the reporting period there were no shares issued on the exercise of options previously granted as compensation.

7.3.3 Analysis of options and rights vested during the period

Details of the vesting profiles of the options granted as remuneration to each Director of the Company and each of the named Company Executives are outlined below. For further details please refer to note 14 in the financial statements.

	Number granted	Date granted	Exercise price	% vested in year	Forfeited in year	Financial year in which grant vests
Directors						
D R Richards	2,000,000	29 November 2013	0.01727	100%	-	2014
D R Richards	2,000,000	29 November 2013	0.02302	100%	-	2015
Executives						
R K Hacker	750,000	27 June 2014	0.05	100%	-	2014

7.3.4 Analysis of movements in options

There were no movements during the reporting period, by value, of options over ordinary shares held by each key management persons and each of the named Company executives.

Liontown Resources Limited

Directors' Report

7.3.5 Movement in equity holdings of key management personnel

Options and rights over equity instruments granted as compensation

The movement during the reporting period in the number of options over ordinary shares in Liontown Resources held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2014	Granted as compensation	Exercised	Expired/ Forfeited	Held at 30 June 2015	Vested during the year	Vested and exercisable at 30 June 2015
T R B Goyder	-	-	-	-	-	-	-
D R Richards	4,000,000	-	-	-	4,000,000	2,000,000	4,000,000
C R Williams	-	-	-	-	-	-	-
A J Cipriano	-	-	-	-	-	-	-
Executive							
R K Hacker	750,000	-	-	-	750,000	-	750,000

Movements in ordinary shares

The movement during the reporting period in the number of ordinary shares in Liontown Resources held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2014	Additions	Received on exercise of options	Sales	Held at 30 June 2015
Directors					
T R B Goyder	113,657,595	6,096,185	-	-	119,753,780
D R Richards	2,287,666	-	-	-	2,287,666
C R Williams	3,992,361	996,233	-	-	4,988,594
A J Cipriano	-	1,593,500	-	-	1,593,500
Executives					
R K Hacker	3,511,999	-	-	(70,000)	3,441,999

7.3.6 Other transactions with key management personnel

Shares issues to directors in lieu of fees

Due to market conditions and with an emphasis on conserving cash reserves, directors agreed, from 1 October 2013, to continue to accrue directors' fees but defer the payment of directors' fees until further notice. The board agreed, subject to shareholder approval, that each non-executive director with the Company will take shares in full satisfaction of their respective outstanding fees as at 30 September 2014. At the Annual General Meeting on 26 November 2014, shareholders approved the following issue of shares at 3 cents per share:

	Directors' Fees Outstanding	Shares Issued
Tim Goyder	\$42,452	1,415,067
Craig Williams	\$29,887	996,233
Anthony Cipriano	\$5,805	193,500
Total	\$78,144	2,604,800

At 30 June 2015 the balance of directors' fees owing was \$37,510.

Liontown Resources Limited

Directors' Report

Individual directors' and executives' compensation disclosures

Information regarding individual directors' and executives' compensation is provided in the Remuneration Report section of the Directors' Report.

Loans to key management personnel and their related parties

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

Other key management personnel transactions with the Group

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

		Note	Amounts paid or payable 2015 \$	Amounts paid or payable 2014 \$
Key management persons	Transaction			
Other related parties				
Chalice Gold Mines Limited	Corporate Services	(i)	71,500	108,000

- (i) The group receives corporate services including office rent and facilities, management, accounting and company secretarial services under a Corporate Services Agreement with Chalice Gold Mines Limited. Mr Goyder is a Director of Chalice Gold Mines Limited and prior to this was the Executive Chairman. Mrs Stevens is the Company Secretary 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.

Amounts payable to key management personnel at reporting date arising from these transactions were as follows:

Liabilities arising from the above transactions	2015 \$	2014 \$
Current payables	(16,500)	(18,000)
	(16,500)	(18,000)

8. Dividends

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

Liontown Resources Limited

Directors' Report

9. Events subsequent to reporting date

In May 2015 the Company commenced a 1 for 4 non-renounceable Rights Issue at \$0.007 per share to raise a total of \$806,341 before issue costs. On 28 June 2015 the rights issue was closed with a shortfall amounting to \$260,748. On 2 July 2015 the remaining shortfall was placed, completing the rights issue.

There were no other events subsequent to reporting date requiring disclosure in this report.

10. Likely developments

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

11. Directors' interests

The relevant interest of each director in the shares, rights or options over such instruments issued by the Company and other related bodies corporate at the date of this report is as follows:

	Ordinary shares	Listed Options over ordinary shares Expire 27/09/2015	Unlisted Options over ordinary shares
T R B Goyder	156,770,864	9,050,505	-
D R Richards	2,859,583	148,971	4,000,000
C R Williams	6,235,745	226,680	-
A J Cipriano	1,991,875	-	-

12. Share options

Options granted to directors and officers of the Company

No options over ordinary shares in the Group were granted as compensation to key management personnel during the reporting period.

Unissued shares under unlisted options

At the date of this report 5,850,000 unissued ordinary shares of the Company are under option on the following terms and conditions:

Expiry date	Exercise price	Number of shares
30 November 2016	0.01727	2,000,000
30 November 2016	0.02302	2,000,000
30 June 2017	0.05	1,850,000

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During the period between balance date and the date of this report, no options have been granted.

Shares issued on exercise of options

During or since the end of the year, the Company has not issued any ordinary shares as a result of the exercise of options.

