LIONTOWN RESOURCES LIMITED

ABN 39 118 153 825

Annual Financial Report
30 June 2009

LIONTOWN RESOURCES

Corporate Directory

Directors

T R B Goyder	Chairman
D A Jones	Managing Director
V P Gauci	Non-executive Director
A W Kiernan	Non-executive Director
C R Williams	Non-executive Director

Company Secretary
R K Hacker

Principal Place of Business & Registered Office
Level 2 1292 Hay Street
WEST PERTH WA 6005
Tel: (08) 9322 7431
Fax: (08) 9322 5800
Web: www.ltresources.com.au
Email: info@ltresources.com.au

Auditors
HLB Mann Judd
15 Rheola Street
WEST PERTH WA 6005

Share Registry
Computershare Investor Services Pty Limited
Level 2 Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000
Tel: 1300 557 010

Home Exchange
Australian Securities Exchange Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

ASX Code
Share Code: LTR

Liontown Resources Limited
Contents

The Directors present their report together with the financial report of Liontown Resources Limited ('Liontown Resources' or 'the Company') for the financial year ended 30 June 2009 and the independent auditor's report thereon.

1. Directors

The Directors of the Company at any time during or since the end of the financial year are:

T R B Goyder Chairman	Tim has over 30 years experience in the resource industry. Tim has been involved in the formation and management of a number of publicly-listed companies and is currently Chairman of Chalice Gold Mines Limited and a Director of Uranium Equities Limited.
D A Jones PhD, AusIMM, RPGeo Managing Director	Doug has 30 years experience in international mineral exploration, having worked extensively in Australia, Africa, South America and Europe. His career has covered exploration for volcanic and sediment-hosted zinc-copper-lead, gold in a wide range of geological settings and IOCG style copper-gold. This included a period with Pancontinental Mining, spent working on the Mt Windsor Volcanics, host to the Liontown deposit. He is also the Managing Director of Chalice Gold Mines Limited and is a director of AIM-listed Minera IRL Limited.
V P Gauci B.Eng (Hons) Non-executive Director	Vince was previously Managing Director of Pancontinental Mining Ltd and MIM Holdings Ltd. Vince graduated from the University of NSW with an Honours Degree in B.Eng (Mining) and has been active for many years in the resource industry both in Australia and overseas. Vince is currently the Chairman of Runge Limited and is a director of Newcrest Mining Limited. He is also involved in a number of community and research programs, including his role as Chairman of the Broken Hill Community Foundation.
A W Kiernan LLB Non-executive Director	Tony is a lawyer and general corporate advisor with extensive experience in the administration and operation of listed public companies. Tony is Chairman of BC Iron Limited and Uranium Equities Limited and is a director of Chalice Gold Mines Limited. Tony was also a director of North Queensland Metals Limited and Solbec Pharmaceuticals Limited (now named Freedomeye Limited) in the last three years.
C 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 where he is currently President, Chief Executive Officer and Director. 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, Craig also has extensive corporate management and financing experience.
A R Bantock B.Com, ACA Former Managing Director (resigned 1 August 2008)	Andrew has extensive professional, corporate and commercial experience in the resources, resource contracting and infrastructure sectors. He is currently a Director and chairs the Audit Committee of Water Corporation, Western Australia's water utility. Andrew was also a director of Chalice Gold Mines Limited and Uranium Equities Limited in the last three years.

2. Company secretary

R K Hacker
B.Com, ACA, ACIS
(re-appointed 1 August 2008)

Richard has significant professional and corporate experience in the energy and resources 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 worked with leading accounting practices. Richard is a Chartered Accountant and Chartered Secretary and is also Company Secretary of Chalice Gold Mines Limited.

A M Reynolds
BCom, CFTP, SAFin
(appointed 7 April 2008,
resigned 1 August 2008)

3. Directors' meetings

During the year, 8 Directors' meetings were held. The number of these meetings attended by each of the Directors of the Company during the year are:

Director	Number of board meetings attended	Number of meetings held during the time the Director held office during the year
T R B Goyder	8	8
D A Jones	8	8
V P Gauci	8	8
A W Kiernan	8	8
C R Williams	6	8
A R Bantock	1	1

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 $6,614,754, primarily as a result of recording an impairment loss in relation to the Company's exploration and evaluation assets.

5. Review of Operations

During and since the end of the financial year Liontown Resources Limited:

- Expanded its exploration activities at the Mount Windsor Volcanics Project by adding a major additional focus on the significant gold potential of the region. Numerous intrusive-related gold targets at Mount Windsor Volcanics Project have been identified within Liontown's extensive tenement package in the Charters Towers gold district (+15Moz historical production).

- Planned further work to generate follow-up exploration targets at the Liontown base metal deposit, North Queensland which has an Indicated and Inferred resource of 1.85Mt @ 7.5% zinc, 2.4% lead, 0.6% copper, 28g/t silver and 0.6g/t gold.

- Engaged an independent consultant who has advised an initial Inferred Resource at the Sheep Mountain Copper-Molybdenum Project in Arizona, USA of 40,300,000 tonnes at an average copper grade of 1.4% and an average molybdenum grade of 0.035% above a cut-off grade of 0.8% copper equivalent.

- Expanded the tenement position at the Sheep Mountain Copper-Molybdenum Project to cover possible strike extensions to the existing supergene resource and underlying primary porphyry mineralisation.

- Has taken the necessary actions to reduce the levels of expenditure and conserve cash in the current economic environment. However, the Board and management continue to drive activities which are within the financial constraints of the Company and aimed at building the Company for the future.

- Completed a non-renounceable rights issue to raise approximately $936,000.

The resource estimation quoted herein for the Sheep Mountain Project has been carried out by Denver, Colorado based Geological Consultant, William F Tanaka. Mr Tanaka is a Member of the Australasian Institute of Mining and Metallurgy and has extensive experience in the area of porphyry copper deposits from both a consulting and operational perspective. As such he is qualified to be considered a Competent Person as defined in the December 2004 edition of the JORC Code. Mr Tanaka consents to the release of the information in the form and context in which it appears here.

The resource estimation and associated work related to the Liontown base metal deposit and described above has been carried out by Diederik Speijers of McDonald Speijers. Mr Speijers is a Fellow of the Australasian Institute of Mining and Metallurgy and has the necessary experience in deposits of similar style to Liontown to be considered as a Competent Person under the December 2004 edition of the JORC Code and consents to the release of information in the form and context in which is appears here.

