Liontown
RESOURCES LIMITED

ANNUAL REPORT 2013

CONTENTS

CORPORATE DIRECTORY

DIRECTORS

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David Ross Richards	Managing Director
Anthony William Kiernan	Non-Executive Director
Craig Russell Williams	Non-Executive Director

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CHAIRMAN'S LETTER

DEAR SHAREHOLDER

While the past 12 months has been a difficult period for most junior explorers and their shareholders, Liontown – whilst operating within its means – has continued a disciplined approach towards exploration at its emerging gold projects in Tanzania, East Africa, completing almost 10,000m of drilling at the Jubilee Reef Project and executing a further joint venture at the promising Rupa Suguti Project.

During the year, the Company reached agreement to consolidate ownership of Jubilee Reef by acquiring the remaining 34 per cent interest held by our joint venture partner Currie Rose Resources Inc. and renegotiating the existing royalty from 3 per cent to 2 per cent for consideration comprising 12 million shares and a cash payment of up to $120,000 for certain transaction costs. Completion of this transaction is expected within the next 3-4 months.

Drilling at Jubilee Reef during the year – in particular at the Masabi Hill prospect – has continued to intersect significant mineralisation over an area of 1,000m by 800m, outlining multiple zones of plus 1 g/t gold. Further drilling is needed to help us develop a better understanding of the geological controls on the mineralisation and to confirm the orientation and trends of the higher grade zones at Masabi Hill.

We are also pleased to have secured the opportunity to participate in the Rupa Sugiti Project through an option agreement which provides the Company with a low-cost entry to a prospective ground package with extensive gold mineralisation and several promising drill-ready targets.

Given our extensive experience operating in the Lake Victoria Goldfields, this represents an attractive addition to our portfolio in Tanzania. Drilling is currently underway to confirm potential extensions both down-dip and along strike from existing ore grade intersections. Results are expected towards the end of November 2013.

In Queensland at the Mount Windsor Project, our joint venture partner Ramelius Resources has elected to withdraw from the joint venture after spending $6.8 million without earning any equity in the project. Ramelius undertook a significant exploration program, however the results have not met expectations and Liontown has subsequently reviewed the land position and elected to surrender all but three tenements.

The remaining three tenements have the potential for breccia pipe or epithermal-hosted precious metal deposits, with several targets awaiting drill testing. Liontown also continues to be entitled to deferred consideration from Kagara Zinc (Administrator appointed) in relation to the Liontown base metal deposit which is receivable on a decision to mine or sale of the asset by Kagara Zinc.

We continue to increase our knowledge and expertise in Tanzania, where we see a significant opportunity to enter into low-cost, drill-ready exploration projects. In these difficult times, shareholders can be rest assured that the Company's funds are being utilised in the most efficient manner as we continue to acquire good quality projects in Tanzania while keeping our administrative and corporate costs to a minimum – ensuring that most of our available funds go directly into the ground.

In conclusion, I would like to thank our shareholders and my fellow Directors for your ongoing support, and our small management team both in Australia and Tanzania. We look forward to better times over the coming 12 months as the junior resource sector recovers and our exploration activities in Tanzania progress.

Tim Goyder

TIM GOYDER

HIGHLIGHTS

NORTHERN TANZANIA, EAST AFRICA

JUBILEE REEF

- Reached an agreement to acquire 100% equity.
- Drilling programs totalling 9,758 metres.
- Further outstanding gold results returned from Masabi Hill and Panapendesa prospects with better intersections including:

MASABI HILL

JBRRC066	68m @ 1.5g/t gold from 132m, including
	28m @ 1.9g/t gold from 133m
JBRRC097	23m @ 2.1g/t gold from 51m, including
	14m @ 3.2g/t gold from 52m
JBRRC118	86m @ 1.7g/t gold from 9m, including
	44m @ 3.0g/t gold from 24m

PANAPENDESA

JBRRC101	11m @ 4.2/t gold from 94m, including
	7m @ 6.4g/t gold from 94m
JBRRC105	60m @ 1.4g/t gold from 0m, including
	14m @ 2.3g/t gold from 21m and
	3m @ 12.5g/t gold from 41m
JBRRC106	60m @ 0.9g/t gold from 44m, including
	10m @ 2.8g/t gold from 48m and
	8m @ 1.7g/t gold from 79m

- All mineralised zones remain open and further drilling is planned.
- Early stage exploration results from Chela and Tembo enhance gold potential of both prospects.

RUPA SUGUTI

- Newly acquired property where Liontown has the option to earn 100%.
- Previous exploration has defined significant gold with historic drilling intersecting strong mineralisation over 800m strike. Better intersections include:

SICHB005	12m @ 3.9g/t gold from 32m
SICHB006	6m @ 6.0g/t gold from 26m
SICHB014	8m @ 4.3g/t gold from 10m

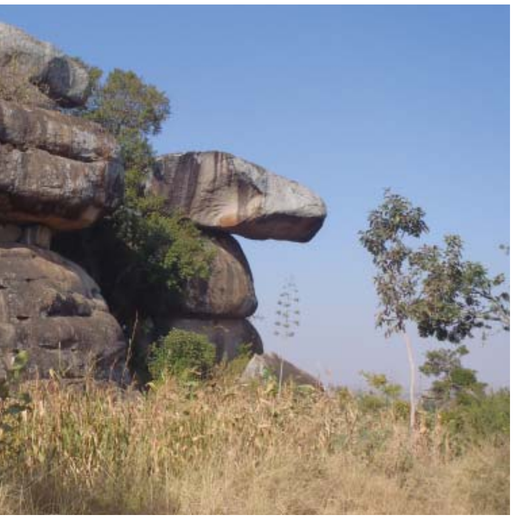
- No further drilling since and mineralisation open in all directions.

NORTHERN QUEENSLAND, AUSTRALIA

MT WINDSOR

- Drilling programs totalling 5,265 metres completed by Ramelius Resources.
- Strong copper and molybdenum mineralisation intersected in drilling at Kookaburra prospect including 40m @ 0.14% Cu from surface and 5m @ 0.4% Mo from 38m.
- Strong, plus 50ppb gold-in-soil anomaly defined over 1km strike at Allandale.
- Liontown's retains 100% equity in Project following Ramelius withdrawing from JV immediately prior to end of year.

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 acquire and 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.

2. REVIEW OF OPERATIONS

2.1 OVERVIEW

Liontown's projects are located in well-endowed mineral provinces where there are a number of world class mining operations. The exploration portfolio includes:

- the Jubilee Reef Project located in northern Tanzania where Liontown has recently reached an agreement to acquire 100% equity;
- the Rupa Suguti Project, also located in northern Tanzania, where Liontown has an option to earn 100% equity; and
- the Mt Windsor Project, a strategic, wholly owned, land holding in North Queensland.

Fieldwork during the year included significant drilling programs with 17,777 metres drilled on Liontown's projects during the year, a similar amount to the 18,600 metres drilled last year.

All projects held by the Company include targets that are drill ready and where there is potential for the discovery of large ore bodies.

2.2 JUBILEE REEF PROJECT

*The Jubilee Reef Project is located approximately 850km northwest of Dar es Salaam within the Lake Victoria Goldfield of northern Tanzania (***see Figure 1***). This is an Archaean greenstone-granite terrain which hosts several multimillion ounce gold deposits including African Barrick's Bulyanhulu deposit and AngloGold Ashanti's Geita deposit. Liontown originally entered the Project via a Joint Venture agreement with Currie Rose Resources Inc in 2011 and earned 66% by sole funding exploration. In April 2013, Liontown agreed to acquire the remaining equity in the property and is now entitled to 100% equity subject to the satisfaction of certain conditions.*

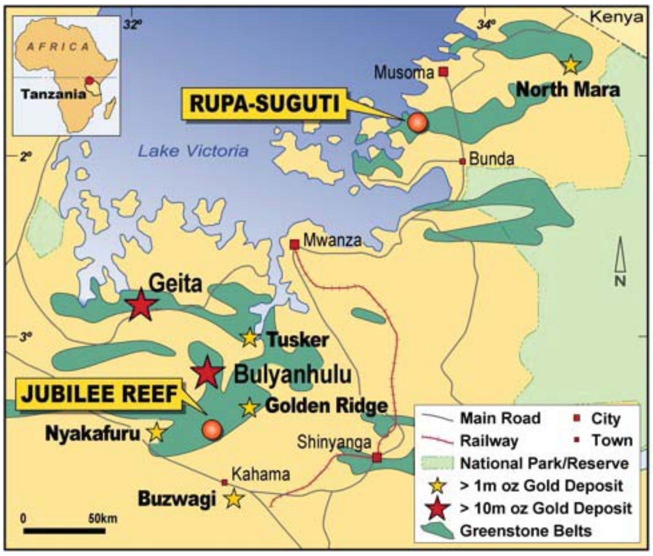


Figure 1: Liontown Projects in Tanzania – Regional Setting.

In late 2010, Liontown agreed to a joint venture with TSX-V listed Currie Rose Resources covering the Jubilee Reef Project. The principal terms of the Agreement between Liontown and Currie Rose were:

- Liontown could earn 51% equity in the Jubilee Reef Project by completing 14,000 metres of drilling by 31 December 2013; and
- After earning the initial equity, Liontown could either:
  - Increase its equity to 75% by completing a Definitive Feasibility Study; or
  - Establish a conventional JV where each party could maintain its equity by funding its share of ongoing exploration expenditure or dilute by letting the other party sole fund.

Liontown reached the 14,000 metre milestone in the last Quarter of 2012 and elected to establish a conventional JV. Currie Rose elected not to contribute to ongoing exploration and its equity was reduced to approximately 34% at which point both parties reached agreement for Liontown to acquire the remaining interest in the Project, subject to final completion.

In consideration for increasing its interest in the Jubilee Reef Project to 100%, Liontown will issue 12 million shares to Currie Rose and make a payment of up to US$120,000 for any transaction costs.

Under the terms of the Jubilee Reef Joint Venture Agreement, Currie Rose had a right to receive a 3% net smelter royalty upon its interest being diluted to 5%. As part of the agreement to acquire the remaining interest, Currie Rose will now receive a 2% net smelter royalty on future gold production from the Jubilee Reef Project. Liontown will have the option to purchase the 2% net smelter royalty in the event that a Preliminary Economic Assessment is completed for a resource in excess of 250,000oz of gold (or gold equivalent).

As at 30 June 2013 and at the date of this report the transaction for the 100% interest in the Jubilee Reef Project was not completed, therefore the acquisition was not recorded in the 2013 Annual Financial Report.

During the year, Liontown drilled a total of 167 holes for 9,758.3m comprising 2 diamond core holes for 334.3m, 63 RC holes for 4,826m and 102 RAB/Aircore holes for 4,598m. Since commencing work on the Project in mid-2011, the Company has drilled a total of 22,296m and intersected strong gold mineralisation at three prospects; i.e., Masabi Hill, Panapendesa and Chela (**see Figure 2/Appendices 1-3**). In addition to the good drill results, preliminary trenching at Tembo has defined a new zone of strong gold mineralisation for drill testing in the coming year.

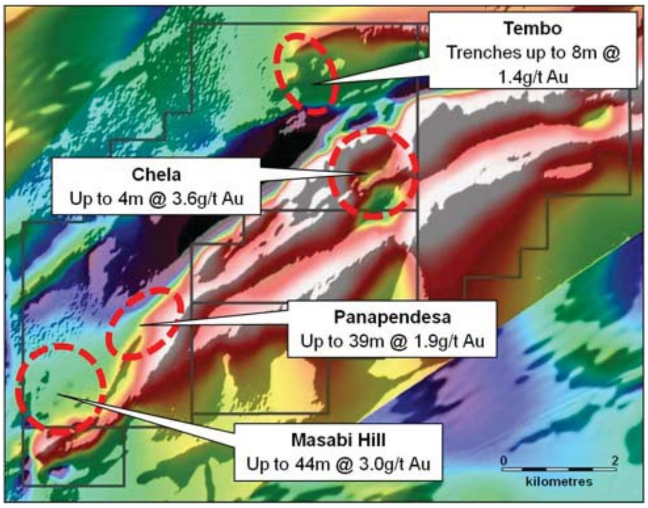


Figure 2: Jubilee Reef Project – Magnetic image showing gold prospects.