Liontown Resources Limited

Directors' Report

13. Indemnification and insurance of directors and officers

The Company has agreed to indemnify all the directors and officers who have held office of the Company during the year, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors and officers of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

During the year the Company paid insurance premiums of \$12,718 in respect of directors' and officers' indemnity insurance contracts for current and former directors and officers. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The amount of insurance paid is included in key management personnel remuneration on page 24.

14. Auditors remuneration and non-audit services

Details of the auditor's remuneration are disclosed in note 5 of the notes to the consolidated financial statements.

During the year HLB Mann Judd, the Company's auditors, performed no other services in addition to their statutory duties.

15. Auditor's independence declaration

The auditor's independence declaration is set out on page 30 and forms part of the Directors' Report for the year ended 30 June 2015.

16. 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 24 September 2015 released to ASX and posted on the Company website at www.ltresources.com.au/corporate-responsibility/corporate-governance.

This report is made with a resolution of the directors:



David R Richards
Managing Director

Dated at Perth the 24th day of September 2015

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Lione Resources Limited for the year ended 30 June 2015, 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
24 September 2015

L Di Giallonardo
Partner

Liontown Resources Limited
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2015

	Note	2015 \$	2014 \$
Continuing Operations			
Other Income	3(a)	498,222	27,033
Impairment of exploration and evaluation assets	11	(770,326)	-
Exploration and evaluation expenditure expensed as incurred	11	(97,103)	(810,954)
Business development expenses		(30,170)	-
Plant & equipment written off	12	-	(12,920)
Corporate administrative expenses	3(b)	(446,916)	(590,194)
Loss before income tax		(846,293)	(1,387,035)
Income tax expense	6	-	-
Loss for the year attributable to owners of the parent		(846,293)	(1,387,035)
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		740,548	(60,450)
Total comprehensive loss after tax attributable to owners of the parent		(105,745)	(1,447,485)
Basic loss per share attributable to ordinary equity holders (cents)	7	(0.19)	(0.35)
Diluted loss per share attributable to ordinary equity holders (cents)	7	(0.19)	(0.35)

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

Liontown Resources Limited
Consolidated Statement of Financial Position
As at 30 June 2015

	Note	2015 \$	2014 \$
Current assets			
Cash and cash equivalents	8	907,882	976,735
Trade and other receivables	9	30,580	69,235
Total current assets		938,462	1,045,970
Non-current assets			
Financial assets	10	25,000	25,346
Exploration and evaluation assets	11	5,110,462	4,251,255
Property, plant and equipment	12	53,937	67,379
Total non-current assets		5,189,399	4,343,980
Total assets		6,127,861	5,389,950
Current liabilities			
Trade and other payables	13	985,447	243,833
Employee benefits	14	19,520	23,569
Total current liabilities		1,004,967	267,402
Total liabilities		1,004,967	267,402
Net assets		5,122,894	5,122,548
Equity			
Issued capital	15	27,646,045	27,543,459
Accumulated losses	15	(23,525,824)	(22,679,531)
Reserves	15	1,002,673	258,620
Total equity		5,122,894	5,122,548

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

Liontown Resources Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2015

	Note	Issued capital	Accumulated losses	Share based payments reserve	Foreign Currency Translation reserve	Total equity
		\$	\$	\$	\$	\$
Balance at 1 July 2014		27,543,459	(22,679,531)	39,481	219,139	5,122,548
Loss for the year		-	(846,293)	-	-	(846,293)
Exchange differences on translation of foreign operations		-	-	-	740,548	740,548
Total comprehensive loss for the year		-	(846,293)	-	740,548	(105,745)
Share issue - In lieu of Directors' Fees		78,144	-	-	-	78,144
Share issue - remaining 34% of Jubilee Reef project		72,000	-	-	-	72,000
Share issue - listed options exercised		167	-	-	-	167
Employee share options vested		-	-	3,505	-	3,505
Less costs of share issues		(47,725)	-	-	-	(47,725)
Balance at 30 June 2015	15	27,646,045	(23,525,824)	42,986	959,687	5,122,894

	Note	Issued capital	Accumulated losses	Share based payments reserve	Foreign Currency Translation reserve	Total equity
		\$	\$	\$	\$	\$
Balance at 1 July 2013		26,110,007	(21,426,535)	134,039	279,589	5,097,100
Loss for the year		-	(1,387,035)	-	-	(1,387,035)
Exchange differences on translation of foreign operations		-	-	-	(60,450)	(60,450)
Total comprehensive loss for the year		-	(1,387,035)	-	(60,450)	(1,447,485)
Share issue - rights issue (net after costs)		1,433,452	-	-	-	1,433,452
Transfer from share based payments reserve		-	134,039	(134,039)	-	-
Employee share options vested		-	-	39,481	-	39,481
Balance at 30 June 2014	15	27,543,459	(22,679,531)	39,481	219,139	5,122,548

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Liontown Resources Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Cash paid to suppliers and employees		(393,829)	(453,284)
Interest received		12,786	5,290
Net cash used in operating activities	18	(381,043)	(447,994)
Cash flows from investing activities			
Payments for exploration and evaluation		(848,927)	(1,112,668)
Proceeds from sale of mineral property	3(a)	465,500	-
Acquisition of property, plant and equipment		-	(37,761)
Net cash used in investing activities		(383,427)	(1,150,429)
Cash flows from financing activities			
Proceeds from issue of shares		167	1,500,300
Transaction costs of issue of shares		(17,609)	(121,894)
Share Issue - application monies held on trust	13	690,387	-
Net cash from financing activities		672,945	1,378,406
Net (decrease) in cash and cash equivalents		(91,525)	(220,017)
Effect of exchange rate fluctuations on cash held		22,672	(6,792)
Cash and cash equivalents at the beginning of the year		976,735	1,203,544
Cash and cash equivalents at 30 June	8	907,882	976,735

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

Liontown Resources Limited

Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

1. Significant accounting policies

Liontown Resources is an ASX listed public company domiciled in Australia at Level 2, 1292 Hay Street, West Perth, Western Australia. The consolidated financial report comprises the financial statements of Liontown Resources Limited ('Company') and its subsidiaries ('the Group') for the year ended 30 June 2015.