6. Significant changes in the state of affairs

No significant changes in the state of affairs of the Company, other than those stated above or in the Financial Report, occurred during or since the end of the financial year.

7. Remuneration report - audited

This report outlines remuneration arrangements in place for Directors and executives of Liontown Resources.

7.1 Principles of compensation

The broad remuneration policy of the Company is to ensure that remuneration levels for executive directors, secretaries and other key management personnel are set at competitive levels to attract and retain appropriately qualified and experienced personnel. This is particularly important in view of the significant impact that each individual can make within a small executive team for an exploration and development company such as Liontown Resources. However, with the impact of recent global economics the board has acted appropriately by reviewing salaries for directors, executives and staff and has implemented changes accordingly.

Remuneration offered by Liontown Resources is therefore geared to attracting talented employees through a combination of fixed remuneration and long term incentives, calibrated and individually tailored to be competitive in the external market to offer incentive to join and remain with the Company.

Fixed compensation

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits), as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually through a process that considers the person's responsibilities, expertise, duties and personal performance.

Long-term incentives

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. The ability to exercise the options is usually based on the option holder remaining with the Company for at least one year. 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.

Performance related compensation

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.

Employment contracts

The following table sets out the contractual provisions of executive Directors and key management personnel.

Name and Job Title	Employment Contract Duration	Notice Period	Termination Provisions
Executive Directors			
D A Jones Managing Director	Unlimited	3 months by the Company and the employee	In the case of a take-over, and if Dr Jones is not offered a similar position and terms of employment, the Company must pay Dr Jones 12 months' salary to terminate his contract.

Non-executive directors

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 in the mining and exploration industry of a similar size and complexity.

Total compensation for all Non-executive Directors is not to exceed $300,000 per annum.

7.2 Directors' and executive officers' remuneration (audited)

Key Management Personnel		Short-term payments			Post-employment payments		Share-based payments		Value of options as proportion of remuneration (%)
		Salary & fees $ (B)	Non-monetary benefits $	Total $	Super-annuation benefits $	Termination benefits	Options (A) $	Total $	
Directors									
T R B Goyder	2009	45,872	2,524	48,396	4,128	-	-	52,524	0%
	2008	45,872	2,295	48,167	4,128	-	35,257	87,552	40%
D A Jones	2009	113,548	2,524	116,072	108,632	-	140,247	364,951	38%
	2008	143,600	1,905	145,505	64,734	-	121,335	331,574	37%
V P Gauci	2009	68,807	2,524	71,331	6,193	-	122,492	200,016	61%
	2008	62,076	2,063	64,139	5,587	-	121,335	191,061	63%
A W Kiernan	2009	32,110	2,524	34,634	2,890	-	-	37,524	0%
	2008	32,110	2,295	34,405	2,890	-	35,257	72,552	49%
C R Williams	2009	32,110	2,524	34,634	2,890	-	-	37,524	0%
	2008	32,110	2,295	34,405	2,890	-	35,257	72,552	49%
Former Directors									
A R Bantock	2009	26,758	423	27,181	2,408	59,630	-	89,219	
(resigned 1 August 2008)	2008	160,550	2,295	162,846	14,450	-	58,762	236,058	25%
J R McIntyre	2009	-	-	-	-	-	-	-	-
(resigned 17 July 2007	2008	6,719	1,524	8,242	-	-	58,762	67,004	88%
Executive						-			
R K Hacker **(C)**	2009	-	2,094	2,094	-	-	25,226	27,320	92%
(appointed 1 August 2008)	2008	-	1,792	1,792	-	-	23,505	25,297	93%
Former Executive						-			
A M Reynolds **(C)**	2009	-	423	423	-	-	-	423	0%
(resigned 1 August 2008)	2008	-	660	660	-	-	-	660	0%
Total Compensation	**2009**	**319,205**	**15,560**	**334,765**	**127,141**	**59,630**	**287,965**	**809,501**	
	2008	483,037	17,124	500,161	94,679	-	489,470	1,084,310	

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 binomial 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. The following factors and assumptions were used in determining the fair value of options on grant date:

Grant Date	Expiry Date	Fair value per option	Exercise price	Price of ordinary shares on grant date	Expected volatility	Risk free interest rate	Dividend yield
01.08.2008	31.07.2013	$0.05	$0.20	$0.09	80%	7.5%	-
02.12.2008	30.11.2013	$0.02	$0.20	$0.02	164%	4.0%	-

B. Due to difficult financial markets and with an emphasis on conserving cash reserves, the Directors agreed, from 1 November 2008, to suspend the payment of directors' fees. At 30 June 2009 $130,000 in directors' fees was 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 2,873,563 fully paid ordinary shares in satisfaction of the unpaid directors' fees at 30 June 2009.

C. Company secretarial services were provided by Richard Hacker and Andrew Reynolds under a Corporate Services Agreement and fees were billed based on commercial terms with Chalice Gold Mines Limited. (Refer to note 24).

7.3 Equity instruments

7.3.1 Options and rights over ordinary shares granted as compensation

Details of options over ordinary shares in the Company that were granted as compensation to key management personnel during the reporting period and details of options that vested during the reporting period are as follows:

	Number of options granted during 2009	Grant date	Number of options vested during 2009	Fair value per option at grant date $	Exercise price $	Expiry date
Directors						
D A Jones	3,000,000	02.12.2008	-	$0.02	$0.20	30.11.2013
Executive						
R K Hacker	500,000	01.08.2008	125,000	$0.05	$0.20	31.07.2013

All options were issued at no cost to the recipients.

7.3.2 Exercise of options granted as compensation

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

Analysis of options and rights over ordinary shares granted as compensation

Details of the vesting profile of the options granted as remuneration to each Director of the Company and each of the named Company executives are outlined below.

	Number granted	Date granted	% vested in year	Forfeited in year	Financial year in which grant vests
Directors					
D A Jones	1,000,000	01.12.07	100%	-	2009
	1,000,000	01.12.07	-	-	2010
	1,000,000	02.12.08	-	-	2010
	1,000,000	02.12.08	-	-	2011
	1,000,000	02.12.08	-	-	2012
V P Gauci	1,000,000	01.12.07	100%	-	2009
	1,000,000	01.12.07	-	-	2010
Former Director					
A R Bantock	1,250,000	01.12.07	-	1,250,000	2009
	1,500,000	01.12.07	-	1,500,000	2010
Executive					
R K Hacker	125,000	01.08.08	100%		2009
	375,000	01.08.08	-		2010
Former Executive					
A M Reynolds	75,000	23.04.08	-	75,000	2009
	75,000	23.04.08	-	75,000	2010

	Granted in year $ (A)	Exercised in year $ (B)	Forfeited in year $ (C)
Directors			
D A Jones	50,022	-	-
Former Director			
A R Bantock	-	-	103,789
Executive			
R K Hacker	25,773	-	372
Former Executive			
A M Reynolds	-	-	4,633

A. The value of options granted in the year is the fair value of the options calculated at grant date using a binomial option-pricing model. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period.