GOLD PROSPECTS (See Figure 2)

MASABI HILL

At Masabi Hill, multiple zones of gold mineralisation are associated with an intrusive granitic complex (**see Figure 3**). Better intersections include:

- JBRRC018 50m @ 1.8/t gold from 40m, including 27m @ 2.8g/t gold from 42m
- JBRRC041 62m @ 2.4g/t gold from 70m, including 21m @ 4.7g/t gold from 70m
- JBRRC045 74m @ 1.8g/t gold from 8m, including 23m @ 2.9g/t gold from 50m
- JBRRC066* 68m @ 1.5g/t gold from 132m, including 28m @ 1.9g/t gold from 133m
- JBRRC097* 23m @ 2.1g/t gold from 51m, including 14m @ 3.2g/t gold from 52m
- JBRRC118* 86m @ 1.7g/t gold from 9m, including 44m @ 3.0g/t gold from 24m

(* Current year results)

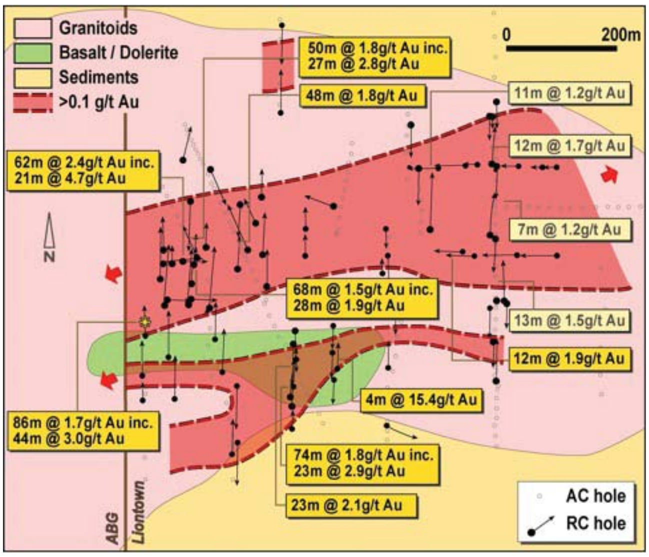


Figure 3: Jubilee Reef Project – Masabi Hill prospect showing better intersections from Liontown drill programs.

Significant mineralisation (>0.1g/t) has been defined at Masabi Hill over a 1,000 by 800m area with multiple zones of plus 1g/t gold intersected. Geological controls on mineralisation are poorly understood and true widths have not yet been estimated. The next phase of drilling at Masabi Hill is designed to confirm the orientation and trends of the higher grade zones within the large >0.1g/t Au halo.

PANAPENDESA

Panapendesa is located approximately 2 kilometres northeast of Masabi Hill and two zones of gold mineralisation have been defined (**see Figure 4**); i.e., a steeply dipping southern lode with true widths 40-70% of drill widths which has been defined over 400m strike and a less well defined, southeast dipping, northern lode with true widths 25-50% of drill widths that has been intersected over 350m strike. Better intersections include:

- JBRRC024 39m @ 1.9/t gold from 64m, including
  7m @ 5.6g/t gold from 74m and
  8m @ 3.2g/t gold from 92m
- JBRRC101* 11m @ 4.2/t gold from 94m, including
  7m @ 6.4g/t gold from 94m
- JBRRC105* 60m @ 1.4g/t gold from 0m, including
  14m @ 2.3g/t gold from 21m and
  3m @ 12.5g/t gold from 41m
- JBRRC106* 60m @ 0.9g/t gold from 44m, including
  10m @ 2.8g/t gold from 48m and
  8m @ 1.7g/t gold from 79m

(* Current year results)

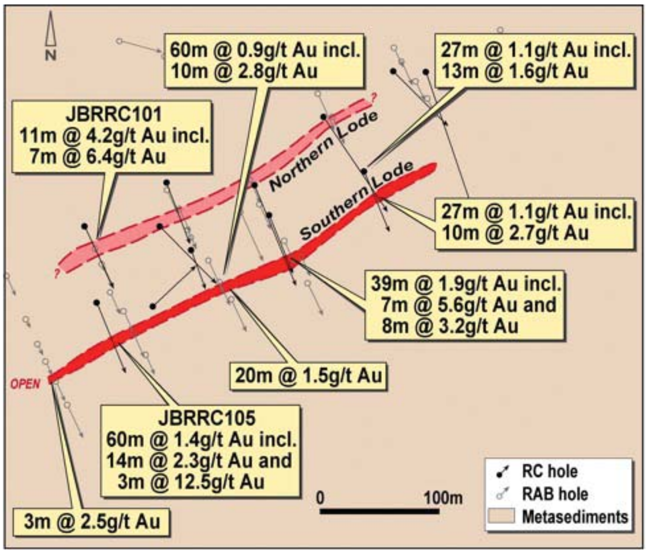


Figure 4: Jubilee Reef Project – Panapendesa prospect showing better gold results.

The mineralisation at Panapendesa is open at depth and towards the west.

CHELA

The Chela prospect is located in a similar geological setting to Masabi Hill with historic RAB drilling intersecting anomalous gold associated with a syenite intrusion that is totally obscured by transported cover. The previous drilling at Chela had not defined the limits of the mineralised system and three lines of 40m spaced, 30-80m deep aircore holes were drilled during the year to test the southern and eastern margins of the intrusion which were interpreted to be more prospective.

A number of holes intersected strongly anomalous (>0.1g/t) gold values including 17m @ 0.6g/t Au from 28m (JLRB661), 8m @ 0.6g/t Au from 24m (JLRB673) and 16m @ 0.4g/t Au from 24m (JLRB677). Much of the anomalous gold at Chela is hosted by the transported cover sediments which paleo-topographic contours indicate are derived from the Chela Fault Zone immediately to the east (**see Figure 5**).

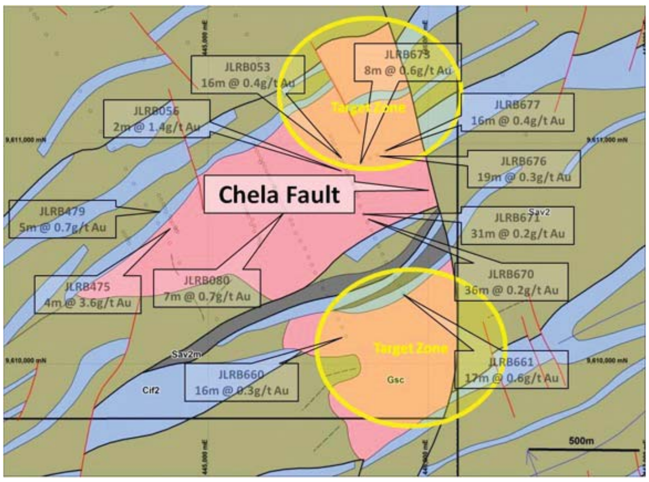


Figure 5: Jubilee Reef Project – Chela prospect solid geology plan showing better gold results and target areas (Gsc=syenite, Cif2=BIF,Sav2m=magnetic shale).

High gold values were recorded from the ends of all three drill lines and further drilling is required to define the limits and controls on mineralisation (**see Figure 5**).

Anomalous gold (>0.1g/t) has been defined over an area of 1,300 by 1,000m at Chela, similar in scale to Masabi Hill, and the next drilling program will target the eastern margin of the syenite intrusion where it is bound by the Chela Fault.

TEMBO

The Tembo prospect is located in the central northern part of the Project and is defined by a large, irregular soil anomaly coincident with a major dislocation in the stratigraphy (**see Figure 6**). Previous exploration had been largely ineffective due to the steep topography and complex regolith not being adequately accounted for; however, rock chip and channel sampling had identified a mineralized structure in the northern part of the prospect oriented at high angles to the stratigraphy.

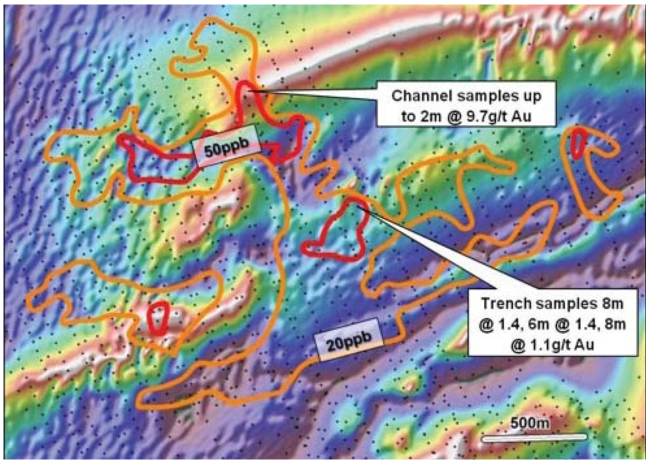


Figure 6: Jubilee Reef Project – Magnetic image Tembo prospect showing anomalous soil contours and mineralised zones defined by rock chip sampling and trenching.

Rock chip sampling in early 2013 identified the southern zone where three adjacent rock samples returned values between 0.6-1.0g/t gold. Trenching over this zone intersected multiple zones of gold mineralisation in strongly sheared metasediments, including 8m @ 1.4g/t Au, 6m @ 1.4g/t Au and 8m @ 1.1g/t Au. Further trenching is planned along strike and across other parts of the soil anomaly prior to drill testing.

2.3 RUPA SUGUTI PROJECT (LIONTOWN – OPTION TO EARN 100%)

*The Rupa Suguti Project is located in the northern part of the Lake Victoria Goldfield approximately 200km north of Jubilee Reef and 100km WSW of African Barrick's North Mara gold mine (**see Figure 1**). In April 2013, Liontown executed an Option Agreement giving the Company the right to earn 100% in Rupa Suguti.*

The Rupa Suguti property comprises a largely contiguous, 65km^2 package of tenements covering Archaean greenstones and includes a previously defined 7km long, east- west trending gold mineralized corridor hosted in basalt close to a contact with granite (**see Figure 7**).

In 1995/1996, shallow RC drilling (16 holes) by Iscor Limited over an 800m section (the Chirorwe prospect, **see Figures 7 and 8**) recorded multiple intersections that indicate the presence of good gold grades and continuous mineralisation over 800m strike (**see Appendix 4** for drill statistics and other details). Better intersections from the RC drilling included:

- SICHB005 12m @ 3.9g/t gold from 32m
- SICHB006 6m @ 6.0g/t gold from 26m
- SICHB014 8m @ 4.3g/t gold from 10m

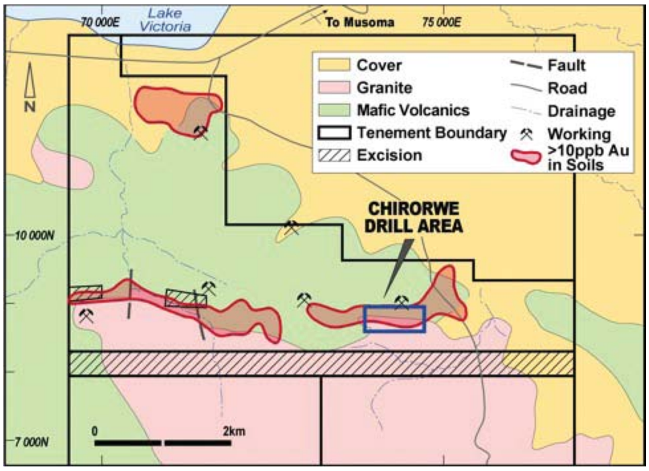


Figure 7: Rupa Suguti Project – Geology and previous soil sampling.

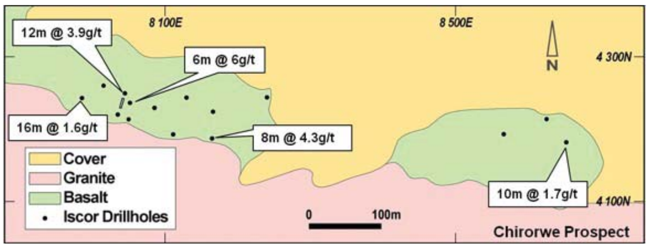


Figure 8: Rupa Suguti Project – Chirorwe prospect/Geology and historic drilling.

There has been no drilling on the property since the Iscor program and the mineralised trend remains open in all directions.

As part of the due diligence process prior to acquisition, Liontown undertook rock chip sampling of artisanal workings coincident with the area drilled at Chirorwe recording strong gold values (>3g/t) of up to 18.9g/t in lode material and adjacent wall rock, over a 600m strike (**see Appendix 5**). The main gold lode at Chirorwe is a steep south dipping, strongly silicified, sulphidic, 1-4m wide horizon hosted by sheared, altered basalt on or immediately north of an intrusive granitic contact.

The 7km long gold corridor (**see Figure 7**) that includes the Chirorwe prospect was originally defined by wide-spaced (200m by 200m) soil sampling undertaken by previous explorers. Infill, 200m by 50m soil sampling completed by Liontown confirmed the anomalous gold trend.

Liontown also undertook wide spaced (1,200m by 50m) soil sampling across the south western part of the Project which defined a possible new gold zone. Moderately anomalous gold (up to 30ppb) and arsenic (up to 380ppm) were recorded from a single line coincident with a plus 800m long, up to 50 wide, locally gossanous fault zone. Further soil sampling is planned to define the extent of this anomalism.

2.4 MOUNT WINDSOR PROJECT (LIONTOWN 100%)

*The Mount Windsor Project comprises several tenements located in the prolific Charters Towers gold field of North Queensland (**see Figure 8**) 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).*

In April 2010, Liontown entered into a Joint Venture agreement with ASX-listed gold company Ramelius Resources Limited ("Ramelius") under which Ramelius could earn up to a 60% interest in the Mt Windsor Project by spending $7 million over 4 years. Immediately prior to the end of the Year, Ramelius withdrew from the Mt Windsor Farm-in and Joint Venture Agreement without earning any equity in the Project. Ramelius' expenditure on the Project exceeded $6.8 million with numerous targets defined and drilled.