The financial report was authorised for issue by the directors on 24th day of September 2015.

(a) Statement of compliance

The financial report complies 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').

(b) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. The financial report has also been prepared on a historical cost basis. The financial report is presented in Australian dollars.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

The Company is a listed public company, incorporated in Australia and operating in Australia and Tanzania. The principal activity is mineral exploration and evaluation.

(c) Adoption of new and revised standards

In the year ended 30 June 2015, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2014. It has been determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group. The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2014:

- AASB 9 Financial Instruments
- AASB 1031 Materiality
- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to Australian Accounting Standards - Recoverable Amount Disclosures for Non Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities
- AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments
- INT 21 Levies
- AASB 2014-1 Part A - Annual Improvements 2010-2012 Cycle
- AASB 2014-1 Part A - Annual Improvements 2011-2013 Cycle

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2015. The following standards and interpretations have been recently issued or amended and have not been adopted by the Group for the annual reporting period ended 30 June 2015, outlined below:

- AASB 9 Financial Instruments
- AASB 15 Revenue from contracts with customers
- AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interest in Joint Ventures

Liontown Resources Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2015

- AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation
- AASB 2014-9 Amendments to Australian Accounting Standards - Equity method in separate financial statements
- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or contribution of assets between an investor and its associate or joint venture
- AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle
- AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
- AASB 2015-5 Amendments to Australian Accounting Standards - Investment Entities: Applying the Consolidation Exception

As a result of this review the directors have determined that there will be no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change will be necessary to the Group's accounting policies.

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding for voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to

Liontown Resources Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2015

transactions between members of the Group are eliminated in full on consolidation. Investments in subsidiaries held by Liontown Resources Limited are accounted for at cost in the accounts of the parent entity less any impairment charges.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in ownership interest of a subsidiary that does not result in a loss of control is accounted as an equity transaction.

(e) Significant accounting judgements, estimates and assumptions

The preparation of a financial report in conformity with Australian Accounting Standards 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. These accounting policies have been consistently applied by the Group.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Recoverability of exploration expenditure

The carrying amount of exploration and evaluation expenditure is dependent on the future successful outcome from exploration activity or alternatively the sale of the respective areas of interest.

(ii) Shared-based payment transactions

The Group measures the cost of equity-settled share-based payments at fair value at the grant date using a binomial formula taking into account the terms and conditions upon which the instruments were granted.

(f) Going concern

The Financial Report has been prepared on a going concern basis. At balance date, the Company had an excess of current liabilities over current assets of \$66,505. Current liabilities increased by 275% to \$1,004,967 in 2015 from \$267,402 in 2014 financial year. The significant increase in current liabilities is mainly a result of application monies of \$690,387 from the rights issue being received just prior to year end, where shares were not issued until after year end. If the shares had been issued at year end, there would have been an excess of current assets over current liabilities of \$623,882.

Notwithstanding the positive abovementioned working capital position at balance date, a 12 month cash flow forecast suggests that the Company will need to raise additional funds in the coming year to meet its operating expenditure and planned exploration expenditure. Smaller exploration companies are finding it difficult to raise additional capital in the current market. If the Company is unable to raise capital, there is a material uncertainty that may cast significant doubt as to whether the Company will be able to continue as a going concern. As a result, the Company's auditors have included in their audit report for the 2015 financial year an "emphasis of matter" paragraph.

(g) Foreign currency translations

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

Liontown Resources Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2015

the Group is Australian dollars.

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the retranslation of:

- available-for-sale equity investments (except on impairment in which case foreign currency differences that are recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

(ii) Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at average exchange rates.

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. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When settlement of a monetary item receivable from or payable to a foreign operation is neither planned or likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity.

(h) Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the Board of Directors who are responsible for allocating resources and assessing the performance of the operating segments.

(i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Liontown Resources Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2015

- (i) **Sale of goods and interests in exploration assets**
Revenue is recognised when the significant risks and rewards of ownership of the goods/exploration assets have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be reliably measured. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods/exploration assets to the buyer.
- (ii) **Services rendered**
Revenue from services rendered is recognised in the statement of comprehensive income in proportion to the stage of completion of the transaction at balance date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably.
- (iii) **Interest received**
Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the statement of comprehensive income using the effective interest method.
- (j) **Expenses**
 - (i) **Operating lease payments**
Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense and spread over the lease term.
 - (ii) **Finance lease payments**
Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.
 - (iii) **Financing costs**
Financing costs comprise interest payable on borrowings calculated using the effective interest method and interest receivable on funds invested.
- (k) **Depreciation**
Depreciation is charged to the statement of comprehensive income on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Depreciation rates used in the current and comparative periods are as follows:
 - plant and equipment 5%-50%
 - motor vehicles 18.75%-37.5%

The residual value, if not insignificant, is reassessed annually.

- (l) **Income tax**
Income tax in the statement of comprehensive income comprises current and deferred tax. Income tax is recognised in the statement of 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

Liontown Resources Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2015

amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

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.

(m) Goods and Services Tax

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 Australian Taxation Office ('ATO') is included as a current asset or liability in the statement of financial position.

Cash flows are included in the 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.