B. The value of options exercised during the year is calculated as the market price of shares of the Company on ASX as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

C. The value of the options that lapsed during the year represents the benefit foregone and is calculated at the date the option lapsed using a binomial option-pricing model with no adjustments for whether the performance criteria have or have not been achieved.

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 11 August 2009, the Board of Liontown Resources resolved, subject to all necessary shareholder and regulatory approvals, to issue a total of 2,873,563 fully paid ordinary shares to the Directors in satisfaction of unpaid directors' fees as at 30 June 2009.

Due to difficult financial markets and with an emphasis on conserving cash reserves, the Directors agreed, with effect from 1 November 2008, to suspend the payment of directors' fees. At 30 June 2009, $130,000 in directors' fees was accrued.

The issue price of 4.524 cents per share is based on a 5 day volume weighted average price of Liontown Resources shares, up to and including 11 August 2009.

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

10. Likely developments

The Company will continue activities in the exploration and evaluation of minerals tenements with the objective of developing a significant minerals business.

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, as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares	Options over ordinary shares
T R B Goyder	48,736,689	750,000
D A Jones	1,120,000	5,000,000
V P Gauci	300,000	2,000,000
A W Kiernan	1,920,308	750,000
C R Williams	100,000	750,000

12. Share options

Options granted to directors and officers of the Company
During or since the end of the period, the Company granted options for no consideration over unissued ordinary shares in the Company to the following Directors and to the most highly remunerated officers of the Company as part of their remuneration:

	Number of options granted	Exercise price	Expiry date
Directors			
D A Jones	3,000,000	0.20	30.11.2013
Officer			
R K Hacker	500,000	0.20	31.07.2013

Unissued shares under options
At the date of this report 15,635,000 unissued ordinary shares of the Company are under option on the following terms and conditions:

Expiry date	Exercise price	Number of shares
18.12.2009	0.25	4,825,000
31.12.2009	0.25	1,500,000
06.08.2010	0.35	250,000
01.11.2010	0.35	310,000
01.12.2012	0.35	4,000,000
15.07.2011	0.225	1,250,000
31.07.2013	0.20	500,000
30.11.2013	0.20	3,000,000

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

Shares issued on exercise of options
During or since the end of the period, 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 period the Company paid insurance premiums of $15,560 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 Directors and executives remuneration on page 7.

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 13 and forms part of the Directors' Report for the year ended 30 June 2009.

This report is made with a resolution of the Directors:

TIM R B GOYDER
Chairman

Dated at Perth the 25th day of September 2009

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Liontown Resources Limited for the year ended 30 June 2009, 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.

Perth, Western Australia
25 September 2009

L DI GIALLONARDO
Partner, HLB Mann Judd

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Liontown Resources Limited
Income Statement
For the year ended 30 June 2009

	Note	2009 $	2008 $
Other income	3	60,912	180,150
Total income		60,192	180,150
Impairment losses	4	(5,197,967)	(8,197,372)
Net loss on sale of available-for-sale investments		-	(86,714)
Exploration costs not capitalised		(244,750)	(320,962)
Corporate administrative expenses	5	(1,218,546)	(1,871,379)
Finance costs	8	(14,403)	(12,279)
Loss before tax		(6,614,754)	(10,308,556)
Income tax expense	9	-	-
Loss for the period		(6,614,754)	(10,308,556)
Basic earnings per share attributable to ordinary equity holders	10	(0.06)	(0.12)
Diluted earnings per share attributable to ordinary equity holders	10	(0.06)	(0.12)

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 18 to 39.

Liontown Resources Limited

Balance Sheet

As at 30 June 2009

	Note	2009 $	2008 $
Current assets			
Cash and cash equivalents	11	1,019,772	735,376
Trade and other receivables	12	47,485	99,453
Assets held for sale	13	-	1,682,500
Total current assets		1,067,257	2,517,329
Non-current assets			
Financial assets	14	67,238	62,916
Exploration and evaluation assets	15	1,598,577	5,514,309
Property, plant and equipment	16	175,156	391,719
Total non-current assets		1,840,971	5,968,944
Total assets		2,908,228	8,486,273
Current liabilities			
Trade and other payables	17	215,754	502,398
Interest-bearing loans and borrowings	18	-	46,695
Employee benefits	19	8,974	28,514
Total current liabilities		224,728	577,607
Non-current liabilities			
Interest-bearing loans and borrowings	18	-	96,535
Total non-current liabilities		-	96,535
Total liabilities		224,728	674,142
Net assets		2,683,500	7,812,131
Equity			
Issued capital	20	19,200,242	18,016,886
Accumulated losses	20	(17,818,360)	(11,203,606)
Reserves	20	1,301,618	998,851
Total equity		2,683,500	7,812,131

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 18 to 39.

Liontown Resources Limited

Statement of Changes in Equity

For the year ended 30 June 2009

	Note	Share capital $	Accumulated losses $	Share based payments reserve $	Total equity $
Balance at 1 July 2008		18,016,886	(11,203,606)	998,851	7,812,131
Issue of fully paid ordinary shares - capital raisings		1,252,250	-	-	1,252,250
Transaction costs		(68,894)	-	-	(68,894)
Share options vested		-	-	302,767	302,767
Loss for the period		-	(6,614,754)	-	(6,614,754)
Balance at 30 June 2009	20	19,200,242	(17,818,360)	1,301,618	2,683,500

	Note	Share capital $	Accumulated losses $	Share based payments reserve $	Total equity $
Balance at 1 July 2007		14,977,361	(895,050)	469,098	14,551,409
Issue of fully paid ordinary shares – capital raising		3,199,500	-	-	3,199,500
Transaction costs		(159,975)	-	-	(159,975)
Share options vested		-	-	529,753	529,753
Loss for the period		-	(10,308,556)	-	(10,308,556)
Balance at 30 June 2008	20	18,016,886	(11,203,606)	998,851	7,812,131

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 18 to 39.