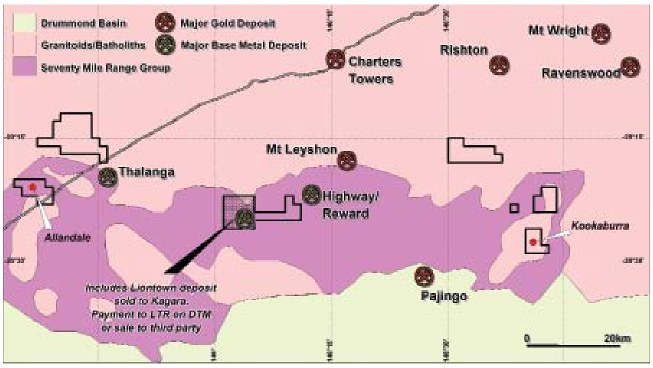


Figure 9: Mt Windsor Project – Geological plan showing retained tenement areas.

Following Ramelius' withdrawal from the JV Agreement, Liontown reviewed the land position and has elected to surrender all but three tenements (**see Figure 9**).

During the Year, Ramelius undertook geochemical, geophysical and geological surveys across numerous areas and drilled 12 targets for a total of 16 RC holes for 2,265m and 47 aircore holes for 3,000m. Highlights of this work were the intersection of strong copper-molybdenum mineralisation at Kookaburra and the definition of a large gold-in-soil anomaly at Allandale. Ramelius withdrew from the JV Agreement due to gold results in the drilling programs not meeting expectations.

KOOKABURRA

At Kookaburra, soil sampling defined a high order, multi-element (gold-silver-copper-molybdenum-mercury-tungsten) anomaly over 1.2km strike coincident with a contact between a younger non-magnetic, fine grained granitoid and an older coarse grained, magnetic granitoid (**see Figure 10**).

Ramelius drilled nine RC drill holes for an aggregate 1,020m at the Kookaburra Prospect to test the northern part of the soil anomaly (**see Figure 10**).

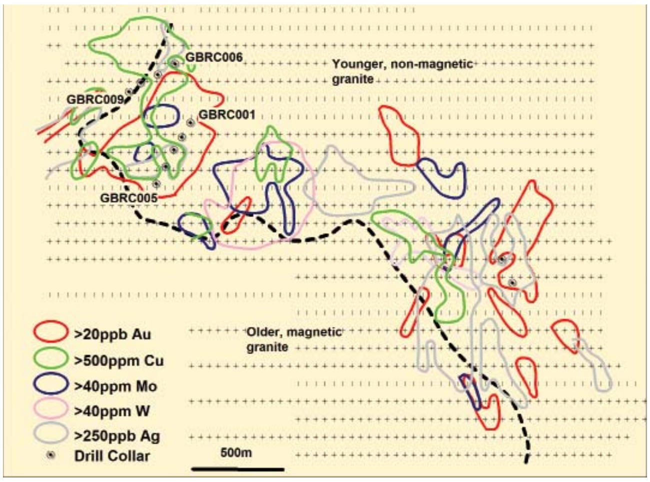


Figure 10: Mt Windsor Project – Kookaburra prospect showing soil sampling and drill collars.

The best gold intersection from the drilling was 4m @ 0.40g/t Au from 10m in GBRC0004; however, several broad intervals of anomalous copper were also recorded including 40m @ 0.14% Cu from surface in GBRC0007 and 32m @ 0.19% Cu from 1m in GBRC0009. Narrow high grade molybdenum intersections associated with quartz veins were also encountered including 5m @ 0.40% Mo from 38m in GBRC0004 and 3m at 0.23% Mo from 61m in GBRC0003.

The Kookaburra results are suggestive of a copper-molybdenum+/-gold porphyry system which warrants further work including electrical geophysics to define sulphide mineralisation. Significantly, the strongest molybdenum-in-soil results and the south eastern part of the multi-element Kookaburra anomaly have not yet been drill tested (**see Figure 10**).

ALLANDALE

At Allandale, located in the western part of the Project area, soil sampling has highlighted four zones of significant gold anomalism, the most significant being a continuous high-tenor 1km long anomaly (**see Figure 11**) coincident with silicified, tuffaceous siltstones containing abundant, variably oriented epithermal veins and vein breccias.

The geochemistry and geology indicate that the outcropping area at Allandale is potentially the higher level of an epithermal vein system with the gold rich portion interpreted to be deeper. A 3D IP survey designed to define a resistive zone at depth possibly coincident with a major quartz vein is being considered prior to follow up drill testing of the soil anomaly.

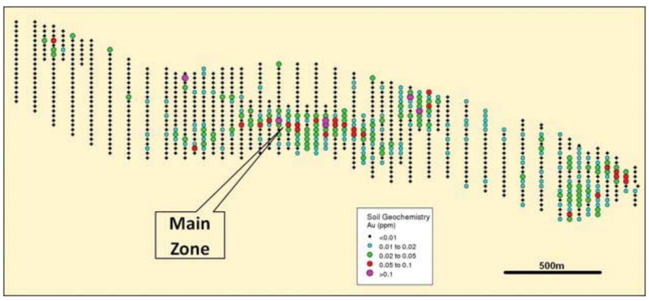


Figure 11: Soil sampling over the Allandale Trend.

2.5 RELINQUISHED PROJECTS

PANHANDLE PROJECT (NORTHERN QUEENSLAND)

The Panhandle Project was incorporated into the Mt Windsor Joint Venture, located approximately 40km to the west, at the end of last year with Ramelius assuming management of exploration.

Ramelius' focus was the Quartz Ridge prospect where a 150m long, northeast trending zone of poorly exposed veining with multiple float samples returning plus 1g/t gold values (up to 9.5g/t) and strongly anomalous silver (up to 201g/t) had been defined. This zone was interpreted as representing leakage from a deeper mineralised system.

Ramelius drilled a single 500m deep diamond core hole to test this target; however, no significant veining or mineralisation was intersected.

The three EPMs comprising the Project have now been surrendered.

MEGA JV (NORTHERN TANZANIA)

The Mega Joint Venture area is located immediately southwest and along strike of the Jubilee Reef Project and was considered prospective for the same styles of gold mineralisation. Liontown entered into an agreement with private company Tanzoz Minerals Ltd to earn up to 75% equity in the Project by funding exploration activities for three years.

The Mega area is largely covered by transported soils and previous exploration, which was restricted to soil sampling and wide spaced ground magnetics, had not effectively tested the prospective bedrock.

Liontown completed two wide spaced drill traverses, comprising a total 49 aircore holes for 2,754m, designed to sample bedrock beneath the transported cover which varied in thickness from 20 to 55m. No significant gold anomalism was recorded and the Company elected to withdraw from the JV without earning any equity.

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 in the field of activity being reported to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves, and consents to the release of information in the form and context in which it appears here.

FINANCIAL REVIEW

3.1 FINANCIAL PERFORMANCE

The group reported a net loss of $3,002,962 for the year (2012: net loss of $1,215,220). The current year net loss was predominantly related to the impairment of exploration expenditure previously capitalised, relating to the Mount Windsor, the Panhandle and Mega JV projects which were relinquished during the financial year.

Corporate administrative expenses of $799,788 (2012: $824,666) mainly consists of personnel expenses and fixed overheads. Due to difficulties in raising capital at the current time, the Managing Director has taken a 25% reduction in salary and the non-executive directors agreed that as from 1 April 2013, to accrue their directors' fees. Subject to shareholder and regulatory approvals, the Directors resolved to satisfy the accrued director's fees of $55,045 as at 30 September 2013 by the issue of 4,361,795 shares. Directors' fees will continue to be accrued from 1 October 2013 until the Company and non executive directors agree otherwise.

3.2 STATEMENT OF CASH FLOWS

Cash and cash equivalents at 30 June 2013 was $1,203,544 (2012: $1,489,378).

The movement in cash balances includes proceeds of $3.4 million from a 1-for-3 pro-rata non-renounceable rights issue to existing shareholders at 3.5 cents per share.

The share issue proceeds were primarily used to fund exploration at the Jubilee Reef Project in Tanzania. Exploration expenditure increased by 52% during the year to $2,832,551 (2012: $1,864,309).

3.3 FINANCIAL POSITION

At balance date the group had net assets of $5,097,100 (2012: $4,610,154), and an excess of current assets over current liabilities of $1,088,335 (2012: $832,152).

The Group has forecasted that it may 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. Due to difficulties being faced by smaller exploration companies seeking to raise additional capital in the current market, if the Company is unable to raise further funds within the next 12 month, there is a material uncertainty that may cause 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. As a result, the Company's auditors have included in their audit report an "Emphasis of Matter" paragraph. Refer to page 50 for the Independent Auditor's Report.

Current assets decreased by 18% to $1,271,640 (2012: $1,550,721). Non current assets increased by 6% due to expenditure on exploration and evaluation in Tanzania which offset the impairment charge against the Mount Windsor Project and Panhandle Project following the decision by Ramelius Resources to withdraw from the joint venture.

Current liabilities decreased by 74% from $718,569 in 2012 to $183,305 in the 2013 financial year. This was mainly attributable to drilling invoices accrued at 30 June 2012. There were no outstanding drilling invoices at 30 June 2013.

SCHEDULE OF TENEMENTS

TANZANIA

JUBILEE REEF PROJECT

Tenement #	Status	Registered Holder	Current Equity
PL4495/2007	Granted	Currie Rose Resources (T) Limited	100% - pending transfer to Liontown.
PL6168/2009	Granted	Currie Rose Resources (T) Limited	100% - pending transfer to Liontown.
PL8125/2012	Granted	Boulder Mining Company Limited	100% - pending transfer to Liontown.
PL8304/2012	Granted	Barrick Exploration Africa Limited	100% - pending transfer to Liontown.
HQ-P 24810	Application	Currie Rose Resources (T) Limited	0%
HQ-P 24830	Application	Currie Rose Resources (T) Limited	0%
HQ-P 26475	Application	Liontown Resources (T) Limited	0%

RUPA SUGUTI PROJECT

Tenement #	Status	Registered Holder	Current Equity
PL4497/2007	Granted	Bismark Hotel Company	Liontown option to earn 100%.
PL7865/2012	Granted	Twigg Gold	Liontown option to earn 100%.
PL8183/2012	Granted	WG Exploration	Liontown option to earn 100%.
PL8659/2012	Granted	WG Exploration	Liontown option to earn 100%.
HQ-P 27066	Application	Liontown Resources (T) Limited	0%

OTHER APPLICATIONS

Tenement #	Status	Registered Holder	Current Equity
HQ-P 23896	Application	Alphex Consulting Company Limited	0%
HQ-P 23897	Application	Alphex Consulting Company Limited	0%
HQ-P 26548	Application	Liontown Resources (T) Limited	0%

AUSTRALIA

MT WINDSOR PROJECT

Tenement #	Nature of Interest	Registered Holder	Current Equity
EPM14161	Owned	Liontown Resources Limited	100% (subject to agreement with Kagara Ltd).
EPM16627	Owned	Liontown Resources Limited	100%
EPM16920	Owned	Liontown Resources Limited	100%

APPENDICES

APPENDIX 1: MASABI HILL – RC DRILLING STATISTICS

HOLE ID	Easting	Northing	Azimuth	Dip	DEPTH	Significant Intersections (>0.1g/t Au)				Significant Intersections (>0.5g/t Au)			
						From	To	Interval	Grade	From	To	Interval	Grade
JLRR31	439155	9606320	335	-60	100	3	18	15	0.63	13	17	4	1.14
						20	47	27	0.63	28	33	5	1.59
						62	80	18	0.90	62	73	11	1.12
JLRR9	439019	9606438	14	-60	125	19	26	7	0.27				
						83	89	6	0.29				
						91	92	1	1.06	91	92	1	1.06
JRRC-1	439300	9606350	290	-60	98	6	12	6	0.34				
						24	30	6	0.24				
						33	39	6	0.22				
						57	63	6	0.22				
						75	81	6	0.28				
JRRC-2	439000	9606245	360	-60	65	0	33	33	0.70	6	27	21	0.93
						42	57	13	0.90	48	51	3	3.00
JBRRC018	439042	9606254	335	-60	175	2	36	34	0.63	4	6	2	1.32
										17	24	7	1.22
										26	29	3	0.98
						40	90	50	1.79	42	69	27	2.76
										80	87	7	1.09
						99	108	9	0.89	104	107	3	2.24
						135	148	13	0.75	138	144	6	1.20
						153	175	22	0.45	153	158	5	1.00
JBRRC019	439136	9606272	335	-60	175	0	48	48	1.05	9	46	37	1.30
						60	64	4	0.46				
						68	76	8	0.13				
						88	92	4	0.31				
						97	103	6	0.42				
JBRRC020	439064	9606418	155	-60	175	107	109	2	1.27	107	109	2	1.27
						128	140	12	0.88	130	131	1	6.28
						148	160	12	0.54				
JBRRC041	439030	9606208	360	-60	132	35	46	11	0.59	36	44	8	0.74
						70	132	62	2.37	70	91	21	4.66
										94	99	5	1.00
										102	132	30	1.40
JBRRC042	439029	9606364	180	-60	165	3	12	9	0.27				
						17	30	13	0.32				
						40	57	17	0.25				
						66	78	12	0.26				
						86	94	8	0.32				
						110	111	1	0.77				
						114	117	3	1.16	114	117	3	1.16
						129	152	23	0.50	133	137	4	1.49
						154	165	11	0.30				
JBRRC043	439120	9606236	360	-60	123	0	8	8	0.30	3	4	1	1.20
						40	45	5	0.23				
						48	85	37	0.48	49	55	6	1.08
						99	105	6	0.48	100	102	2	0.96
						112	119	7	0.57	114	115	1	1.65
JBRRC044	439123	9606356	180	-60	129	11	25	14	0.34				
						29	41	12	1.01	31	36	5	2.08
						18	36	18	0.36	53	55	2	1.28
						66	73	7	0.86	70	72	2	2.38
						80	84	4	0.63	82	83	1	1.41
						89	100	11	0.27				
						105	111	6	0.18				
JBRRC045	439216	9605991	360	-60	135	8	82	74	1.8	12	32	20	2.33
										50	73	23	2.93
										76	82	6	1.46
						84	86	2	0.58				
						97	104	7	0.44				
						124	129	5	0.99	127	128	1	3.65
JBRRC046	439222	9606131	180	-60	135	48	51	3*	0.3				
						54	57	3	0.66	56	57	1	1.16
						62	66	4*	0.43				
						105	112	7	0.34				
						118	130	12	1.23	122	128	6	2.11