(n) Impairment

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cashflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment losses are recognised in the statement of comprehensive income unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the statement of comprehensive income. Receivables with a short duration are not discounted.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of six months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(p) Trade and other receivables

Trade and other receivables are stated at cost less impairment losses (see accounting policy (n)).

(q) Non-current assets held for sale and discontinued operations

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up to date in accordance with applicable AIFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent re-measurement.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a

Liontown Resources Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2015

view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned also may qualify.

(r) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(s) Financial assets

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(t) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either):

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- (a) has transferred substantially all the risks and rewards of the asset, or
- (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee or a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) **Financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(u) **Impairment of financial assets**

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired

(i) **Financial assets carried at amortised cost**

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

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(ii) **Financial assets carried at cost**

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed in subsequent periods.

(iii) **Available-for-sale investments**

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(v) **Exploration, evaluation, development and tenement acquisition costs**

Exploration, evaluation, development and tenement acquisition costs in relation to separate areas of interest for which rights of tenure are current, are capitalised in the period in which they are incurred and are carried at cost less accumulated impairment losses. The cost of acquisition of an area of interest and exploration expenditure relating to that area of interest is carried forward as an asset in the statement of financial position so long as the following conditions are satisfied:

- 1) the rights to tenure of the area of interest are current; and
- 2) at least one of the following conditions is also met:
 - (i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
 - (ii) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation expenditure is assessed for impairment when facts and circumstances suggest that their carrying amount exceeds their recoverable amount. Where this is the case an impairment loss is recognised. Where a decision is made to proceed with development, accumulated expenditure will be amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

(w) **Trade and other payables**

Trade and other payables are stated at cost. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(x) **Employee benefits**

(i) **Superannuation**

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

(ii) **Share-based payment transactions**

The Group provides benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights

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over shares ('equity-settled transactions').

The Group currently provides benefits under an Employee Share Option Plan.

The cost of these 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 is reflected as additional share dilution in the computation of earnings per share.

(iii) **Wages, salaries, annual leave, sick leave and non-monetary benefits**

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as, workers compensation insurance and payroll tax.

(y) **Provisions**

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

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- (z) **Issued capital**
- (i) **Ordinary share capital**
Ordinary shares and partly paid shares are classified as equity
- (ii) **Transaction costs**
Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.
- (aa) **Earnings per share**
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
- (ab) The financial information for the parent entity, Liontown Resources Limited, disclosed in note 21, has been prepared on the same basis as the consolidated financial statements, except as set out below.
- (i) **Investments in subsidiaries, associates and joint venture entities**
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.
- (ii) **Share-based payments**
The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

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2. 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 costs. Results of both segments are reported to the Board of Directors at each Board meeting or more frequently if required.

	Exploration and Evaluation		Corporate		Total	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	\$	\$	\$	\$	\$	\$
Impairment of exploration and evaluation assets	(770,326)	-	-	-	(770,326)	-
Exploration costs written off	(97,103)	(810,954)	-	-	(97,103)	(810,954)
Depreciation	-	-	(8,975)	(10,484)	(8,975)	(10,484)
Business development costs	(30,170)	-	-	-	(30,170)	-
Corporate and administrative expenses	-	-	(437,941)	(592,630)	(437,941)	(592,630)
Other income	487,528	20,037	-	-	487,528	20,037
Segment net gain/(loss) before tax	(410,071)	(790,917)	(446,916)	(603,114)	(856,987)	(1,394,031)
Unallocated income/(expenses)						
Net financing income					10,694	6,996
Loss before income tax					(846,293)	(1,387,035)

	Exploration and Evaluation		Corporate		Total	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	\$	\$	\$	\$	\$	\$
Segment assets:						
Exploration and evaluation assets	5,110,462	4,251,255	-	-	5,110,462	4,251,255
Other	102,888	44,364	10,826	95,363	113,714	139,727
	5,213,350	4,295,619	10,826	95,363	5,224,176	4,390,982
Unallocated assets					903,685	998,968
Total assets					6,127,861	5,389,950
Segment Liabilities	142,291	114,630	862,676	152,772	1,004,967	267,402

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3. Revenue and expenses

(a) Other income

	2015 \$	2014 \$
Exploration rent and rates reimbursed on tenements previously written off	22,028	20,037
Consideration from sale of mineral property (1)	465,500	-
Interest received	10,694	6,996
	<u>498,222</u>	<u>27,033</u>

- (1) The Liontown base metal deposit and surrounding EPM was sold to Kagara Limited (KZL) in 2009 for KZL shares to the value of \$2,250,000 including a deferred cash payment of \$2,250,000 upon sale or decision to mine the Liontown deposit. Subsequent to the sale Kagara was placed into liquidation. Liontown agreed to accept \$465,500 as the full and final settlement from the receiver in November 2014.

(b) Corporate administrative expenses

	2015 \$	2014 \$
Depreciation and amortisation	8,975	10,484
Insurance	31,620	33,054
Legal fees	4,449	25,113
Office costs	2,225	6,425
Personnel expenses 4	255,606	244,948
Regulatory and compliance	78,222	128,400
Corporate and administration office rent	71,500	108,000
Other	(5,681)	33,770
	<u>446,916</u>	<u>590,194</u>

4. Personnel expenses

	2015 \$	2014 \$
Wages and salaries	149,846	80,917
Directors' fees	87,063	100,059
Other associated personnel expenses	(6,723)	6,269
Superannuation fund contributions	21,915	18,222
Equity-settled transactions	3,505	39,481
	<u>255,606</u>	<u>244,948</u>

Due to market conditions and with an emphasis on conserving cash reserves, directors agreed, from 1 October 2014, to continue to accrue directors' fees but defer the payment of directors' fees until further notice. Of the \$87,063 directors' fees reported above, \$37,510 was owing at 30 June 2015.