Liontown Resources Limited

Cash Flow Statement

For the year ended 30 June 2009

	Note	2009 $	2008 $
Cash flows from operating activities			
Cash paid to suppliers and employees		(717,010)	(1,194,851)
Interest received		42,343	130,559
Other		30,542	(85,991)
Net cash used in operating activities	23	(644,125)	(1,150,283)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		137,237	31,091
Proceeds from sale of investments		-	533,286
Proceeds from sale of exploration and evaluation assets		1,582,500	-
Deposit received on sale of exploration and evaluation assets		-	100,000
Payments for exploration and evaluation		(1,802,009)	(4,676,720)
Acquisition of property, plant and equipment		(12,498)	(215,637)
Net cash used in investing activities		(94,770)	(4,227,980)
Cash flows from financing activities			
Net proceeds from issue of shares		1,183,357	3,039,525
Lodgement of bank guarantee and security deposits		3,840	(1,000)
Funds held on trust		(6,272)	-
Repayment of borrowings		(157,634)	(47,589)
Net cash from financing activities		1,023,291	2,990,936
Net increase/ (decrease) in cash and cash equivalents		284,396	(2,387,327)
Cash and cash equivalents at the beginning of the period		735,376	3,122,703
Cash and cash equivalents at 30 June	11	1,019,772	735,376

The cash flow statement is to be read in conjunction with the notes to the financial statements set out on pages 18 to 39.

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 financial report of the Company is for the year ended 30 June 2009.

The financial report was authorised for issue by the Directors on the 25th day of September 2009.

(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, except for derivative financial instruments and available-for-sale investments, which have been measured at fair value. The financial report is presented in Australian dollars.

In the year ended 30 June 2009, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2008. It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to its accounting policies.

(c) Significant accounting judgements, estimates and assumptions

The financial statements are prepared on a going concern basis.

At balance date, the Company had an excess of current assets over current liabilities of $842,529.

Notwithstanding the positive working capital position at balance date, the Company has forecast that it will need to seek additional funding in the coming year in order to meet its operating expenditure and planned exploration expenditure for the next twelve months from the date of signing these financial statements. These arrangements may include a further capital raising or entering into the sale or joint venture of assets.

Any inability to raise further funding through a capital raising or entering into the sale or joint venture of assets may have a material adverse effect on the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary if the Company does not continue as a going concern.

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 Company.

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 Company 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.

(d) Segment reporting
A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment information is presented in respect of the Company's geographical segments.

(e) Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods 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 to the buyer.

(ii) Services rendered
Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet 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 income statement as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the income statement using the effective interest method.

(f) Expenses
(i) Operating lease payments
Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement 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.

(g) Depreciation
Depreciation is charged to the income statement 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. The estimated useful lives in the current and comparative periods are as follows:

- plant and equipment 7%-40%
- fixtures and fittings 11%-22%
- motor vehicles 18.75%

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

(h) Income tax

Income tax in the income statement comprises current and deferred tax. Income tax is recognised in the income statement 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 sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation 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 sheet 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.

(i) 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 balance sheet.

Cash flows are included in the cash flow statement 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.

(j) Impairment

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company 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 income statement 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 income statement. Receivables with a short duration are not discounted.

(k) 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 Company’s cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

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

(m) 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 Company'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.

(n) Plant and equipment
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.

(o) 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 Company 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 Company 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 balance sheet 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.

(p) 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 balance sheet 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. Should a project or an area of interest be abandoned, the expenditure will be written off in the period in which the decision is made. 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.

(q) Trade and other payables
Trade and other payables are stated at cost.

(r) Interest-bearing loans and borrowings
All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit and loss when the liabilities are derecognised.

(i) Leases
Finance leases, which transfer substantially all the risks and benefits incidental to

ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of minimum lease payments.

(s) Employee benefits

(i) Superannuation

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

(ii) Share-based payment transactions

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

The Company currently provides benefits under an Employee 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 Company expects to pay as at reporting date including related on-costs, such as, workers compensation insurance and payroll tax.

(t) Provisions

A provision is recognised in the balance sheet when the Company 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.

(u) Share 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.

2. Segment reporting

Geographical segments

The Company operated in 2 distinct geographical segments, Australia and United States of America. These segments were determined based on the location of the Company's assets.

The Company's geographical segment in United States of America was in Arizona. The company acquired this segment in 2008.

The following table presents expenditure and asset information regarding geographical segments for the years ended 30 June 2009 and 30 June 2008.

2009	**Continuing operations Australia $**	**Continuing operations Arizona $**	**Total $**
Segment revenue	60,912	-	60,912
Segment expenses	(6,675,666)	-	(6,675,666)
Segment result	(6,614,754)	-	(6,614,754)
Segment assets	2,526,072	382,156	2,908,228
Segment liabilities	(224,728)	-	(224,728)
Segment result	2,301,344	382,156	2,683,500

2008	**Continuing operations Australia $**	**Continuing operations Arizona $**	**Total $**
Segment revenue	180,150	-	180,150
Segment expenses	(10,488,706)	-	(10,488,706)
Segment result	(10,308,556)	-	(10,308,556)
Segment assets	8,470,475	15,798	8,486,273
Segment liabilities	(674,142)	-	(674,142)
	7,796,333	15,798	7,812,131

3. Other Income

	Note	2009 $	2008 $
Interest received		44,102	132,223
Corporate and administration fees		-	17,249
Gain on sale of plant and equipment		3,437	19,406
Other		13,373	11,272
		60,912	180,150

4. Impairment losses

	Note	2009	2008
Impairment loss on assets held for sale	13	-	3,298,676
Impairment loss on exploration and evaluation assets	15	5,197,967	4,898,696
		5,197,967	8,197,372

Exploration and evaluation assets

The Company has recorded an impairment loss in relation to the Mount Windsor Volcanics Project of $5,197,967. Following the decline in base metal prices and a reduced capability to raise capital in a difficult financial environment, an assessment of the carrying value of the Company's core assets has been undertaken. Whilst the Mount Windsor Volcanics Project (including the Liontown Deposit) remains an asset of significant value, the commercialisation of the project will be contingent upon future exploration success in the region and sustainable future metal prices.