*1-4m composite samples

APPENDIX 1 (CONT): MASABI HILL – RC DRILLING STATISTICS

HOLE ID	Easting	Northing	Azimuth	Dip	DEPTH	Significant Intersections (>0.1g/t Au)				Significant Intersections (>0.5g/t Au)			
						From	To	Interval	Grade	From	To	Interval	Grade
JBRRC047	439600	9606027	360	-60	140	104	107	3	0.19				
						109	112	3	2.11	109	112	3	2.11
JBRRC048	439602	9606171	180	-60	39	Hole abandoned before reaching target depth							
JBRRC049	439610	9606176	180	-60	79	Hole abandoned before reaching target depth							
JBRRC050	439617	9606172	360	-60	130	24	28	4*	0.29				
						52	57	5	1.07	53	57	4	1.25
						86	94	8	1.27	86	92	6	1.59
						125	128	3	0.88	125	127	2	1.15
JBRRC051	439477	9606305	360	-60	190	16	32	16*	0.28	16	20	4*	0.66
						87	92	5	0.44				
						109	112	3	1.55	109	111	2	2.14
						164	168	4*	0.36				
						180	188	4*	0.25				
JBRRC052	439451	9606431	180	-60	120	17	59	42	0.5	18	22	4	1.1
										26	33	7	1.26
						64	88	24*	0.16				
						91	98	7	0.76	93	97	4	1.05
						104	120	16	0.54	117	120	3	1.73
JBRRC053	439441	9606506	180	-60	112	12	16	4	0.36				
						22	28	6	0.68	22	25	3	1.08
						56	59	3	0.52				
						64	71	7	0.4				
JBRRC054	439598	9606101	180	-60	84	23	36	13	0.24	23	24	1	1.02
JBRRC061	438980	9606267	360	-60	100	4	16	12	0.45				
						31	40	9	0.26				
						65	94	29	0.25				
JBRRC062	438970	9606201	360	-60	150	27	71	44	0.43	32	44	12	0.68
										48	49	1	1.39
						74	97	23	0.38	77	86	9	0.55
						99	105	6	0.33				
						111	132	21	0.35				
						134	145	9	0.78	137	144	7	1.1
JBRRC063	438983	9606161	360	-60	200	140	150	10	0.77	141	148	7	0.98
						153	159	6	0.7	154	155	1	2.99
						164	167	3	0.31				
						193	198	5	0.28				
JBRRC064	439062	9606273	360	-60	80	4	12	8	0.44				
						14	32	18	0.43	21	26	5	0.89
						45	66	21	0.62	45	55	10	0.89
JBRRC065	439064	9606161	360	-60	200	15	33	18	0.45	16	17	1	1.1
										27	29	2	1.33
JBRRC066	439024	9606164	360	-60	200	12	20	8	0.47	13	15	2	1.24
						31	40	9	0.28				
						64	69	5	0.17				
						75	81	6	0.27				
						89	91	2	1.3	90	91	1	2.48
						110	114	4	0.22				
						132	200	68	1.5	133	161	28	1.95
										162	183	21	1.46
										186	200	14	1.11
JBRRC067	439174	9606201	360	-60	124	67	73	6	0.36	68	70	2	0.89
						78	83	5	0.23				
						85	87	2	0.27				
						93	103	10	0.68	99	103	4	1.22
						113	123	10	0.27				
JBRRC068	439166	9606260	360	-60	134	3	12	9	0.64	3	6	3	1.47
						14	22	8	0.76	15	20	5	1.03
						27	58	31	0.52	27	34	7	0.83
										50	52	2	1.23
						75	98	23	0.63	86	95	9	1.31
JBRRC069	439164	9606371	360	-60	90	36	38	2	0.29				
						54	56	2	0.39				
						86	90	4	0.32				

*1-4m composite samples

APPENDIX 1 (CONT): MASABI HILL – RC DRILLING STATISTICS

HOLE ID	Easting	Northing	Azimuth	Dip	DEPTH	Significant Intersections (>0.1g/t Au)				Significant Intersections (>0.5g/t Au)			
						From	To	Interval	Grade	From	To	Interval	Grade
JBRRC070	439220	9606098	180	-60	187	123	131	7	0.8	128	131	3	1.6
						150	153	3	0.43				
						175	177	2	0.4				
JBRRC071	439600	9606291	180	-60	111	16	109	93	0.32	73	74	1	3.97
JBRRC072	439590	9606298	360	-60	150	8	24	16*	0.37				
						32	45	15	0.23				
						82	87	5	0.42				
						122	144	22	0.49	122	129	7	1.21
JBRRC073	439604	9606428	180	-60	129	28	40	12	0.72	31	37	6	1.22
						57	92	35	0.47	59	66	7	1.6
JBRRC074	439594	9606428	360	-60	123	12	72	60	0.54	29	41	12	1.07
										43	47	4	1.21
										55	61	6	0.93
						80	108	28	0.74	89	91	2	2.1
										96	99	3	3.3
JBRRC075	439601	9606548	180	-60	87	12	58	46	0.26	51	57	6	0.95
JBRRC076	439582	9606522	180	-60	33	16	33	17	0.39	Hole abandoned before target depth			
JBRRC077	439587	9606521	180	-60	95	16	56	40*	0.22				
JBRRC078	439027	9606178	90	-60	80	4	9	5	0.15				
						13	19	6	0.21				
						48	56	8	0.31				
						65	77	12	0.35				
JBRRC079	439015	9606245	90	-60	81	0	35	35	0.87	1	20	19	1.17
										22	24	2	0.86
										30	33	3	1.31
						67	81	14	0.56				
JBRRC080	438982	9606247	80	-60	130	1	63	62	0.75	35	56	21	1.24
						67	81	14	0.27				
						83	87	4	0.41				
						89	129	40	0.86	110	123	13	1.43
JBRRC081	438988	9606180	90	-60	81	1	15	14	0.18				
						31	45	14	0.49	32	33	1	1.53
						62	73	11	0.3	62	63	1	1.36
JBRRC082	439494	9606423	270	-60	118	28	40	12*	0.21				
						48	64	16	1.02	49	60	11	1.38
JBRRC083	439568	9606430	270	-60	96	28	96	68*	0.32				
JBRRC084	439545	9606428	270	-60	120	8	24	16*	0.43				
JBRRC085	439645	9606427	270	-60	150	28	52	24*	0.39	32	36	4*	0.99
						66	71	5	2	66	71	5	2
						75	100	25*	0.27				
JBRRC086	439715	9606425	270	-60	85	36	44	8*	0.3	Hole abandoned before target depth			
JBRRC087	439690	9606425	270	-60	32	Hole abandoned before target depth							
JBRRC088	439715	9606260	270	-60	150	128	150	22*	0.27	144	148	4*	0.91
JBRRC089	439641	9606261	270	-60	119	4	16	12*	0.47	4	8	4*	0.91
						36	60	24*	0.52	40	44	4*	1.33
JBRRC090	439562	9606260	270	-60	114	4	32	28*	0.44	12	16	4*	1.7
						72	88	16	1.8	72	87	15	1.92
JBRRC092	439315	9605865	115	-60	129	<0.1g/t Au							
JBRRC093	439398	9605942	115	-60	99								
JBRRC094	439300	9606029	180	-60	87								
JBRRC095	439296	9606078	180	-60	110								
JBRRC096	439299	9606129	180	-60	130	113	118	5	12.4	113	117	4	15.44
JBRRC097	439230	9606068	180	-60	100	7	16	9	0.48				
						20	31	11	0.73	24	30	6	1.15
						33	41	8	0.45	38	39	1	1.19
						43	46	3	0.6				
						51	74	23	2.05	52	66	14	3.17
						83	89	6	0.27				
						92	95	3	0.13				
JBRRC098	439226	9606017	180	-60	100	5	23	18	0.48	10	11	1	1.13
										16	17	1	1.02
						38	48	10*	0.28				

*1-4m composite samples

APPENDIX 1 (CONT): MASABI HILL – RC DRILLING STATISTICS

HOLE ID	Easting	Northing	Azimuth	Dip	DEPTH	Significant Intersections (>0.1g/t Au)				Significant Intersections (>0.5g/t Au)			
						From	To	Interval	Grade	From	To	Interval	Grade
JBRRC099	439120	9606016	180	-60	153	4	12	8*	0.37				
						28	40	12*	0.2				
						92	104	12*	0.24				
						116	152	46	0.42	124	128	3	0.77
										136	152	16	0.82
JBRRC100	439120	9605911	180	-60	150	16	108	92*	0.38	24	27	3	1.04
										36	40	4	1.05
										49	55	6	0.94
										72	76	4	0.91
JBRRC102	440002	9606218	180	-60	29	Hole abandoned before target depth							
JBRRC103	440017	9606217	180	-60	63	48	60	12*	0.27				
JBRRC104	440001	9606192	180	-60	86	29	44	15*	0.66	33	40	7	1.13
JBRRC111	439593	9606162	180	-60	130	<0.1g/t Au							
JBRRC112	439418	9606173	180	-60	100	44	48	4*	0.23				
						96	100	4	0.36				
JBRRC113	439402	9606261	180	-60	105	32	43	11	0.35				
						73	105	32	0.47	80	81	1	1.02
										87	88	1	1.06
										91	92	1	1.51
										104	105	1	1.02
JBRRC114	439398	9606309	180	-60	120	4	36	32*	0.27				
						80	96	16*	0.28				
JBRRC115	439248	9606258	360	-60	100	8	36	28*	0.27	29	31	2	1.17
JBRRC116	439249	9606310	360	-60	100	36	96	60*	0.33	41	44	3	1.21
										46	49	3	0.82
JBRRC117	438945	9606035	360	-60	150	124	150	26	0.46	126	128	2	1.02
										146	149	3	0.76
JBRRC118	438950	9606110	360	-60	120	9	95	86	1.72	24	68	44	2.99
						105	120	15	0.7	116	120	4	1.6
JBRRC119	438948	9605986	360	-60	117	8	16	8*	0.18				
						80	88	8*	0.17				
JBRRC120	438945	9605916	360	-60	111	48	72	24*	0.34	65	66	1	1.32
JBRRC121	439009	9605999	360	-60	150	8	20	12*	0.14				
JBRRC122	439000	9606068	360	-60	183	16	20	4*	0.24				
						64	68	4*	0.2				
						108	112	4*	0.22				
						132	140	8*	0.37				
JBRRC123	439093	9606039	360	-60	150	144	148	4*	0.32				
JBRRC124	439078	9606097	360	-60	150	116	128	12*	0.43				
JBRRC125	439222	9605932	360	-60	153	84	131	47	0.35	106	107	1	1.68
										121	122	1	1.01
										127	128	1	1.12
JBRRC126	439204	9606689	360	-60	147	<0.1g/t Au							
JBRRC127	439201	9606532	360	-60	130	88	126	38	0.32	94	95	1	1.02
JBRRC128	439544	9606262	270	-60	123	12	44	32*	0.62	28	44	16*	0.98
						72	92	20*	0.53	84	88	4*	1.4
JBRRC129	439399	9606205	360	-60	105	4	20	16*	0.3				
						28	105	77*	0.37	32	40	8*	1
										84	88	4*	1.4
JBRRC130	439401	9606058	360	-60	93	<0.1g/t Au							
JBRRC131	439301	9606051	360	-60	141	108	124	16*	0.93	116	124	8*	1.3
JBRRC132	439111	9605889	360	-60	150	4	116	112*	0.33				