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5. Auditor's remuneration

	2015 \$	2014 \$
Audit services		
HLB Mann Judd		
Audit and review of financial reports	27,000	27,000
Other services	-	-
	<u>27,000</u>	<u>27,000</u>

6. Income tax

	2015 \$	2014 \$
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(a) The prima facie income tax expense on pre-tax accounting result from operations reconciles to the income tax benefit in the financial statements as follows:

Accounting loss before tax from continuing operations	(846,293)	(1,387,035)
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Income tax benefit calculated at 30%	(253,888)	(416,110)
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Tax effect of amounts which are not tax deductible (taxable) in calculating taxable income:

Non-deductible expenses	241,553	116,467
Share based payments	1,051	11,844
Deferred tax assets and liabilities not recognised	<u>11,284</u>	<u>287,799</u>

Income tax expense/(benefit) reported in the statement of comprehensive income	<u>-</u>	<u>-</u>
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(b) Unrecognised deferred tax balances

The following deferred tax assets and liabilities have not been brought to account:

Deferred tax assets comprise:

Revenue losses available to offset against future taxable income	2,888,405	2,959,838
Share issue expenses	22,419	87,600
Accrued expenses and liabilities	<u>29,387</u>	<u>42,697</u>
	<u>2,940,211</u>	<u>3,090,135</u>

Deferred tax liabilities comprise:

Exploration expenditure capitalised	16,482	3,175
Accrued interest	87	611
Foreign Exchange Difference	4,836	-
Prepayments	<u>2,796</u>	<u>5,228</u>
	<u>24,201</u>	<u>9,014</u>

(c) Income tax benefit not recognised directly in equity during the year:

Share issue costs	<u>14,318</u>	<u>36,568</u>
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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.

7. Earnings per share

Basic and diluted earnings/loss per share

The calculation of basic and diluted earnings/loss per share for the year ended 30 June 2015 was based on the loss attributable to ordinary shareholders of \$846,293 [2014: loss of \$1,387,035] and a weighted average number of ordinary shares outstanding during the year ended 30 June 2015 of 453,672,359 [2014: 399,690,436].

Profit/(loss) attributable to ordinary shareholders

Loss attributable to ordinary shareholders

Loss attributable to ordinary shareholders (diluted)

2015 \$	2014 \$
(846,293)	(1,387,035)
(846,293)	(1,387,035)

Weighted average number of ordinary shares

Weighted average number of ordinary shares at 30 June

Weighted average number of ordinary shares (diluted)
at 30 June

No.	No.
453,672,359	399,690,436
453,672,359	399,690,436

8. Cash and cash equivalents

Bank accounts

Term deposits

Petty cash

Cash and cash equivalents in the statement of cash flows

2015 \$	2014 \$
898,951	476,735
-	500,000
8,931	-
907,882	976,735

Cash at bank earns interest at floating rates based on daily bank deposit rates. Refer to note 16.

9. Trade and other receivables

Current

Other trade receivables

Prepayments

2015 \$	2014 \$
14,286	47,362
16,294	21,873
30,580	69,235

Refer to note 16 for information about the Group's exposure to credit and liquidity risk.

10. Financial assets

Non-current

Bank guarantee deposits

2015 \$	2014 \$
25,000	25,346
25,000	25,346

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11. Exploration and evaluation expenditure

Costs carried forward in respect of areas of interest in the exploration and evaluation phases (at cost):

	2015 \$	2014 \$
Balance at beginning of year	4,251,255	3,834,295
Acquisition of 34% of Jubilee Reef Gold Project ⁽¹⁾	72,000	-
Expenditure incurred during the year	850,123	1,276,445
Impairment of exploration and evaluation assets ⁽²⁾	(770,326)	-
Exploration expenditure written off	(97,103)	(810,954)
Effects of movements in exchange rates	804,513	(48,531)
	5,110,462	4,251,255

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

(1) During the year, 12 million shares were issued to Currie Rose Inc to acquire the remaining 34% of the Jubilee Reef Project.

(2) Option agreements at Rupa Suguti and Ibaga Projects in Tanzania were terminated during the year and the projects were impaired.

12. Property, plant and equipment

	2015 \$	2014 \$
At cost	244,386	235,932
Less: accumulated depreciation	(190,449)	(168,553)
	53,937	67,379
Plant and equipment		
Carrying amount at 1 July	67,379	91,970
Exchange differences	4,504	(1,162)
Additions	-	10,335
Assets written off	-	(12,920)
Depreciation	(17,946)	(20,844)
Carrying amount at end of period	53,937	67,379

13. Trade and other payables

	2015 \$	2014 \$
Trade payables	52,346	36,575
Accrued expenses	242,714	207,258
Application monies received ⁽¹⁾	690,387	-
	985,447	243,833

(1) Represents application monies received up to 30 June 2015 from the 1 for 4 non-renounceable Rights Issue to raise a total of \$806,341 before issue costs announced in May 2015. The Rights Issue successfully completed on 24 June 2015 and a total of 77,942,620 shares (excluding the shortfall shares) were issued on 1 July 2015.

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For the year ended 30 June 2015

14. Employee benefits

	2015 \$	2014 \$
Liability for annual leave	19,520	23,569
Total employee benefits	19,520	23,569

Share based payments

Employee Share Option Plan

The Company has an Employees and Consultants Option Plan ('ESOP').