5. Corporate administrative expenses

	Note	2009 $	2008 $
Depreciation and amortisation	16	78,603	105,875
Insurance		35,283	38,339
Legal fees		36,082	53,468
Office costs		26,467	38,150
Personnel expenses	6	693,505	1,092,021
Regulatory and compliance		86,551	113,205
Corporate and administration service fees		217,725	258,000
Other		44,330	172,321
		1,218,546	1,871,379

6. Personnel expenses

	Note	2009 $	2008 $
Wages and salaries		37,396	161,250
Directors' fees [(1)]		195,000	187,663
Other associated personnel expenses		15,472	56,173
Defined contribution superannuation fund contributions		136,749	143,221
Annual leave		6,121	13,961
Equity-settled transactions	19	302,767	529,753
		693,505	1,092,021

(1) Due to difficult financial markets and with an emphasis on conserving cash reserves, the Directors agreed, from 1 November 2008, to suspend the payment of directors' fees. At 30 June 2009, $130,000 in directors' fees was accrued and not paid.

Subsequent to year end and subject to shareholder approval, the Directors resolved to issue a total of 2,873,563 fully paid ordinary shares in satisfaction of the unpaid directors' fees at 30 June 2009.

7. Auditor's remuneration

	2009	2008
Audit services		
HLB Mann Judd		
Audit and review of financial reports	26,370	15,860

8. Finance costs

	2009	2008
Interest expense	14,403	12,279

9. Income tax

	2009	2008
Current tax expense	-	-
Deferred tax expense	-	-
Total income tax expense reported in the income statement	-	-

Numerical reconciliation of income tax expense to prima facie tax payable

	2009	2008
Loss from continuing operations before income tax expense	(6,614,754)	(10,308,556)
Tax at the Australian corporate rate of 30%	(1,984,754)	(3,092,567)
Tax effect of amounts which are not tax deductible (taxable) in calculating taxable income:		
Non-deductible expenses	90,971	160,367
Blackhole expenditure tax deductible	(63,091)	(58,956)
Origination and reversal of temporary differences	(1,671,133)	1,347,686
	(3,627,679)	(1,643,470)
Current year tax benefits not recognised	3,627,679	1,643,470
Income tax expense reported in the income statement	-	-

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Exploration and evaluation assets	-	-	479,573	1,654,292	479,573	1,654,292
Assets held for sale	-	-	-	504,750	-	504,750
Provision for employee benefits	(2,692)	(8,554)	-	-	(2,692)	(8,554)
Blackhole expenditure	(2,178)	(5,553)	-	-	(2,178)	(5,553)
Other items	(4,501)	(3,600)	-	-	(4,501)	(3,600)
	(9,371)	(17,707)	479,573	2,159,042	470,202	2,141,335
Current tax losses used to offset net deferred tax liability					(3,627,679)	(1,643,470)
Previous tax losses used to offset net deferred tax liability					3,157,477	(497,865)
Net deferred tax assets and liabilities					-	-

Tax Losses

Unused tax losses for which no deferred tax asset has been recognised	7,841,190	1,002,927
Potential tax benefit at 30% tax rate	2,352,357	300,878

10. Earnings per share

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share for the year ended 30 June 2009 was based on the loss attributable to ordinary shareholders of $6,614,754 [2008: $10,308,556] and a weighted average number of ordinary shares outstanding during the year ended 30 June 2009 of 109,235,216 [2008: 87,148,913] calculated as follows:

Loss attributable to ordinary shareholders (diluted)	**2009**	**2008**
	$	**$**
Loss attributable to ordinary shareholders	6,614,754	10,308,556
Loss attributable to ordinary shareholders (diluted)	6,614,754	10,308,556

Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares at 30 June	109,235,216	87,148,913
Effect of share options on issue	-	-
Weighted average number of ordinary shares (diluted) at 30 June	109,235,216	87,148,913

11. Cash and cash equivalents

Bank accounts	1,009,256	735,176
Term deposits	10,316	-
Petty cash	200	200
Cash and cash equivalents in the cash flow statement	1,019,772	735,376

12. Trade and other receivables

	2009 $	2008 $
Current		
Other trade receivables	29,908	71,923
Prepayments	17,577	27,530
	47,485	99,453

13. Assets held for sale

	Note		
Assets transferred from exploration and evaluation assets	15	-	4,981,176
Impairment loss	4	-	(3,298,676)
		-	1,682,500

14. Financial assets

Non-current		
Bond in relation to office premises	18,972	18,972
Bank guarantee	28,494	26,604
Security deposits	13,500	17,340
Funds held on trust	6,272	-
	67,238	62,916

15. Exploration and evaluation expenditure

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

Balance at beginning of year		5,514,309	11,087,435
Expenditure incurred during the year		1,526,985	4,627,708
Impairment loss	4	(5,197,967)	(4,898,696)
Exploration costs not capitalised		(244,750)	(320,962)
Transferred to assets held for sale	13	-	(4,981,176)
		1,598,577	5,514,309

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.

16. Property, plant and equipment

At cost	338,089	518,369
Less: accumulated depreciation	(162,933)	(126,650)
	175,156	391,719
Plant and equipment		
Carrying amount at 1 July	391,719	153,430
Additions	12,498	360,459
Disposals/written off	(150,458)	(16,295)
Depreciation	(78,603)	(105,875)
Carrying amount at end of period	175,156	391,719

17. Trade and other payables

	2009 $	2008 $
Trade payables	64,874	207,320
Accrued expenses	150,880	195,078
Deposits	-	100,000
	215,754	502,398

18. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings. For more information about the Company's exposure to interest rate risk, see note 21.

	2009	2008
Current liabilities		
Hire purchase liabilities	-	46,695
Non-current liabilities		
Hire purchase liabilities	-	96,535

	2009		
	Minimum hire purchase payments $	Interest $	Principal $
Less than one year	-	-	-
Between one and five years	-	-	-
More than five years	-	-	-
	-	-	-

	2008		
	Minimum hire purchase payments $	Interest $	Principal $
Less than one year	57,980	11,284	46,696
Between one and five years	104,080	7,545	96,535
More than five years	-	-	-
	162,060	18,829	143,231

19. Employee benefits

	2009 $	2008 $
Liability for annual leave	8,974	28,514
Total employee benefits	8,974	28,514

Share based payments

(a) Employee Share Option Plan

The Company has an Employee Share Option Plan ('ESOP') in place. Under the terms of the ESOP, the Board may offer free options to full-time or part-time employees (including persons engaged under a consultancy agreement) and executive and non-executive Directors.

Each option entitles the holder, on exercise, to one ordinary fully paid share in the Company. There is no issue price for the options. The exercise price for the options is such price as determined by the Board.