*1-4m composite samples

APPENDIX 2: PANAPENDESA –RC DRILLING STATISTICS

HOLE ID	Easting	Northing	Azimuth	Dip	DEPTH	Significant Intersections (>0.1g/t Au)				Significant Intersections (>0.5g/t Au)			
						From	To	Interval	Grade	From	To	Interval	Grade
JRRC-4	441183	9607735	45	-60	102	0	6	6	0.25				
						60	69	9	0.19				
						90	93	3	9.5	90	93	3	9.5
JBRRC007	441187	9607804	135	-60	172	0	11	11	1.94	0	7	7	2.9
						120	144	24	1.25	123	143	20	1.5
						146	159	13	0.57	151	153	2	1.7
										154	157	3	0.7
JBRRC008	441387	9607936	135	-60	139	28	30	2	0.32	28	29	1	0.5
JBRRC022	441075	9607750	155	-60	157	70	76	6	0.41				
JBRRC024	441282	9607813	155	-60	103	28	48	20*	0.18				
						64	103	39	1.89	74	81	7	5.6
										92	100	8	3.2
JBRRC025	441351	9607848	155	-60	110	33	60	27	1.12	42	52	10	2.7
JBRRC091	441415	9607933	155	-55	200	0	8	8*	0.31				
JBRRC101	441125	9607804	155	-60	105	94	105	11	4.18	94	101	7	6.41
JBRRC105	441135	9607740	155	-60	135	0	60	60*	1.35	21	35	14	2.25
										41	44	3	12.5
JBRRC106	441214	9607784	155	-75	129	0	16	16*	0.17				
						44	104	60*	0.9	48	58	10	2.77
										62	63	1	2.01
										68	72	4	1.4
										79	87	8	1.67
JBRRC107	441194	9607842	155	-60	22	Hole abandoned before target depth							
JBRRC108	441194	9607840	155	-60	120	<0.1g/t Au				<0.5g/t Au			
JBRRC109	441330	9607898	145	-55	151	101	128	27	1.1	103	107	4	1.67
										113	126	13	1.61
JBRRC110	441268	9607840	155	-60	180	88	121	33	0.61	90	93	3	0.96
										101	104	3	1.53
										114	117	3	2.09
						123	132	11	0.93	129	130	1	4.68
JBRRC133	441115	9607639	159	-60	335	60	80	20*	0.43	68	80	12*	0.65

*1-4m composite samples

APPENDIX 3: CHELA – 2012 AIRCORE DRILL STATISTICS

HOLE ID	Easting	Northing	DEPTH	Significant Intersections (>0.1g/t Au)				Significant Intersections (>0.5g/t Au)			
				From	To	Interval	Grade	From	To	Interval	Grade
JLRB646	445383	9610631	27	20	24	4*	0.1				
JLRB647	445398	9610593	27	24	27	3*	0.11				
JLRB648	445417	9610558	32	28	32	4*	0.16				
JLRB649	445439	9610523	29	<0.1g/t Au							
JLRB650	445455	9610484	30	24	30	6*	0.17				
JLRB651	445470	9610448	28	<0.1g/t Au							
JLRB652	445487	9610413	36								
JLRB653	445517	9610379	43								
JLRB654	445522	9610343	45								
JLRB655	445540	9610307	48								
JLRB656	445569	9610271	69								
JLRB657	445574	9610243	17								
JLRB658	445590	9610203	52								
JLRB659	445608	9610166	51								
JLRB660	445625	9610126	45	16	32	16*	0.27	28	32	4*	0.52
JLRB661	445885	9610319	45	28	45	17*	0.6	28	36	8*	0.75
								40	44	4*	0.65
JLRB662	445868	9610355	20	<0.1g/t Au							
JLRB663	445851	9610391	27								
JLRB664	445825	9610425	20								
JLRB665	445808	9610461	54								
JLRB666	445791	9610497	41								
JLRB667	445774	9610533	65	12	20	8*	0.52	12	16	4*	0.66
JLRB668	445757	9610570	50	<0.1g/t Au							
JLRB669	445740	9610606	47	36	40	4*	0.26				
JLRB670	445723	9610642	54	16	52	36*	0.15				
JLRB671	445706	9610678	35	4	35	31*	0.24	28	32	4*	0.56
JLRB672	445689	9610715	36	0	32	32*	0.18				
JLRB673	445660	9610900	36	24	32	8*	0.61	24	28	4*	0.83
JLRB674	445696	9610916	29	20	29	9*	0.19				
JLRB675	445733	9610932	35	24	35	11*	0.27				
JLRB676	445769	9610948	38	20	39	19*	0.27	32	36	4*	0.54
JLRB677	445805	9610964	81	24	40	16*	0.36	24	28	4*	0.64

*1-4m composites samples

APPENDIX 4: RUPA SUGUTI/CHIRORWE PROSPECT – ISCOR RC DRILLING STATISTICS

<table>
<tr><th rowspan="2">HOLE ID</th><th rowspan="2">Easting</th><th rowspan="2">Northing</th><th rowspan="2">Azimuth</th><th rowspan="2">Dip</th><th rowspan="2">DEPTH</th><th colspan="4">Significant Intersections (>1g/t Au)</th></tr>
<tr><th>From</th><th>To</th><th>Interval</th><th>Grade</th></tr>
<tr><td rowspan="2">SICHB001</td><td rowspan="2">4035</td><td rowspan="2">8820</td><td rowspan="19" colspan="3">Not Available - Data to be recovered</td><td>22</td><td>34</td><td>12</td><td>1.57</td></tr>
<tr><td>40</td><td>42</td><td>2</td><td>1.35</td></tr>
<tr><td>SICHB002</td><td>4240</td><td>8845</td><td rowspan="2" colspan="4">All <1g/t</td></tr>
<tr><td>SICHB003</td><td>4625</td><td>8815</td></tr>
<tr><td rowspan="3">SICHB004</td><td rowspan="3">4050</td><td rowspan="3">8815</td><td>4</td><td>8</td><td>4</td><td>1.28</td></tr>
<tr><td>30</td><td>34</td><td>4</td><td>1.36</td></tr>
<tr><td>38</td><td>46</td><td>8</td><td>1.16</td></tr>
<tr><td>SICHB005</td><td>4045</td><td>8855</td><td>32</td><td>44</td><td>12</td><td>3.89</td></tr>
<tr><td>SICHB006</td><td>4050</td><td>8837</td><td>26</td><td>32</td><td>6</td><td>5.97</td></tr>
<tr><td>SICHB007</td><td>4401</td><td>8860</td><td>34</td><td>36</td><td>2</td><td>1.24</td></tr>
<tr><td>SICHB008</td><td>3985</td><td>8845</td><td rowspan="2" colspan="2">Not Available</td><td>16</td><td>1.57</td></tr>
<tr><td>SICHB009</td><td>4085</td><td>8830</td><td>6</td><td>1.97</td></tr>
<tr><td>SICHB010</td><td>4165</td><td>8825</td><td colspan="4">All <1g/t</td></tr>
<tr><td>SICHB011</td><td>4110</td><td>8795</td><td>36</td><td>38</td><td>2</td><td>2.47</td></tr>
<tr><td>SICHB012</td><td>4130</td><td>8845</td><td rowspan="2" colspan="4">All <1g/t</td></tr>
<tr><td>SICHB013</td><td>4130</td><td>8845</td></tr>
<tr><td>SICHB014</td><td>4165</td><td>8788</td><td>10</td><td>18</td><td>8</td><td>4.33</td></tr>
<tr><td>SICHB015</td><td>4567</td><td>8795</td><td colspan="4">All <1g/t</td></tr>
<tr><td>SICHB016</td><td>4653</td><td>8783</td><td>20</td><td>30</td><td>10</td><td>1.17</td></tr>
</table>

APPENDIX 5: RUPA SUGUTI – LIONTOWN ROCK CHIP SAMPLING

Sample ID	Easting	Northing	Sample Type	Description	Au_ppm
130395	1157	1719	Rock	East-West trending quartz vein with Py mineralisation	0.01
130396	1157	1719	Rock	Sulphidic granite with iron oxide staining, contact with fine grained mafic rock	-0.01
130397	1157	1719	Rock	Massive fine grained mafic rock with sulphide mineralisation	0.01
130398	1263	1651	Rock	East-West trending quartz vein with Py mineralisation	0.17
130401	1295	1597	Rock	Basalt floats with iron carbonate alteration	-0.01
130402	4616	8781	Rock	Silica rich rock with iron oxide staining, trending 290 deg	2.02
130403	4616	8781	Rock	Fine grained mafic highly weathered, with <1cm quartz veinlets, hanging wall	0.54
130404	4616	8781	Rock	Fine grained mafic highly ferrugines with sulphide mineralisation, Foot wall	0.07
130405	4590	8776	Rock	Silica rich rock with iron oxide staining, trending 290 deg	0.32
130406	4590	8776	Rock	Fine grained mafic highly weathered, with <1cm quartz veinlets, hanging wall	8.25
130407	4590	8776	Rock	Fine grained mafic highly ferrugines with sulphide mineralisation, Foot wall	3.69
130408	4178	8796	Rock	Silica rich rock with iron oxide staining, trending 270 deg	6.34
130409	4178	8796	Rock	Fine grained mafic rock with sulphide mineralisation	3.92
130410	4155	8806	Rock	Quartz vein hosted in silicious fine grained mafic	3.51
130411	4083	8812	Rock	Fine grained mafic rock, fresh to slightly weathered	18.95
130412	4083	8812	Rock	Highly silicified fine grained mafic rock	5.93
130413	4083	8812	Rock	Fine grained mafic rock, moderately to strongly weathered	1.97

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 entity for the financial year ended 30 June 2013 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 this entire period unless otherwise stated.

TIM R B GOYDER

CHAIRMAN

Tim has considerable experience in the resource industry as a prospector and investor. Tim has been involved in the formation and management of a number of private and publicly-listed companies. He is currently Executive Chairman of Chalice Gold Mines Limited and a director of Uranium Equities Limited and Strike Energy Limited. Director and Chairman since 2006.

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.

DOUGLAS A JONES

PhD, AusIMM, RPGeo

NON-EXECUTIVE DIRECTOR (resigned 18 January 2013)

Doug is a Geologist with over 30 years experience in international mineral exploration, having worked extensively in Australia, Africa, South America and Europe. His career has covered exploration for gold in a wide range of geological settings, volcanic and sediment-hosted zinc-copper-lead, and IOCG style copper-gold. Doug is also an Executive Director of Chalice Gold Mines Limited, and a director of TSX and AIM-listed Minera IRL Limited and TSX listed Serabi Mining Plc. Doug was a Director from 2007 to January 2013.

ANTHONY W KIERNAN

LLB

NON-EXECUTIVE DIRECTOR

Tony, previously a lawyer, is a general corporate advisor with extensive experience in the administration and operation of listed public companies. He is Chairman of BC Iron Limited, Uranium Equities Limited, Venturex Resources Limited and is a director of Chalice Gold Mines Limited and South Boulder Mines Limited. Director since 2006.

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. Director since 2006.

2. JOINT COMPANY SECRETARIES

RICHARD K HACKER

B.Com, CA, ACIS

Richard is a Chartered Accountant and Chartered Secretary with over 20 years professional and corporate experience in the resources and energy sector in Australia and the United Kingdom. Richard has previously worked in senior finance roles with global energy companies including Woodside Petroleum Limited and Centrica Plc. Prior to this, Richard was in private practice with major accounting practices. Richard is also the CFO and Company Secretary of Chalice Gold Mines Limited.

LEANNE FORGIONE

B.Com, CA, ACIS

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

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:	7	2	-	-
Number of meetings attended:				
T R B Goyder	7	-	-	-
D A Jones	4	-	-	-
A W Kiernan	4	2	-	-
D R Richards	7	2	-	-
C R Williams	6	2	-	-

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

As at the date of this report, the Company had a separate audit committee. Given the current size and composition of the Board, the Company has not established a separate remuneration committee or nomination committee. Members acting on the committees of the board during the year were:

AUDIT	REMUNERATION	NOMINATION
A W Kiernan	Full Board	Full Board
C R Williams		

4. PRINCIPAL ACTIVITIES

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

The Company made a loss after tax for the year of $3,002,962 and had current assets in excess of current liabilities of $1,088,335.

5. REVIEW OF OPERATIONS

Refer to the Operating and Financial Review from pages 3 to 8 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 2013 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 Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and the Group. KMP's during the year were:

(i) Directors

T R B Goyder (Chairman)
C R Williams (Non-executive Director)
D A Jones (Non-executive Director) (Resigned 18 January 2013)
A W Kiernan (Non-executive Director)
D R Richards (Managing Director)

(ii) Executives

Richard Hacker (CFO)

There were no 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 $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 2013 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.

The remuneration of non-executive directors for the year ended 30 June 2013 is detailed in page 21 of this 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 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	At will	Nil	Nil

[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.

7.2 KEY MANAGEMENT PERSONNEL REMUNERATION (AUDITED)

		SHORT-TERM PAYMENTS			POST-EMPLOYMENT PAYMENTS		SHARE-BASED PAYMENTS		VALUE OF OPTIONS AS PROPORTION OF REMUNERATION
KEY MANAGEMENT PERSONNEL		SALARY & FEES (B)	NON-MONETARY BENEFITS	TOTAL	SUPER-ANNUATION BENEFITS	TERMINATION BENEFITS	OPTIONS (A)	TOTAL	
		$	$	$	$	$	$	$	(%)
Directors									
T R B Goyder	2013	45,872	2,045	47,917	4,128	-	-	52,045	0%
	2012	45,872	1,918	47,790	4,128	-	-	51,918	0%
D R Richards	2013	258,027	2,045	260,072	23,222	-	-	283,294	0%
	2012	275,229	1,918	277,147	24,771	-	-	301,918	0%
D A Jones (resigned 18 January 2013)	2013	18,730	1,131	19,861	1,686	-	-	21,547	0%
	2012	32,110	1,918	34,028	2,890	-	2,330	39,248	6%
V P Gauci (resigned 3 October 2011)	2013	-	-	-	-	-	-	-	0%
	2012	8,028	499	8,527	722	-	-	9,249	0%
A W Kiernan	2013	70,610	2,045	72,655	2,890	-	-	75,545	0%
	2012	75,210	1,918	77,128	2,890	-	-	80,018	0%
C R Williams	2013	32,110	2,045	34,155	2,890	-	-	37,045	0%
	2012	32,110	1,918	34,028	2,890	-	-	36,918	0%
Executive									
R K Hacker	2013	49,603	2,045	51,648	4,464	-	-	56,112	0%
	2012	37,500	1,918	39,418	3,375	-	-	42,793	0%
Total Compensation	**2013**	**474,952**	**11,356**	**486,308**	**39,280**	**-**	**-**	**525,588**	
	2012	**506,059**	**12,007**	**518,066**	**41,666**	**-**	**2,330**	**562,062**	

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, from 1 April 2013, to suspend the payment of directors' fees. At 30 June 2013 $30,000 in directors' fees were accrued. Subsequent to year end and subject to shareholder approval at the Company's Annual General Meeting, the Directors resolved to issue a total of 4,361,795 fully paid ordinary shares in satisfaction of the unpaid directors' fees accrued to 30 September 2013 at $55,045.