Under the terms of the Employees and Consultants Option Plan, the Board may offer options at no consideration to full-time or part-time employees (including persons engaged under a consultancy agreement) and executive and non-executive directors.

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 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 issued ordinary shares when the options have been exercised.

The number and weighted average exercise prices of employee share options are as follows:

	Weighted average exercise price (\$) 2015	Number of options 2015	Weighted average exercise price (\$) 2014	Number of options 2014
Outstanding at the beginning of the year	0.02	5,850,000	0.20	4,650,000
Granted during the year	-	-	0.03	5,850,000
Forfeited during the year	-	-	0.20	100,000
Exercised during the year	-	-	-	-
Expired during the year	-	-	0.20	4,550,000
Outstanding at the end of the year	0.02	5,850,000	0.03	5,850,000
Exercisable at the end of the year	0.02	5,850,000	0.02	3,850,000

The options outstanding at 30 June 2015 have a range of exercise prices from \$0.01727 to \$0.05 and a weighted average remaining contractual life of 1.8 years.

During the year, no share options were exercised and no share options were granted.

The fair value of the options is estimated at the grant date using a Black Scholes option-pricing model.

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

	2015 \$	2014 \$
Share options granted in 2014 - equity settled	3,505	39,481
Total expense recognised as personnel expenses (note 4)	3,505	39,481

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15. Issued capital and reserves

Reconciliation of movement in capital and reserves attributable to equity holders of the Company

2015	Issued capital (a) \$	Accumulated losses \$	Foreign currency translation reserve \$	Share based payments reserve (b) \$	Total equity \$
Balance at 1 July 2014	27,543,459	(22,679,531)	219,139	39,481	5,122,548
Share issue - in lieu of directors' fees	78,144	-	-	-	78,144
Share issue - remaining 34% of Jubilee Reef Project	72,000	-	-	-	72,000
Share issue - listed options exercised	167	-	-	-	167
Small shareholding share buyback - transaction costs	(47,725)	-	-	-	(47,725)
Share based payment expense	-	-	-	3,505	3,505
Loss for the period	-	(846,293)	-	-	(846,293)
Currency translation differences	-	-	740,548	-	740,548
Balance at 30 June 2015	27,646,045	(23,525,824)	959,687	42,986	5,122,894

2014	Issued capital (a) \$	Accumulated losses \$	Foreign currency translation reserve \$	Share based payments reserve (b) \$	Total equity \$
Balance at 1 July 2013	26,110,007	(21,426,535)	279,589	134,039	5,097,100
Share issue - placement (net of costs)	1,380,138	-	-	-	1,380,138
Share issue - in lieu of director's fees (net of costs)	53,314	-	-	-	53,314
Transfer from Share Based Payment Reserve	-	134,039	-	(134,039)	-
Share based payment expense	-	-	-	39,481	39,481
Loss for the period	-	(1,387,035)	-	-	(1,387,035)
Currency translation differences	-	-	(60,450)	-	(60,450)
Balance at 30 June 2014	27,543,459	(22,679,531)	219,139	39,481	5,122,548

(a) Issued capital

On issue at 1 July
Issue of fully paid ordinary shares - in lieu of directors' fees
Issue of fully paid ordinary shares - remaining 34% of Jubilee Reef Project
Issue of fully paid ordinary shares - share placement
Issue of fully paid ordinary shares - listed options exercised
On issue at 30 June

2015 No.	2014 No.
446,161,370	391,789,575
2,604,800	4,361,795
12,000,000	-
-	50,010,000
3,345	-
460,769,515	446,161,370

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Ordinary shares

In November 2014 shareholders approved the issue of 2,604,800 ordinary fully paid shares, valued at \$78,144 (costs totalled \$1,775), to directors in lieu of directors' fees accrued between October 2013 and September 2014. The price of the issue (3 cents) was based on a 5 day volume weighted average share price of 2.1 cents ("VWAP") up to and including 10 October 2014, therefore the deemed price of 3 cents was 42.86% higher than the VWAP.

The Agreement to acquire Currie Rose's remaining equity was announced on 29 April 2013 and final settlement was dependent on formal transfer of key underlying tenure to Liontown. These transfers occurred on 16 December 2014 and in consideration, Liontown has issued 12 million shares to Currie Rose to complete the transaction.

In December 2014 the Company established a share sale facility for holders of small parcels of the Company's shares. As a result 8,019,336 shares held in 481 shareholdings were sold at a price of 0.6 cents per share. Costs totalled \$12,700.

All shares were issued and fully paid during the year.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, the ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds on liquidation.

(b) Share options

Unlisted share options

	2015 No.	2014 No.
On issue at 1 July	5,850,000	4,650,000
Options issued during the year	-	5,850,000
Options lapsed during the year	-	(4,650,000)
On issue at 30 June	5,850,000	5,850,000

At 30 June the Company had 5,850,000 unlisted options on issue under the following terms and conditions:

Number	Expiry Date	Exercise Price
2,000,000	30 November 2016	0.01727
2,000,000	30 November 2016	0.02302
1,850,000	30 June 2017	0.05

Share options granted under the Company's employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are provided in note 14.

Listed share options

	2015 No.	2014 No.
On issue at 1 July	32,649,048	32,649,048
Options issued during the year	-	-
Options exercised during the year	(3,345)	-
Options lapsed during the year	-	-
On issue at 30 June	32,645,703	32,649,048

At 30 June the Company had 32,645,703 listed options on issue with an expiry date of 27 September 2015 and an exercise price of 5 cents.

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(c) Nature and purpose of reserves

Share based payments reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

Foreign currency reserve

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

16. Financial instruments

(a) Capital risk management

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

The capital structure of the Group consists of equity attributable to equity holders, comprising issued capital, reserves and accumulated losses as disclosed in note 15.