An option may only be exercised after that option has vested and any other conditions imposed by the Board on exercise satisfied. The Board may determine the vesting period, if any.

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

Share options were granted to employees on the following terms and conditions during the year:

Grant date	Number of instruments	Vesting conditions	Contractual life of options
2 December 2008	1,000,000	1 year continual services	5 years
2 December 2008	1,000,000	2 year continual services	5 years
2 December 2008	1,000,000	3 year continual services	5 years
1 August 2008	125,000	No vesting conditions	5 years
1 August 2008	375,000	1 year continual services	5 years

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

	Weighted average exercise price $ 2009	Number of options 2009
Outstanding at the beginning of the period	0.32	13,185,000
Forfeited during the period	0.38	3,800,000
Exercised during the period	-	-
Granted during the period	0.20	3,500,000
Outstanding at the end of the period	0.27	12,885,000
Exercisable at the end of the period	0.28	7,355,000

The options outstanding at 30 June 2009 have an exercise price of $0.27 (2008:$0.32) and a weighted average contractual life of 4 years.

During the year, no share options were exercised.

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

The following table gives the assumptions made in determining the fair value of the options granted in the year to 30 June 2009.

Fair value of share options and assumptions	2009	2008
Share price at grant date (weighted average)	0.03	0.23
Exercise price (weighted average)	0.20	0.37
Expected volatility (expressed as weighted average volatility used in the modelling under binominal option-pricing model)	152%	82%
Option life (expressed as weighted average life used in the modelling under binomial option-pricing model)	5 years	3 years
Expected dividends	Nil	Nil
Risk-free interest rate	4.3%	6.23%

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.

	2009	2008
	$	$
Share options granted in 2009 - equity settled	302,767	529,753
Total expense recognised as personnel expenses	302,767	529,753

20. Capital and reserves

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

2009	Share capital (a) $	Accumulated losses $	Share based payments reserve $	Total equity $
Balance at 1 July 2008	18,016,886	(11,203,606)	998,851	7,812,131
Issue of fully paid ordinary shares – capital raising	1,252,250	-	-	1,252,250
Transaction costs	(68,894)	-	-	(68,894)
Share options vested	-	-	302,767	302,767
Loss for the period	-	(6,614,754)	-	(6,614,754)
Balance at 30 June 2009	19,200,242	(17,818,360)	1,301,618	2,683,500

2008	Share capital (a) $	Accumulated losses $	Share based payments reserve $	Total equity $
Balance at 1 July 2007	14,977,361	(895,050)	469,098	14,551,409
Issue of fully paid ordinary shares - capital raising	3,199,500	-	-	3,199,500
Transaction costs	(159,975)	-	-	(159,975)
Share options vested	-	-	529,753	529,753
Loss for the period	-	(10,308,556)	-	(10,308,556)
Balance at 30 June 2008	18,016,886	(11,203,606)	998,851	7,812,131

(a) Share capital

	2009	2008
	No.	No.
On issue at 1 July	90,850,009	79,000,009
Issue of fully paid ordinary shares - entitlements issue	93,600,009	11,850,000
Issue of fully paid ordinary shares - placement	2,750,000	-
On issue at 30 June	187,200,018	90,850,009

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

	2009 No.	2008 No.
On issue at 1 July	14,685,000	7,225,000
Options issued during the year	4,750,000	8,960,000
Options forfeited during the year	(3,800,000)	(1,500,000)
On issue at 30 June	15,635,000	14,685,000

At 30 June the Company had 15,635,000 unlisted options on issue under the following terms and conditions:

Number	Expiry Date	Exercise Price
4,825,000	18 December 2009	0.25
1,500,000	31 December 2009	0.25
250,000	6 August 2010	0.35
310,000	1 November 2010	0.35
4,000,000	1 December 2010	0.35
1,250,000	14 July 2011	0.23
500,000	31 July 2013	0.20
3,000,000	30 November 2013	0.20

21. Financial instruments

(a) Capital risk management

The Company 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 Company consists of equity attributable to equity holders, comprising issued capital, reserves and accumulated losses as disclosed in note 20.

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 Company 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 Company's income or value of its holdings of financial instruments.

Foreign exchange rate risk

The Company currently has no significant exposure to foreign exchange rates.

Equity prices

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

Interest rate risk exposures

The Company'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 2009	Note	1 year or less $	Over 1 to 5 years $	Floating interest $	Non-interest bearing $	Total $	Weighted average int. rate
Financial assets							
Bank balances	11	-	-	1,009,256	-	1,009,256	0.75%
Term deposits	11	10,316	-	-	-	10,316	3.70%
Bank guarantee	14	28,494	-	-	-	28,494	4.00%
Petty cash	11	-	-	-	200	200	-
Trade and other receivables	12	-	-	-	29,908	29,908	-
Security deposits, bonds, funds held on trust	14	-	-	-	38,744	38,744	-
Financial liabilities							
Trade payables and accrued expenses	17	-	-	-	215,754	215,754	-

30 June 2008	Note	1 year or less $	Over 1 to 5 years $	Floating interest $	Non-interest bearing $	Total $	Weighted average int. rate
Financial assets							
Bank balances	11	-	-	735,176	-	735,176	2.9%
Bank guarantee	14	26,604	-	-	-	26,604	8.1%
Petty cash	11	-	-	-	200	200	-
Trade and other receivables	12	-	-	-	71,923	71,923	-
Security deposits, bonds, funds held on trust	14	-	-	-	36,312	36,312	-
Financial liabilities							
Trade payables and accrued expenses	17	-	-	-	502,398	502,398	-

A change of 100 basis points in interest rates on bank balances and term deposits at the reporting date would have increased/decreased the loss by $10,196.

(c) Credit risk exposure

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

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

(d) Liquidity risk exposure

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Board actively monitors the Company'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 Company has non-derivative financial liabilities which include trade and other payables of $215,754 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.