7.3 EQUITY INSTRUMENTS

7.3.1 OPTIONS AND RIGHTS OVER ORDINARY SHARES GRANTED AS COMPENSATION

During the year no options were granted as compensation to key management personnel.

All options that are issued to key management personnel are at no cost to the recipients, however to exercise the options the recipients must pay to the Company the appropriate exercise price.

7.3.2 EXERCISE OF OPTIONS GRANTED AS COMPENSATION

During the year and previous financial year, no shares were issued on the exercise of options previously granted as compensation.

7.3.3 ANALYSIS OF OPTIONS AND RIGHTS VESTED DURING THE PERIOD

All options granted to each key management person have been vested in prior years.

7.3.4 ANALYSIS OF MOVEMENTS IN OPTIONS

There was no movement during the reporting period, by value, of options over ordinary shares held by each key management person.

8. DIVIDENDS

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

9. EVENTS SUBSEQUENT TO REPORTING DATE

On 23 September 2013, the Board of Liontown Resources resolved, subject to all necessary shareholder and regulatory approvals, to issue a total of 4,361,795 fully paid ordinary shares to the Directors in satisfaction of unpaid directors' fees of $55,045 owing from April 2013 up to September 2013.

Due to the current financial market and with an emphasis on conserving cash reserves, the Directors agreed, with effect from 1 April 2013, to suspend the payment of directors' fees.

The number of shares to be issued is based on a 30 day volume weighted average share price of 1.262 cents (up to and including 20 September 2013).

Approval of the share issue will be put to shareholders at the Company's next Annual General Meeting.

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	UNLISTED OPTIONS OVER ORDINARY SHARES
T R B Goyder	111,580,181	9,050,505	-
D R Richards	1,787,666	148,971	-
A W Kiernan	5,689,817	474,149	-
C R Williams	2,720,171	226,680	-

12. SHARE OPTIONS

OPTIONS GRANTED TO DIRECTORS AND OFFICERS OF THE COMPANY

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

UNISSUED SHARES UNDER UNLISTED OPTIONS

At the date of this report 4,050,000 unissued ordinary shares of the Company are under option on the following terms and conditions:

EXPIRY DATE	EXERCISE PRICE	NUMBER OF SHARES
30 November 2013	0.20	3,000,000
1 November 2013	0.20	1,050,000

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.

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 $11,356 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 21.

14. NON-AUDIT SERVICES

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 24 and forms part of the Directors' Report for the year ended 30 June 2013.

This report is made with a resolution of the directors:

David R Richards
Managing Director

Dated at Perth the 27th day of September 2013

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Liontown Resources Limited for the year ended 30 June 2013, 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.

This declaration is in respect of Liontown Resources Limited and the entities it controlled during the year.

Perth, Western Australia	**W M Clark**
27 September 2013	**Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013 $	2012 $
Continuing Operations			
Revenue	3(a)	58,947	62,800
Impairment of exploration and evaluation expenditure	11	(2,077,641)	(334,451)
Exploration costs not capitalised	11	(184,480)	(118,903)
Corporate administrative expenses	3(b)	(799,788)	(824,666)
Loss before tax		(3,002,962)	(1,215,220)
Income tax expense	6	-	-
Loss for the period attributable to owners of the parent		(3,002,962)	(1,215,220)
Other comprehensive income			
Items that may be reclassified to the profit or loss			
Exchange differences on translation of foreign operations		264,063	15,525
Total comprehensive income after tax attributable to owners of the parent		(2,738,899)	(1,199,695)
Basic earnings per share attributable to ordinary equity holders (cents)	7	(0.92)	(0.5)
Diluted earnings per share attributable to ordinary equity holders (cents)	7	(0.92)	(0.5)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	NOTE	2013 $	2012 $
Current assets			
Cash and cash equivalents	8	1,203,544	1,489,378
Trade and other receivables	9	68,096	61,343
Total current assets		1,271,640	1,550,721
Non-current assets			
Financial assets	10	82,500	54,369
Exploration and evaluation assets	11	3,834,295	3,640,913
Property, plant and equipment	12	91,970	82,720
Total non-current assets		4,008,765	3,778,002
Total assets		5,280,405	5,328,723
Current liabilities			
Trade and other payables	13	180,612	687,721
Employee benefits	14	2,693	30,848
Total current liabilities		183,305	718,569
Total liabilities		183,305	718,569
Net assets		5,097,100	4,610,154
Equity			
Issued capital	15	26,110,007	22,884,163
Accumulated losses	15	(21,426,535)	(19,912,561)
Reserves	15	413,628	1,638,552
Total equity		5,097,100	4,610,154

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

	NOTE	ISSUED CAPITAL $	ACCUMULATED LOSSES $	SHARE BASED PAYMENTS RESERVE $	FOREIGN CURRENCY TRANSLATION RESERVE $	TOTAL EQUITY $
Balance at 1 July 2012		22,884,163	(19,912,561)	1,623,027	15,525	4,610,154
Loss for the period		-	(3,002,962)	-	-	(3,002,962)
Exchange differences on translation of foreign operations		-	-	-	264,064	264,064
Total comprehensive loss for the period		-	(3,002,962)	-	264,064	(2,738,898)
Share issue – rights issue (net after costs)		3,225,844	-	-	-	3,225,844
Transfer from share based payments reserve		-	1,488,988	(1,488,988)	-	-
Balance at 30 June 2013	15	26,110,007	(21,426,535)	134,039	279,589	5,097,100

	NOTE	ISSUED CAPITAL $	ACCUMULATED LOSSES $	SHARE BASED PAYMENTS RESERVE $	FOREIGN CURRENCY TRANSLATION RESERVE $	TOTAL EQUITY $
Balance at 1 July 2011		20,343,846	(18,697,341)	1,611,581	-	3,258,086
Loss for the period		-	(1,215,220)	-	-	(1,215,220)
Exchange differences on translation of foreign operations		-	-	-	15,525	15,525
Total comprehensive loss for the period		-	(1,215,220)	-	15,525	(1,199,695)
Share issue – rights issue (net after costs)		1,469,188	-	-	-	1,469,188
Share placement (net after costs)		1,071,129	-	-	-	1,071,129
Share based payment expense		-	-	11,446	-	11,446
Balance at 30 June 2012	15	22,884,163	(19,912,561)	1,623,027	15,525	4,610,154

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013 $	2012 $
Cash flows from operating activities			
Cash paid to suppliers and employees		(741,644)	(750,344)
Interest received		67,774	63,875
Net cash used in operating activities	18	(673,870)	(686,469)
Cash flows from investing activities			
Payments for exploration and evaluation		(2,832,551)	(1,864,309)
Acquisition of property, plant and equipment		(2,046)	(920)
Net cash used in investing activities		(2,834,597)	(1,865,229)
Cash flows from financing activities			
Proceeds from issue of shares		3,428,159	2,723,058
Transaction costs of issue of shares		(202,315)	(182,741)
Net cash from financing activities		3,225,844	2,540,317
Net (decrease) in cash and cash equivalents		(282,623)	(11,381)
Net foreign exchange differences		(3,211)	(2,657)
Cash and cash equivalents at the beginning of the year		1,489,378	1,503,416
Cash and cash equivalents at 30 June	8	1,203,544	1,489,378

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

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 2013.

The financial report was authorised for issue by the directors on 27th day of September 2013.

(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 2013, 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 2012. 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 2012:

- AASB 101 Presentation of Financial Statements (amendment) effective 1 July 2012
- AASB 124 Related Party Disclosures (amendment) effective 1 July 2012
- AASB 132 Financial Instruments

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 2013. 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 2013, outlined below:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits
- AASB 127 Separate Financial Statements
- AASB 128 Investment in Associates and Joint Ventures
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures - Offsetting Financial Assets and Financial Liabilities
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual improvements 2009-2011 Cycle
- AASB 1053 Application of Tiers of Australian Accounting Standards
- AASB 9 Financial Instruments

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 comprise the financial statements of Liontown Resources Limited ('Company' or 'Parent') and its subsidiaries as at 30 June 2013.

Subsidiaries are all those entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Company controls another entity.

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 statements are prepared on a going concern basis. At balance date, the Group had an excess of current assets over current liabilities of $1,088,335.

Notwithstanding the positive working capital position at balance date, the Group has forecasted that it may need to seek additional funding in the coming year in order to meet its operating expenditure and planned exploration expenditure for the next 12 months from the date of signing these financial statements. 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.

(G) FOREIGN CURRENCY TRANSLATIONS

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

(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%

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 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 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

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value, through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

(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) Held-to-maturity investments
If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

(iii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) 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:
  (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 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.

(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 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.

(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 per share is calculated as net profit 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 per share is calculated as net profit 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) PARENT ENTITY INFORMATION

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.

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 2013	30 JUNE 2012	30 JUNE 2013	30 JUNE 2012	30 JUNE 2013	30 JUNE 2012
	$	$	$	$	$	$
Impairment of exploration and evaluation assets	(2,077,641)	(334,451)	-	-	(2,077,641)	(334,451)
Exploration costs not capitalised	(184,480)	(118,903)	-	-	(184,480)	(118,903)
Corporate and administrative expenses	-	-	(799,788)	(824,666)	(799,788)	(824,666)
Segment net gain/ (loss) before tax	(2,262,121)	(453,354)	(799,788)	(824,666)	(3,061,909)	(1,278,020)
Unallocated income/(expenses)						
Net financing income					58,947	62,800
Profit/(loss) before income tax					(3,002,962)	(1,215,220)

	EXPLORATION AND EVALUATION		CORPORATE		TOTAL	
	30 JUNE 2013	30 JUNE 2012	30 JUNE 2013	30 JUNE 2012	30 JUNE 2013	30 JUNE 2012
	$	$	$	$	$	$
Segment assets:						
Exploration and evaluation assets	3,834,295	3,640,913	-	-	3,834,295	3,640,913
Other	174,042	116,190	50,265	59,295	224,307	175,485
	4,008,337	3,757,103	50,265	59,295	4,058,602	3,816,398
Unallocated assets					1,221,803	1,512,325
Total assets					5,280,405	5,328,723
Segment Liabilities	50,695	640,698	132,610	77,871	183,305	718,569

3. REVENUE AND EXPENSES

(A) REVENUE

	NOTE	2013 $	2012 $
Interest received		58,947	62,800
		58,947	62,800

(B) CORPORATE ADMINISTRATIVE EXPENSES

		2013 $	2012 $
Depreciation and amortisation		16,946	21,256
Insurance		28,105	27,131
Legal fees		58,633	41,465
Office costs		5,259	9,519
Personnel expenses	4	343,504	397,271
Regulatory and compliance		100,853	98,749
Corporate and administration office rent		144,000	144,000
Other		102,488	85,275
		799,788	824,666

4. PERSONNEL EXPENSES

	2013 $	2012 $
Wages and salaries	162,338	181,573
Directors' fees	140,417	163,750
Other associated personnel expenses	3,012	4,121
Superannuation fund contributions	37,737	36,381
Equity-settled transactions	-	11,446
	343,504	397,271

On 19 April 2013 the Board resolved, as a cash conservation measure, to accrue rather than pay non-executive director fees until further notice. Of the $140,417 director's fees reported above, $30,000 was owing at 30 June 2013.

5. AUDITOR'S REMUNERATION

	2013 $	2012 $
Audit services		
HLB Mann Judd		
Audit and review of financial reports	30,885	27,500

6. INCOME TAX

	2013 $	2012 $
(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	(3,002,962)	(1,215,220)
Income tax benefit calculated at 30%	(900,888)	(364,566)
Tax effect of amounts which are not tax deductible (taxable) in calculating taxable income:		
Non-deductible expenses	53,725	5,015
Share based payments	-	3,434
Deferred tax assets and liabilities not recognised	847,163	356,117
Income tax expense/(benefit) reported in the statement of comprehensive income	-	-
(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	2,820,251	2,505,876
Share issue expenses	84,814	54,721
Accrued expenses and liabilities	10,167	10,668
	2,915,232	2,571,265
Deferred tax liabilities comprise:		
Exploration expenditure capitalised	1,330	525,433
Accrued interest	202	327
Prepayments	6,703	-
	8,235	525,760
(c) Income tax benefit not recognised directly in equity during the year:		
Share issue costs	60,695	54,822

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 PER SHARE

The calculation of basic and diluted earnings per share for the year ended 30 June 2013 was based on the loss attributable to ordinary shareholders of $3,002,962 [2012: loss of $1,215,220] and a weighted average number of ordinary shares outstanding during the year ended 30 June 2013 of 326,723,327 [2012: 252,724,609].