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, if the need arises.

(b) Market risk exposures

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.

Foreign exchange rate risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arise. The Group does not hedge this exposure. The Group manages its foreign exchange risk by constantly reviewing its exposure and ensuring that there are appropriate cash balances in order to meet its commitments.

Equity prices

The Group currently has no significant exposure to equity price risk.

Interest rate risk exposures

The Group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

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30 June 2015	Note	1 year or less \$	Over 1 to 5 years \$	Floating interest \$	Non- interest bearing \$	Total \$	Weighted average int. rate
Financial assets							
Bank balances	8	-	-	774,480	124,471	898,951	1.50%
Bank guarantee	10	25,000	-	-	-	25,000	2.92%
Trade and other receivables	9	-	-	-	30,580	30,580	-
Financial liabilities							
Trade payables and accrued expenses	13	-	-	-	295,060	295,060	-
Share Issue - application monies held on trust	13	-	-	-	690,387	690,387	-

30 June 2014	Note	1 year or less \$	Over 1 to 5 years \$	Floating interest \$	Non- interest bearing \$	Total \$	Weighted average int. rate
Financial assets							
Bank balances	8	-	-	476,735	-	476,735	0.32%
Term deposits	8	500,000	-	-	-	500,000	3.42%
Bank guarantee	10	25,346	-	-	-	25,346	3.21%
Trade and other receivables	9	-	-	-	69,235	69,235	-
Financial liabilities							
Trade payables and accrued expenses	13	-	-	-	243,833	243,833	-

(c) **Credit risk exposure**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group'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.

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

(d) **Liquidity risk exposure**

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 \$295,060 all of which are due within 60 days.

(e) **Net fair values of financial assets and liabilities**

The carrying amounts of all financial assets and liabilities approximate the net fair values.

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17. Capital and other commitments

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. The amounts stated are based on the maximum commitments. The Group may in certain situations apply for exemptions under relevant mining legislation. These obligations are not provided for in the financial report and are payable:

	2015	2014
	\$	\$
Within 1 year	145,457	283,417
Within 2 - 5 years	407,179	903,446
Later than 5 years	273,960	996,070
	826,596	2,182,933

18. Reconciliation of cash flows from operating activities to loss for the period

	2015	2014
	\$	\$
Loss for the period	(846,293)	(1,387,035)
Adjustments for:		
Depreciation and amortisation	8,975	10,484
Carrying amount of assets written off	-	12,920
Net gain on foreign exchange	(22,672)	6,792
Gain on sale of mineral tenement	(465,500)	-
Impairment of exploration and evaluation assets	770,326	-
Exploration expenditure written off (net)	75,074	790,917
Business development costs	30,170	-
Directors fees paid in equity	78,144	55,046
Equity-settled share-based payment expenses	3,505	39,481
Operating loss before changes in working capital and provisions	(368,271)	(471,395)
(Increase)/decrease in trade and other receivables	11,713	621
Increase/(decrease) in trade creditors and accruals	(20,782)	2,250
(Increase)/decrease in other financial assets	346	(346)
Increase/(decrease) in provisions	(4,049)	20,876
Net cash used in operating activities	(381,043)	(447,994)

19. 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 R B Goyder

D R Richards

C R Williams

A J Cipriano (appointed 1 July 2014)

Executive

R K Hacker (Chief Financial Officer)

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The key management personnel compensation is as follows:

	2015 \$	2014 \$
Short-term employee benefits	251,850	332,153
Post-employment benefits	22,251	28,045
Equity-settled transactions	3,505	24,844
	<u>277,606</u>	<u>385,042</u>

Shares issues to directors in lieu of fees

Due to market conditions and with an emphasis on conserving cash reserves, directors agreed, from 1 October 2013, to continue to accrue directors' fees but defer the payment of directors' fees until further notice. The board agreed, subject to shareholder approval, that each non-executive director with the Company will take shares in full satisfaction of their respective outstanding fees as at 30 September 2014. At the Annual General Meeting on 26 November 2014, shareholders approved the following issue of shares at 3 cents per share:

	Directors' Fees Outstanding	Shares Issued
Tim Goyder	\$42,452	1,415,067
Craig Williams	\$29,887	996,233
Anthony Cipriano	\$5,805	193,500
Total	<u>\$78,144</u>	<u>2,604,800</u>

The deemed issue price of 3 cents per share was determined by reference to the most recent previous capital raising undertaken by the Company in May 2014. The volume weighted average sale price on ASX of the Shares during the 5 days preceding 10 October 2014 was 2.1 cents ("VWAP"), therefore the deemed issue price of 3 cents was 42.86% higher than the VWAP.

It was also agreed at the board meeting on 26 September 2014 to continue to accrue directors' fees from 1 October 2014 until further notice. At 30 June 2015 the balance of directors' fees owing was \$37,510.

Individual directors' and executives' compensation disclosures

Information regarding individual directors' and executives' compensation is provided in the Remuneration Report section of the Directors' Report.

Loans to key management personnel and their related parties

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

Other key management personnel transactions with the Group

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 in the 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.

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

	Note	Amounts paid or payable 2015 \$	Amounts paid or payable 2014 \$
Key management persons	Transaction		
Other related parties			
Chalice Gold Mines Limited	Corporate Services (i)	71,500	108,000

- (i) The Group receives corporate services including office rent and facilities, accounting and company secretarial services under a Corporate Services Agreement with Chalice Gold Mines Limited. Messrs Goyder and Kiernan were directors of Chalice Gold Mines Limited during the year, and Mr Hacker and Mrs Stevens are joint company secretaries. 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.