22. Capital and other commitments

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State 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 Company may in certain situations apply for exemptions under relevant mining legislation. These obligations are not provided for in the financial report and are payable:

	2009	2008
	$	$
Within 1 year	536,000	535,000
Within 2 – 5 years	4,360,000	1,380,000
Later than 5 years	-	-
	4,896,000	1,915,000

Remuneration commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at balance date but not recognised as liabilities, payable:

	2009	2008
	$	$
within 1 year	50,000	425,000
within 2-5 years	-	-
	50,000	425,000

Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2009	2008
within 1 year	-	68,581
within 2-5 years	-	41,032
	-	109,613

23. Reconciliation of cash flows from operating activities

	2009	2008
Cash flows from operating activities	$	$
Loss for the period	(6,614,754)	(10,308,556)
Adjustments for:		
Depreciation and amortisation	78,603	105,875
Exploration costs not capitalised	244,750	320,962
Interest on finance leases	14,403	12,279
(Profit)/ loss on sale of assets	13,221	(19,406)
(Profit)/ loss on sale of exploration and evaluation assets	3,012	-
Impairment losses	5,197,967	8,197,372
Equity-settled share-based payment expenses	302,767	529,753
Loss on sale of securities	-	86,714
Other income	-	(8,185)
Operating loss before changes in working capital and provisions	(760,031)	(1,083,192)
(Increase)/ decrease in trade and other receivables	60,186	94,890
Increase/ (decrease) in trade creditors and accruals	75,260	(175,942)
Increase in provisions	(19,540)	13,961
Net cash used in operating activities	(644,125)	(1,150,283)

24. Key management personnel

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

Executive Directors	
T R B Goyder (Chairman)	
D A Jones	
Former Executive Director	
A R Bantock	Resigned 31 August 2008
Non-executive Directors	
V P Gauci	
A W Kiernan	
C R Williams	
Former Non-executive Director	
A R Bantock	Resigned 1 August 2008
Executive	
R K Hacker (Company Secretary)	Appointed 1 August 2008
Former Executive	
A M Reynolds(Company Secretary)	Resigned 1 August 2008

The key management personnel compensation is as follows:

	2009 $	2008 $
Short-term employee benefits	334,765	500,161
Post-employment benefits	186,771	94,679
Equity-settled transactions	287,965	489,470
	809,501	1,084,310

Individual Directors' and executives' compensation disclosures

The Company 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 under Details of Remuneration 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 Company

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 Company 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 payable/ (receivable) 2009	Amounts payable/ (receivable) 2008
Key management persons	**Transaction**		**$**	**$**
A W Kiernan	Legal services	(i)	43,044	37,428
T G Goyder	Office premises	(ii)	(3,146)	(12,000)
Other related parties				
Chalice Gold Mines Limited	Corporate Services	(iii)	217,725	258,000
Chalice Gold Mines Limited	Corporate Services	(iv)	(74,405)	-
Uranium Equities Limited	Office premises	(ii)	(2,000)	(24,200)

(i) The Company used the legal services of Mr Kiernan and Christensen Vaughan (a company to which Mr Kiernan is a consultant) during the year. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

(ii) Until September 2008, Uranium Equities Limited and Mr Goyder contributed to the rental cost of the Company's office premises in West Perth. Messrs Goyder, Bantock and Kiernan were all Directors of Uranium Equities Limited during the year and Mr Hacker and Mr Reynolds were the Company Secretaries. Amounts billed are based on the underlying usage of the premises by each party, reflecting its proportionate share of the rate charged by the lessor of the premises and have normal payment terms.

(iii) The Company receives corporate services including accounting and company secretarial services under a Corporate Services Agreement with Chalice Gold Mines Limited. Messrs Goyder, Bantock, Kiernan and Jones were all Directors of Chalice Gold Mines Limited during the year, and Mr Hacker and Mr Reynolds were 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.

(iv) During the year, Chalice Gold Mines utilised the services of Dr Jones in the role of Managing Director. Amounts were billed by Liontown Resources Limited based on a proportionate share of its cost of employing Dr Jones and are due and payable under normal payment terms.

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

Assets and liabilities arising from the above transactions	**2009**	**2008**
	$	**$**
Current payables	(18,300)	(27,610)
Trade debtors	-	4,200
	(18,300)	(23,410)

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 30 June 2008	Granted as compensation	Exercised	Exercised/ Forfeited	Held at 30 June 2009	Vested during the year	Vested and exercisable at 30 June 2009
T R B Goyder	750,000	-	-	-	750,000	-	750,000
D A Jones	2,000,000	3,000,000	-	-	5,000,000	1,000,000	1,000,000
V P Gauci	2,000,000	-	-	-	2,000,000	1,000,000	1,000,000
A W Kiernan	750,000	-	-	-	750,000	-	750,000
C R Williams	750,000	-	-	-	750,000	-	750,000
Former Directors							
A R Bantock	4,000,000	-	-	(2,750,000)	1,250,000	-	1,250,000
Executive							
R K Hacker	500,000	500,000	-	(500,000)	500,000	125,000	125,000
Former Executive							
A Reynolds	150,000	-	-	(150,000)	-	-	-

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 2008	Additions	Received on exercise of options	Sales	Held at 30 June 2009
Directors					
T R B Goyder	18,079,002	30,657,687	-	-	48,736,689
D A Jones	60,000	60,000	-	-	120,000
V P Gauci	150,000	150,000	-	-	300,000
A W Kiernan	460,154	460,154	-	-	920,308
C R Williams	100,000	-	-	-	100,000
Former Executives					
A R Bantock	3,063,544	-	-	-	3,063,544
Executives					
R K Hacker	-	1,102,000	-	-	1,102,000
Former Executives					
A M Reynolds	-	-	-	-	-

No shares were granted to key management personnel during the reporting period as compensation.

25. Subsequent events

On 11 August 2009, the Board of Liontown Resources resolved, subject to all necessary shareholder and regulatory approvals, to issue a total of 2,873,563 fully paid ordinary shares to the Directors in satisfaction of unpaid directors' fees as at 30 June 2009.

Due to difficult financial markets and with an emphasis on conserving cash reserves, the Directors agreed, with effect from 1 November 2008, to suspend the payment of directors' fees. At 30 June 2009, $130,000 in directors' fees was accrued.

The issue price of 4.524 cents per share is based on a 5 day volume weighted average price of Liontown Resources shares, up to and including 11 August 2009.

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

Directors’ declaration

1 In the opinion of the Directors of Liontown Resources Limited (‘the Company’):

(a) the financial statements and notes including the remuneration disclosures that are contained in sections 7.1, 7.2 and 7.3 of the Remuneration Report in the Directors' Report, set out on pages 5 to 9, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company as at 30 June 2009 and of its performance, as represented by the results of its operations and its cash flows, for the period ended on that date; and

(ii) complying with Australian Accounting Standards 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.

2 The Directors have been given the declarations by the Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) for the period ended 30 June 2009 pursuant to Section 295A of the Corporations Act 2001.