Profit/(loss) attributable to ordinary shareholders (diluted)	2013 $	2012 $
Profit/(loss) attributable to ordinary shareholders	(3,002,962)	(1,215,220)
Profit/(loss) attributable to ordinary shareholders (diluted)	(3,002,962)	(1,215,220)

Weighted average number of ordinary shares (diluted)	NO.	NO.
Weighted average number of ordinary shares at 30 June	326,723,327	252,724,609
Weighted average number of ordinary shares (diluted) at 30 June	326,723,327	252,724,609

8. CASH AND CASH EQUIVALENTS

	2013 $	2012 $
Bank accounts	798,979	829,787
Term deposits	401,221	652,530
Petty cash	3,344	7,061
Cash and cash equivalents in the statement of cash flows	1,203,544	1,489,378

9. TRADE AND OTHER RECEIVABLES

Current	2013 $	2012 $
Other trade receivables	44,676	43,259
Prepayments	23,420	18,084
	68,096	61,343

10. FINANCIAL ASSETS

Non-current	2013 $	2012 $
Bank guarantee	25,000	33,410
Security deposits	57,500	15,000
Funds held on trust	-	5,959
	82,500	54,369

11. EXPLORATION AND EVALUATION EXPENDITURE

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

	2013 $	2012 $
Balance at beginning of year	3,640,913	1,684,900
Expenditure incurred during the year	2,372,181	2,409,367
Impairment of exploration and evaluation assets(1)	(2,077,641)	(334,451)
Exploration expenditure not capitalised	(184,480)	(118,903)
Effects of movements in exchange rates	83,322	-
	3,834,295	3,640,913

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) The impairment of exploration and evaluation assets relates predominately to the impairment of the Group's Mt Windsor Volcanics Project. During the year, joint venture partner Ramelius Resources elected to withdraw from the Mount Windsor Farm-in and Joint Venture Agreement without earning any equity in the project. Liontown has subsequently reviewed the land position in Queensland and has surrendered all but three tenements.

12. PROPERTY, PLANT AND EQUIPMENT

	2013 $	2012 $
At cost	375,374	345,901
Less: accumulated depreciation	(283,404)	(263,181)
	91,970	82,720
Plant and equipment		
Carrying amount at 1 July	82,720	103,056
Additions	29,473	920
Depreciation	(20,223)	(21,256)
Carrying amount at end of period	91,970	82,720

13. TRADE AND OTHER PAYABLES

	2013 $	2012 $
Trade payables	38,847	73,696
Accrued expenses	141,765	614,025
	180,612	687,721

14. EMPLOYEE BENEFITS

	2013 $	2012 $
Liability for annual leave	2,693	30,848
Total employee benefits	2,693	30,848

SHARE BASED PAYMENTS

EMPLOYEE SHARE OPTION PLAN

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 shares options are as follows:

	WEIGHTED AVERAGE EXERCISE PRICE ($)	NUMBER OF OPTIONS
Outstanding at the beginning of the year	0.23	11,650,000
Outstanding at the end of the year	0.20	4,650,000
Exercisable at the end of the year	0.20	4,650,000

The options outstanding at 30 June 2013 have a weighted average exercise price of $0.20 (2012:$0.23) and a weighted average contractual life of 4 months.

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

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

	2013 $	2012 $
Share options granted in 2012 - equity settled	-	11,446
Total expense recognised as personnel expenses	-	11,446

15. ISSUED CAPITAL AND RESERVES

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

2013	ISSUED CAPITAL (a) $	ACCUMULATED LOSSES $	FOREIGN CURRENCY TRANSLATION RESERVE $	SHARE BASED PAYMENTS RESERVE (b) $	TOTAL EQUITY $
Balance at 1 July 2012	22,884,163	(19,912,561)	15,525	1,623,027	4,610,154
Share issue – rights issue (net of costs)	3,225,844	-	-	-	3,225,844
Transfer from share based payment reserve	-	1,488,988	-	(1,488,988)	-
Loss for the period	-	(3,002,962)	-	-	(3,002,962)
Currency translation differences	-	-	264,064	-	264,064
Balance at 30 June 2013	26,110,007	(21,426,535)	279,589	134,039	5,097,100

2012	ISSUED CAPITAL (a) $	ACCUMULATED LOSSES $	FOREIGN CURRENCY TRANSLATION RESERVE $	SHARE BASED PAYMENTS RESERVE (b) $	TOTAL EQUITY $
Balance at 1 July 2011	20,343,846	(18,697,341)	-	1,611,581	3,258,086
Share issue – rights issue (net of costs)	1,469,188	-	-	-	1,469,188
Share issue – placement (net of costs)	1,071,129	-	-	-	1,071,129
Share based payment expense	-	-	-	11,446	11,446
Loss for the period	-	(1,215,220)	-	-	(1,215,220)
Currency translation differences	-	-	15,525	-	15,525
Balance at 30 June 2012	22,884,163	(19,912,561)	15,525	1,623,027	4,610,154

(a) Issued capital

	2013 NO.	2012 NO.
On issue at 1 July	293,842,181	211,073,581
Rights Issue	97,947,394	52,768,600
Issue of fully paid ordinary shares – share placement	-	30,000,000
On issue at 30 June	391,789,575	293,842,181

Ordinary shares

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

	2013 NO.	2012 NO.
Movements in unlisted options over ordinary shares on issue at 1 July	11,650,000	11,650,000
Options issued during the year	-	-
Options lapsed during the year	(7,000,000)	-
On issue at 30 June	4,650,000	11,650,000

At 30 June the Company had 4,650,000 unlisted options on issue under the following terms and conditions:

NUMBER	EXPIRY DATE	EXERCISE PRICE
500,000	31 July 2013	0.20
1,150,000	1 November 2013	0.20
3,000,000	30 November 2013	0.20

	2013 NO.	2012 NO.
Movements in listed options over ordinary shares on issue at 1 July	-	-
Options issued during the year	32,649,048	-
Options lapsed during the year	-	-
On issue at 30 June	32,649,048	-

At 30 June the Company had 32,649,048 listed options with an expiry date of 27 September 2015 and an exercise price of 5 cents.

(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. Refer to section 7 in the Directors' Report for further details of these plans.

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:

30 JUNE 2013	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	-	-	798,979	-	798,979	1.15%
Term deposits	8	401,221	-	-	-	401,221	3.85%
Bank guarantee	10	25,000	-	-	-	25,000	5.45%
Petty cash	8	-	-	-	3,344	3,344	-
Trade and other receivables	9	-	-	-	68,096	68,096	-
Security deposits, bonds, funds held on trust	10	-	-	-	57,500	57,500	-
Financial liabilities							
Trade payables and accrued expenses	13	-	-	-	180,612	180,612	-

30 JUNE 2012	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	-	-	829,787	-	829,787	2.02%
Term deposits	8	652,530	-	-	-	652,530	5.83%
Bank guarantee	10	33,410	-	-	-	33,410	5.18%
Petty cash	8	-	-	-	7,061	7,061	-
Trade and other receivables	9	-	-	-	61,343	61,343	-
Security deposits, bonds, funds held on trust	10	-	-	-	20,959	20,959	-
Financial liabilities							
Trade payables and accrued expenses	13	-	-	-	687,721	687,721	-

(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 $180,612 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.

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:

	2013 $	2012 $
Within 1 year	117,095	136,915
Within 2 – 5 years	916,545	598,960
Later than 5 years	1,249,780	364,980
	2,283,420	1,100,855

18. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2013 $	2012 $
Cash flows from operating activities		
Loss for the period	(3,002,962)	(1,215,220)
Adjustments for:		
Depreciation and amortisation	16,946	21,256
Net gain on foreign exchange	3,211	2,657
Impairment of exploration and evaluation assets	2,077,641	334,451
Exploration expenditure not capitalised	184,480	118,903
Equity-settled share-based payment expenses	-	11,446
Operating loss before changes in working capital and provisions	(720,684)	(726,507)
(Increase)/ decrease in trade and other receivables	9,696	1,013
Increase/ (decrease) in trade creditors and accruals	65,273	24,367
Increase/(decrease) in provisions	(28,155)	14,658
Net cash used in operating activities	(673,870)	(686,469)

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
D A Jones (resigned 18 January 2013)
A W Kiernan
C R Williams

Executive
R K Hacker (Chief Financial Officer/Joint Company Secretary)

The key management personnel compensation is as follows:

	2013 $	2012 $
Short-term employee benefits	486,308	518,066
Post-employment benefits	39,280	41,666
Equity-settled transactions	-	2,330
	525,588	562,062

INDIVIDUAL DIRECTORS' AND EXECUTIVES' COMPENSATION DISCLOSURES

The Group has transferred the detailed remuneration disclosures to the Directors' Report in accordance with Corporations Amendment Regulations 2006 (No. 4). These remuneration disclosures are provided in the Remuneration Report section of the Directors' Report and are designated as audited.

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 2013 $	AMOUNTS PAID OR PAYABLE 2012 $
Key management persons	**Transaction**			
A W Kiernan	Legal and consulting services	(i)	38,500	43,100
Other related parties				
Chalice Gold Mines Limited	Corporate Services	(ii)	144,000	144,000

(i) The Group used the legal and consulting services of Mr Kiernan during the year. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

(ii) 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, Kiernan and Jones were all directors of Chalice Gold Mines Limited during the year, and Mr Hacker and Ms Forgione 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:

	2013 $	2012 $
Liabilities arising from the above transactions		
Current payables	(16,200)	(16,200)
	(16,200)	(16,200)

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 2012	GRANTED AS COMPENSATION	EXERCISED	EXPIRED/ FORFEITED	HELD AT 30 JUNE 2013	VESTED DURING THE YEAR	VESTED AND EXERCISABLE AT 30 JUNE 2013
T R B Goyder	-	-	-	-	-	-	-
D R Richards	3,000,000	-	-	(3,000,000)	-	-	-
D A Jones	5,000,000	-	-	(2,000,000)	3,000,000	-	3,000,000
V P Gauci	2,000,000	-	-	(2,000,000)	-	-	-
A W Kiernan	-	-	-	-	-	-	-
C R Williams	-	-	-	-	-	-	-
Executive							
R K Hacker	750,000	-	-	-	750,000	-	750,000

	HELD AT 1 JULY 2011	GRANTED AS COMPENSATION	EXERCISED	EXPIRED/ FORFEITED	HELD AT 30 JUNE 2012	VESTED DURING THE YEAR	VESTED AND EXERCISABLE AT 30 JUNE 2012
T R B Goyder	-	-	-	-	-	-	-
D R Richards	3,000,000	-	-	-	3,000,000	-	3,000,000
D A Jones	5,000,000	-	-	-	5,000,000	1,000,000	5,000,000
V P Gauci	2,000,000	-	-	-	2,000,000	-	2,000,000
A W Kiernan	-	-	-	-	-	-	-
C R Williams	-	-	-	-	-	-	-
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 2012	ADDITIONS	RECEIVED ON EXERCISE OF OPTIONS	SALES	HELD AT 30 JUNE 2013
Directors					
T R B Goyder	81,054,571	30,375,610	-	-	111,430,181
D R Richards	1,340,750	446,916	-	-	1,787,666
D A Jones	1,881,500	627,166	-	-	2,508,666
A W Kiernan	4,267,364	1,422,453	-	-	5,689,817
C R Williams	2,040,129	680,042	-	-	2,720,171
Executives					
R K Hacker	2,634,000	877,999	-	-	3,511,999

20. GROUP ENTITIES

The consolidated financial statements includes the following subsidiary:

	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST		INVESTMENT	
		2013	2012	2013	2012
Liontown Resources (Tanzania) Limited	Tanzania	100%	100%	$10,207	$9,623

The Company provides operational funding to the above subsidiary and will not make a call on the debt owing until the subsidiary is financially viable to settle any outstanding debts.

21. PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ended 30 June 2013 the parent entity of the Group was Liontown Resources Limited.

	2013 $	2012 $
Results of parent entity		
Loss for the period	(2,903,463)	(1,215,219)
Total comprehensive loss for the period	(2,903,463)	(1,215,219)
Financial position of parent entity at year end		
Current assets	1,250,235	1,827,856
Non current assets	3,808,046	3,442,252
Total assets	5,058,281	5,270,108
Current liabilities	141,269	675,478
Total liabilities	141,269	675,478
Total equity of the parent entity comprising of:		
Issued capital	26,110,007	22,884,163
Share based payments reserve	134,039	1,623,027
Accumulated losses	(21,327,035)	(19,912,560)
Total equity	4,917,011	4,594,630

22. SUBSEQUENT EVENTS

On 23 September 2013, the Board of Liontown Resources resolved, subject to all necessary shareholder and regulatory approvals, to issue a total of 4,361,795 fully paid ordinary shares to the Directors in satisfaction of unpaid directors' fees of $55,045 owing from April 2013 up to September 2013.

Due to the current financial market and with an emphasis on conserving cash reserves, the Directors agreed, with effect from 1 April 2013, to suspend the payment of directors' fees.

The number of shares to be issued is based on a 30 day volume weighted average share price of 1.262 cents (up to and including 20 September 2013).

Approval of the share issue will be put to shareholders at the Company's next Annual General Meeting.

23. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities.

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 2013 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 2013.

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

David R Richards
Managing Director

Dated this 27th day of September 2013

HLB Mann Judd
Accountants | Business and Financial Advisers

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 2013, 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 consolidated entity. The consolidated entity 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 company'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*.

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HLB Mann Judd

Accountants | Business and Financial Advisers

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 consolidated entity's financial position as at 30 June 2013 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 may need to seek additional funding in order to meet its operating expenditure and planned exploration expenditure for the next twelve months from the date of signing the financial statements. Should the need arise and 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 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 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

W M Clark
Partner

Perth, Western Australia
27 September 2013

APPROACH TO CORPORATE GOVERNANCE

Liontown Resources Limited (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to ASX Corporate Governance Council Principles and Recommendations 2nd edition (**Principles & Recommendations**). The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained it reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at:

http://www.ltresources.com.au, under the section marked "Corporate Responsibility", "Corporate Governance":

CHARTERS

Board
Audit Committee
Nomination Committee
Remuneration Committee

POLICIES AND PROCEDURES

Policy and Procedure for Selection and (Re) Appointment of Directors
Policy on Assessing the Independence of Directors
Policy for Trading in Company Securities
Code of Conduct (summary)
Policy on Continuous Disclosure (summary)
Compliance Procedures (summary)
Procedure for the Selection, Appointment and Rotation of External Auditor
Shareholder Communication Policy
Risk Management Policy (summary)
Diversity Policy

The Company reports below on whether it has followed each of the recommendations during the 2012/2013 financial year (**Reporting Period**). The information in this statement is current at 27th September 2013.

BOARD

Roles and responsibilities of the Board and Senior Executives
(Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter, which is disclosed on the Company's website.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chair or the lead independent director as appropriate.

Skills, experience, expertise and period of office of each director
(Recommendation: 2.6)
A profile of each director setting out their skills, experience, expertise and period of office is set out in the Directors' Report on page 17.

The Board considers that its current composition is appropriate for the Company's current size and operations, and the following mix of skills and expertise which the directors possess is relevant to the Company's business: public company management experience; resource industry experience; geological qualifications; legal qualifications; and business development experience.

Director independence
(Recommendations: 2.1, 2.2, 2.3, 2.6)
The Board does not have a majority of directors who are independent. Notwithstanding this, the Board considers that the current composition of the Board is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise relevant to the Company's business. The Board continues to monitor its composition as the Company's operations evolve and will appoint further independent directors if considered appropriate.

The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The Board has agreed on the following guidelines, as set out in the Company's Board Charter for assessing the materiality of matters:

- Statement of Financial Position items are material if they have a value of more than 10% of pro-forma net asset.
- Statement of Comprehensive Income items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The independent directors of the Company are Anthony Kiernan and Craig Williams. Messrs Kiernan and Williams are independent as they are non-executive directors who are not members of management and are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgement.

The non-independent directors of the Company are Tim Goyder and David Richards.

The non-independent Chair of the Board is Tim Goyder. Tim Goyder is a substantial shareholder and therefore does not satisfy paragraph 1 of Box 2.1 of the Principles and Recommendations. The Board believes that Tim Goyder is the most appropriate person for the position as Chair because of his seniority and industry expertise. However, the Board has appointed Craig Williams to act as lead independent director when any conflicts of interest arise.

The Managing Director is David Richards who is not Chair of the Board.

Independent professional advice
(Recommendation: 2.6)
To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

Selection and (Re)Appointment of Directors
(Recommendation: 2.6)
In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or a third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

The Company's Policy and Procedure for the Selection and (Re)Appointment of Directors is disclosed on the company's website.

BOARD COMMITTEES

Nomination Committee
(Recommendations: 2.4, 2.6)
The Company has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board did not officially convene as a Nomination Committee during the Reporting Period, however nomination-related discussions occurred from time to time during the year as required.

The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee.

The Company's Nomination Committee Charter is disclosed on the Company's website.

Audit Committee
(Recommendations: 4.1, 4.2, 4.3, 4.4)
The Board has established an Audit Committee.

The Audit Committee is not structured in compliance with Recommendation 4.2. During the reporting Period the Audit Committee comprised of the Board's independent non-executive directors, Anthony Kiernan (Chair) and Craig Williams. Due to the size of the organisation, the audit committee only consists of two members.

The Board considers this structure is the best mix of skills and expertise to carry out the function of an Audit Committee available to the Company and appropriate for its current needs. The Board has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee and which the Audit Committee applies to assist it to fulfil its function. The Audit Committee Charter makes provision for the Audit Committee to meet with the external auditor as required.

The Audit Committee held two meetings during the Reporting Period. Details of director attendance at Audit Committee meetings during the Reporting Period are set out in a table in the Directors' Report on page 18.

Details of each of the director's qualifications are set out in the Directors' Report on page 17. Neither member of the Audit Committee has formal accounting nor financial qualifications however, each member is financially literate, has an understanding of the industry in which the Company operates and has considerable 'on board' experience.

The Company has established a Procedure for the Selection, Appointment and Rotation of its External Auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

The Company's Audit Committee Charter and Procedure for Selection, Appointment and Rotation of External Auditor are disclosed on the Company's website.

Remuneration Committee
(Recommendations: 8.1, 8.2, 8.3, 8.4)
The Company has not established a separate Remuneration Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of the Remuneration Committee. Items that are usually discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated to it in the Company's Remuneration Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity if the Remuneration Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board did not officially convene as a Remuneration Committee during the Reporting Period, however remuneration-related discussions occurred from time to time during the year as required.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report and commences on page 19. The Company's policy on remuneration clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives. Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance, however, non-executive directors, at the discretion of the Board may participate in the Company's Employee Share Option Plan (subject to shareholder approval). Pay and rewards for executive directors and senior executives consists of a base salary and may comprise performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

The Company's Remuneration Committee Charter is disclosed on the Company's website.

PERFORMANCE EVALUATION

Senior executives
(Recommendations: 1.2, 1.3)
The Managing Director and Chairman are responsible for evaluating the performance of senior executives. This is conducted by informal interviews, and via ongoing contact between the Managing Director, the Chairman and the senior executives. As the Company grows, it will review the need for a formal evaluation process.

During the Reporting Period a performance evaluation of senior executives did not occur. However, due to the size of the group, the Chairman takes an active role in assessing the performance of executives on an informal basis.

Board, its committees and individual directors
(Recommendations: 2.5, 2.6)
The Chair evaluates the performance of the Board, individual directors, the Managing Director and any applicable committees of the Board. These evaluations are undertaken by each director completing a questionnaire which is then evaluated by the Chair. Any issues arising are addressed by the Chair with the Board.

An evaluation of the Board takes place on approximately an annual basis.

ETHICAL AND RESPONSIBLE DECISION MAKING

Code of Conduct
(Recommendations: 3.1, 3.5)
The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A summary of the Company's Code of Conduct Policy is disclosed on the Company's website.

Diversity
(Recommendations: 3.2, 3.3,3.4,3.5)
The Company has established a Diversity Policy. However, the diversity Policy provides that the Board may establish measurable objectives for achieving gender diversity that are appropriate for the Company. If established, the Board will assess annually both the objectives and progress towards achieving them. The Company's Diversity Policy is disclosed on the Company's website.

Due to the current size of the Company the board has not set measurable objectives for achieving gender diversity. The Board does not consider that it is in a position to set out meaningful objectives for achieving gender diversity, due to the size of the Company.

The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board are set out in the following table:

	PROPORTION OF WOMEN
Whole organisation	1 out of 6 (17%)
Senior executive positions	1 out of 3 (33%)
Board	0 out of 4 (0%)

Continuous Disclosure
(Recommendations: 5.1, 5.2)
The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

A summary of the Company's Policy on Continuous Disclosure and Compliance Procedures are disclosed on the Company's website.

Shareholder Communication
(Recommendations: 6.1, 6.2)
The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

The Company's Shareholder Communication Policy is disclosed on the Company's website.

Risk Management
Recommendations: 7.1, 7.2, 7.3, 7.4)
The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board has established a separate Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems.

As the Company continues to evolve, the Board will enhance the processes and procedures to manage and report on material business risk, and may engage external risk management consultants to assist.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- Due to the size of the Company, all payments must be approved by the Managing Director and Chief Financial Officer;
- the Board has developed a range of emergency response and other health and safety policies and procedures relevant to its operations;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The Board has also implemented a formalised and documented system for the management of its material business risks. This system includes a risk register used by management to identify the Company's material business risks. In addition, the process of managing material business risks is allocated to members of senior management. The risk register is reviewed regularly and updated, as required.

The Managing Director and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

A summary of the Company's Risk Management Policy is disclosed on the Company's website.

ASX CORPORATE GOVERNANCE COUNCIL RECOMMENDATIONS CHECKLIST

The following table sets out the Company's position with regard to adoption of the Principles & Recommendations as at the date of this statement:

Recommendation		Comply
Principle 1:	Lay solid foundations for management and oversight	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	☑
1.2	Companies should disclose the process for evaluating the performance of senior executives.	☑
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	☑
Principle 2:	Structure the board to add value	
2.1	A majority of the board should be independent directors.	☒
2.2	The chair should be an independent director.	☒
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	☑
2.4	The board should establish a nomination committee.	☒
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	☑
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	☑
Principle 3:	Promote ethical and responsible decision-making	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: the practices necessary to maintain confidence in the Company's integrity; the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	☑
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	☑
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	☒
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	☑
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	☑
Principle 4:	Safeguard integrity in financial reporting	
4.1	The board should establish an audit committee.	☑
4.2	The audit committee should be structured so that it: consists only of non-executive directors; consists of a majority of independent directors; is chaired by an independent chair, who is not chair of the board; and has at least three members.	☒
4.3	The audit committee should have a formal charter.	☑
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	☑

Principle 5:	Make timely and balanced disclosure	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	☑
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	☑
Principle 6:	Respect the rights of shareholders	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of the policy.	☑
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	☑
Principle 7:	Recognise and manage risk	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	☑
7.2	The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	☑
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks..	☑
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	☑
Principle 8:	Remunerate fairly and responsibly	
8.1	The board should establish a remuneration committee.	☒
8.2	The remuneration committee should be structured so that it: consists of a majority of independent directors; is chaired by an independent chair; and has at least three members.	☒
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	☑
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	☑

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 26 September 2013 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	111,580,181	28.48	9,050,505	27.72
Delta Resource Management	31,850,000	8.13	-	-
Balfes (QLD) Pty Ltd	21,542,039	5.62	1,833,333	5.62
Graham Kluck Management & Investment	21,542,039	5.50	1,795,168	5.50

CLASS OF SHARES AND VOTING RIGHTS

At 26 September 2013 there were 906 holders of the ordinary shares of the Company, 248 unlisted option holders and 4 holders of unlisted options. The Company has 4,050,000 unlisted options on issue at 26 September 2013, all of which were issued under the Employee Share Option Plan. The Company also has 32,649,048 listed options on issue at 26 September 2013. 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 -

a) at meetings of members or classes of members each member entitled to vote in person or by proxy or attorney: and

b) on a show of hands every person who is a member has one vote and on a poll every person in person or by proxy or attorney has one vote for each ordinary share held."

Holders of options do not have voting rights.

DISTRIBUTION OF EQUITY SECURITY HOLDERS AS AT 26 SEPTEMBER 2013:

	NUMBER OF EQUITY SECURITY HOLDERS		
CATEGORY	ORDINARY SHARES	UNLISTED SHARE OPTIONS	LISTED SHARE OPTIONS
1 – 1,000	77	-	39
1,001 – 5,000	151	-	54
5,001 – 10,000	104	-	23
10,001 – 100,000	367	2	85
100,001 and over	207	2	47
Total	**906**	**4**	**248**

The number of shareholders holding less than a marketable parcel at 26 September 2013 was 531.

TWENTY LARGEST ORDINARY FULLY PAID SHAREHOLDERS AS AT 26 SEPTEMBER 2013

NAME	NUMBER OF ORDINARY SHARES HELD	PERCENTAGE OF CAPITAL HELD %
Timothy R B Goyder	111,580,181	28.48
Delta Resource Management	31,850,000	8.13
Balfes (QLD) Pty Ltd	22,000,000	5.62
Graham Kluck Management & Investment Pty Ltd	21,542,039	5.50
Lujeta Pty Ltd <The Margaret Account>	15,521,080	3.96
Albion Bay Pty Ltd	10,295,334	2.63
Calm Holdings Pty Ltd	10,240,010	2.61
Claw Pty Ltd	10,000,000	2.55
JP Morgan Nominees Australia Limited	7,871,695	2.01
Nefco Nominees Pty Ltd	5,733,333	1.46
Anthony Kiernan	5,689,817	1.45
Lytton Nominees Pty Ltd	5,546,834	1.42
Clement Pty Ltd	5,274,361	1.35
Calama Holdings Pty Ltd	3,863,000	0.99
Melita Station Pty Ltd	3,534,068	0.90
Richard Hacker	3,511,999	0.90
Dr Lynette Hui Ching Wong	3,333,333	0.85
Allan Endresz	3,000,000	0.77
Mr Michael Joseph Tuite & Mrs Helen Elizabeth Tuite	2,783,671	0.71
H Wallace Smith & Co Pty Ltd	2,751,587	0.70
Total	285,922,342	72.99

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