Amounts payable to key management personnel at reporting date arising from these transactions were as follows:

Liabilities arising from the above transactions

Current payables

2015 \$	2014 \$
(16,500)	(18,000)
(16,500)	(18,000)

20. Group entities

The consolidated financial statements includes the following entities:

	Country of incorporation	Ownership interest		Investment	
		2015	2014	2015	2014
Liontown Resources (Tanzania) Limited	Tanzania	100%	100%	\$9,559	\$10,207
Chela Resources Ltd	Tanzania	0%*	0%*	0%*	0%*

*Beneficial interest only

21. Parent entity disclosures

The parent entity of the Group was Liontown Resources Limited throughout the financial years ended 30 June 2015 and 30 June 2014.

	2015 \$	2014 \$
Results of parent entity		
Loss for the year	(191,486)	(973,765)
Total comprehensive loss for the year	(191,486)	(973,765)
Financial position of parent entity at year end		
Current assets	888,627	1,018,378
Non current assets	5,085,456	4,623,475
Total assets	5,974,083	5,641,853
Current liabilities	851,189	225,673
Total liabilities	851,189	225,673

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	2015 \$	2014 \$
Total equity of the parent entity comprising of:		
Issued capital	27,646,045	27,543,459
Share based payments reserve	42,986	39,481
Fair value impairment reserve	(207,889)	-
Accumulated losses	(22,358,248)	(22,166,760)
Total equity	5,122,894	5,416,180

22. Subsequent events

In May 2015, the Company announced a 1 for 4 non-renounceable rights issue ("Rights Issue") at \$0.007 per share to raise approximately \$806,341 before issue costs. On 28 June 2015 the rights issue was closed with a shortfall amounting to \$260,748. On the 2 July 2015 the remaining shortfall was placed, completing the rights issue.

There were no other events subsequent to reporting date requiring disclosure in this report.

23. Contingent assets and liabilities

There are no contingent assets or liabilities.

Liontown Resources Limited

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 2015 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; and
 - (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 2015.

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



David R Richards
Managing Director

Dated this 24th day of September 2015

INDEPENDENT AUDITOR'S REPORT

To the members of Liontown Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Liontown Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the Group. The Group comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 is free from material misstatement, whether due to fraud or error.

In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial report 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Liontown Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(f) in the financial report, which indicates that the Group will need to seek additional funding in order to meet its operating expenditure and planned exploration expenditure for the next 12 months from the date of signing these financial statements. However, should additional funding not be obtained, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. 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.

Auditor's opinion

In our opinion the remuneration report of Liontown Resources Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants



L Di Giallonardo
Partner

Perth, Western Australia
24 September 2015

Liontown Resources Limited

ASX Information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings

Substantial shareholders

The number of shares held by substantial shareholders and their associated interests as at 23 September 2015 were:

Shareholder	Number of ordinary shares held	Percentage of capital held %	Number of unlisted options held	Percentage of unlisted options held %
Timothy R B Goyder	156,770,864	27.20	9,050,505	27.72
Lujeta Pty Ltd	40,521,080	7.03		
Delta Resource Management	32,000,000	5.55	-	-

Class of Shares and Voting Rights

At 23 September 2015 there were 462 holders of the ordinary shares of the Company, 228 listed option holders and 8 holders of unlisted options. The Company has 5,850,000 unlisted options on issue at 23 September 2015, all of which were issued under the Employee Share Option Plan. The Company also has 32,645,370 listed options on issue at 23 September 2015. Each listed option has an exercise price of 5 cents and expires on 27 September 2015.

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 -

- at meetings of members or classes of members each member entitled to vote in person or by proxy or attorney: and
- 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 do not have voting rights.

Distribution of equity security holders as at 23 September 2015:

Category	Number of equity security holders		
	Ordinary Shares	Unlisted Share Options	Listed Share Options
1 - 1,000	25	-	37
1,001 - 5,000	14	-	53
5,001 - 10,000	16	-	23
10,001 - 100,000	130	2	69
100,001 and over	277	6	46
Total	462	8	228

The number of shareholders holding less than a marketable parcel at 23 September 2015 was 23.

Liontown Resources Limited

ASX Additional Information

Twenty largest Ordinary Fully Paid Shareholders
as at 23 September 2015

Name	Number of ordinary shares held	Percentage of capital held %
Timothy R B Goyder	156,770,864	27.20
Lujeta Pty Ltd <The Margaret Account>	40,521,080	7.03
Delta Resource Management	32,000,000	5.55
Graham Kluck Management & Investment Pty Ltd	27,719,442	4.81
Banarway Pty Ltd	15,974,691	2.77
Claw Pty Ltd <Corp Super Fund>	15,000,000	2.60
Bellarine Gold Pty Ltd	13,468,647	2.34
Calm Holdings Pty Ltd	13,450,021	2.33
Hazardous Investments Pty Ltd	11,000,000	1.91
Albion Bay Pty Ltd	10,166,666	1.76
Anthony Kiernan	8,689,431	1.51
JP Morgan Nominees Australia Limited	7,917,960	1.37
Gremar Holdings Pty Ltd	7,433,333	1.29
Hillboi Nominees Pty Ltd	7,125,124	1.24
Craig Williams	6,235,745	1.08
Clement Pty Ltd	5,274,361	0.92
Javelin Minerals Inc	5,000,000	0.87
Melita Station Pty Ltd	5,000,000	0.87
Dr Lynette Hui Ching Wong	4,166,667	0.72
Octifil Pty Ltd	3,866,458	0.67
Total	396,780,490	68.84