Dated at Perth the 25th day of September 2009

Signed in accordance with a resolution of the Directors:

TIM R B GOYDER
Chairman

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 balance sheet as at 30 June 2009, the income statement, statement of changes in equity, cash flow statement and notes to the financial statements for the year then ended, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1 (a), the directors state that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, 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. These Auditing 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 controls relevant to the entity'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 the entity's internal controls. 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.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 2 15 Rheola Street West Perth 6005 PO Box 263 West Perth 6872 Western Australia. Telephone +61 (08) 9481 0977. Fax +61 (08) 9481 3686.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

Independence

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

Auditor's Opinion

In our opinion:

(a) the financial report of Liontown Resources Limited is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1 (a).

Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1(c) to the financial report which indicates that the Company has forecast that it will be required to raise further capital or complete the sale or joint venture of assets in the coming year in order to meet its operating expenditure and planned exploration expenditure for the next twelve months from the date of signing these financial statements. If the Company is unable to raise additional capital or complete the sale or joint venture of assets, there is significant uncertainty whether the company will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. 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 2009 complies with Section 300A of the Corporations Act 2001.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

Giallonardo.

Perth, Western Australia
25 September 2009

L DI GIALLONARDO
Partner

Liontown Resources Limited
Corporate Governance Report

Liontown Resources is committed to a high level of corporate governance in accordance with the Corporations Act and ASX Listing Rules. The Company's Corporate Governance Statement details the principles and practices adopted and can be found on the Company website (www.ltresources.com.au).

The following information is supplementary to the Corporate Governance Statement and addresses the principles which are not met:

Directors and Management

Details of each director's qualifications, experience and special responsibilities, their attendance at board meetings and the company secretary's qualifications and experience are disclosed on pages 3 and 4.

During the year the Company undertook reviews of the Board composition and executive management in accordance with sections 1.1 and 1.2 of the Corporate Governance Statement.

Anthony Kiernan, non-executive director, was considered independent at the time of publishing the 2008 Annual Report. During the year, Mr Kiernan has provided extensive consulting and legal services to the company and is therefore no longer considered to be independent. The Company considers that Mr Williams and Mr Gauci as independent directors.

Whilst the majority of directors are not considered to be independent directors, the Board believes that the individuals on the Board can make, and do make, quality and independent judgements in the best interests of the Company on all relevant issues. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of an independent non-executive chairman and additional independent non-executive directors.

Committees

With the exception of the Audit Committee, which was established in August 2009, the Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of any other separate or special committees, such as a nomination committee or remuneration committee, at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

The Audit Committee met for the first time in September 2009. The external auditors attended this meeting. A copy of the Audit Committee Charter can be found on the Company website (www.ltresources.com.au) under the Corporate Responsibility section.

Risk Management

The Managing Director and Chief Financial Officer have assured the Board that the declaration provided in accordance with s295A 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.

Management has also reported to the Board that the Company's management of material business risks is effective.

ASX Corporate Governance Council Recommendations

			CGS Reference *	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.	1.1	✓
	1.2	Companies should disclose the process for evaluating the performance of senior executives.	1.1	✓
	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.	1.2	×
	2.2	The chair should be an independent director.	1.2	×
	2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	1.2	✓
	2.4	The Board should establish a nomination committee.	1.3	×
	2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	1.1	✓
	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' integrity. • the practices necessary to take into account their legal obligations and the reasonable expectations of their Shareholders. • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	2.1 2.2	✓
	3.2	Companies should establish a policy concerning trading in Company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	2.3	✓
	3.3	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.	1.3	✓
	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 • has at least three members	1.3	 ✓ ✓ ✓ ✓
	4.3	The audit committee should have a formal charter.	1.3	✓
	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 a senior level for that compliance and disclose those policies or a summary of those policies.	3.1	✓
	5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.		✓
Principle 6: Respects and 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 that policy.	3.2	✓
	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.	4.1	✓
	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.	4.2	✓
	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.	4.2	✓
	7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.		✓
Principle 8: Remunerate fairly & responsibly				
	8.1	The board should establish a remuneration committee.	1.3	×
	8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	5, Rem. Report	✓
	8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.		✓

* Refer Corporate Governance Statement on the Company's website at www.ltresources.comn.au.

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 18 September 2009 were:

Shareholder	Number of ordinary shares held	Percentage of capital held %
Timothy R B Goyder	48,736,689	26.03
Balfes (QLD) Pty Ltd	9,748,711	5.21

Class of Shares and Voting Rights

At 18th September 2009 there were 911 holders of the ordinary shares of the Company.

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 18th September 2009:

	Number of equity security holders	
Category	**Ordinary Shares**	**Unlisted Share Options**
1 - 1,000	67	-
1,001 - 5,000	202	-
5,001 - 10,000	132	-
10,000 - 100,000	392	1
100,001 and over	127	6
Total	**911**	**7**

The number of shareholders holding less than a marketable parcel at 18th September 2009 was 428.

Twenty largest Ordinary Fully Paid Shareholders as at 18th September 2009		
Name	**Number of ordinary shares held**	**Percentage of capital held %**
Plato Prospecting Pty Ltd	48,736,689	26.03
Balfes (QLD) Pty Ltd	9,748,711	5.21
National Nominees Limited	9,479,836	5.06
Graham Kluck Management & Investment Pty Ltd	9,041,466	4.83
Equinox Resources Limited	9,000,000	4.81
Calm Holdings Pty Ltd	7,776,004	4.15
Calama Holdings Pty Ltd	5,000,000	2.67
Mr Mark Savage	4,823,840	2.58
Colbern Fiduciary Nominees Pty Ltd	4,000,000	2.14
Merrill Lynch (Australia) Nominees Pty Ltd	3,240,000	1.73
Define Consulting Pty Ltd	3,063,544	1.64
Mr Micheal Joseph Tuite & Mrs Helen Elizabeth Tuite	2,928,052	1.56
Pindan Exporation Company Pty Ltd	2,750,000	1.47
Albion Bay Pty Ltd	2,700,000	1.44
Dr Lynette Hui Ching Wong	2,500,000	1.34
J P Morgan Nominees Australia Ltd	2,287,421	1.22
H Wallace-Smith & Co Pty Ltd	2,000,000	1.07
Lost Ark Nominees Pty Ltd	1,500,000	0.80
Palazzo Nominees Pty Ltd	1,500,000	0.80
BT Portfolio Services Limited	1,400,000	0.75
Total	**133,475,563**	**71.30**