LIONTOWN RESOURCES LIMITED

ABN 39 118 153 825

Half-Year Report
31 December 2013

Contents

DIRECTORS' REPORT

Your directors submit the financial report for Liontown Resources Limited ("Liontown" or "the Group") for the half-year ended 31 December 2013. In compliance with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Tim R B Goyder	Chairman
David R Richards	Managing Director
Anthony W Kiernan	Non-executive Director (resigned 11 November 2013)
Craig R Williams	Non-executive Director

REVIEW OF OPERATIONS

1. **Jubilee Reef Joint Venture Project (Northern Tanzania) (Liontown 100%)**

In 2011 and 2012, Liontown drilled approximately 22,300m and intersected strong gold mineralisation at three prospects; i.e., Masabi Hill, Panapendesa and Chela. During the period, the Company carried out trenching at the Tembo prospect in the northern part of the Project and discovered a new zone of gold mineralisation that has not yet been drill tested.

Subject to funds being available, follow up drill programs totalling approximately 10,000m are being designed to test the 4 gold prospects at Jubilee Reef. Further trenching and rock chip sampling is planned for the Tembo project.

2. **Rupa Suguti Project (Liontown option to acquire 100%)**

In April 2013, Liontown executed an option agreement giving the Company the right to acquire 100% in the Rupa Suguti Project which is located in the northern part of the Lake Victoria Goldfield approximately 200km north of Jubilee Reef and 100km WSW of African Barrick's North Mara gold mine. The Rupa Suguti property comprises a largely contiguous, 65km2 package of tenements covering Archaean greenstones and includes a previously defined 7km long, east- west trending gold mineralized corridor.

A nine hole 756m RC drill program was carried out during the period to follow up previous gold intersections reported from drilling in the mid 1990's at the Chirorwe prospect. The drilling validated historical drilling results and confirms the potential for significant high grade mineralisation with the mineralised trend remaining open in all directions.

CORPORATE

Due to difficulties in raising capital at the current time, each Director agreed to accrue their respective Directors' fees from 1 April 2013 up until 30 September 2013. At the 2013 Annual General Meeting, shareholders approved the issue of 4,361,795 shares at a deemed issue price of 1.262 cents in lieu of their respective accrued Directors' fees. Director's fees will continue to be accrued from October 2013 until the Company and non executive directors agree otherwise.

In addition, shareholders also resolved to issue Managing Director, Mr Richards, 4 million options expiring on 30 November 2016. 2 million options have an exercise price of $0.01727 and 2 million options have an exercise price at $0.02302.

The Company has forecast that it may need to seek additional funding in order to meet its operating expenditure and planned exploration expenditure for the next 12 months from the date of signing these half-yearly financial statements and note the difficulties being faced by smaller exploration companies seeking to raise additional capital in the current market. If the Company is unable to raise further funds within the next 12 months, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business. As a result, the Company's auditors have included in their Review Report an "Emphasis of Matter" paragraph. Refer to page 18 for the Independent Auditor's Review Report.

EVENTS SUBSEQUENT TO THE REPORTING DATE

There are no events subsequent to the reporting date which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 5 and forms part of this directors' report for the half-year ended 31 December 2013.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

David Richards

Managing Director

Dated at Perth this 7th day of March 2014.

The Information in this report that relates to the Exploration Results of the Rupa Suguti Project is extracted from the ASX announcement entitled "Rupa Suguti Project Drilling Results" released on 13 November 2013 and is available on www.ltresources.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The Information in this report that relates to the Exploration Results of the Jubilee Reef Project is extracted from the ASX announcement entitled "Quarterly Activities report & Quarterly Cashflows" released on 30 January 2014 and is available on www.ltresources.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Liontown Resources Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia	**W M Clark**
7 March 2014	**Partner**

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Liontown Resources Limited

Condensed Statement of Comprehensive Income

For the half-year ended 31 December 2013

	Note	Consolidated 31 December 2013 $	Consolidated 31 December 2012 $
Continuing Operations			
Other Income	3a	11,945	-
Net financing income		4,541	35,020
Impairment of exploration and evaluation assets	4	-	(1,117,679)
Exploration and evaluation expenditure written off	4	(10,334)	-
Corporate administrative expenses	3b	(281,609)	(422,398)
Loss before income tax		**(275,457)**	**(1,505,057)**
Income tax expense		-	-
Loss for the period attributable to owners of the parent		**(275,457)**	**(1,505,057)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		136,500	(82,111)
Total comprehensive loss after tax		**(138,957)**	**(1,587,168)**
Basic loss per share attributable to ordinary equity holders (cents)		(0.07)	(0.44)

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Liontown Resources Limited

Condensed Statement of Financial Position

As at 31 December 2013

	Note	Consolidated	
		31 December 2013 $	**30 June 2013 $**
Current assets			
Cash and cash equivalents		584,506	1,203,544
Trade and other receivables		79,107	68,096
Total current assets		**663,613**	**1,271,640**
Non-current assets			
Financial assets		27,673	82,500
Property, plant and equipment		79,959	91,970
Exploration and evaluation assets	4	4,374,180	3,834,295
Total non-current assets		**4,481,812**	**4,008,765**
Total assets		**5,145,425**	**5,280,405**
Current liabilities			
Trade and other payables		108,465	180,612
Employee benefits		13,107	2,693
Total current liabilities		**121,572**	**183,305**
Total liabilities		**121,572**	**183,305**
Net assets		**5,023,853**	**5,097,100**
Equity			
Issued capital	6	26,165,053	26,110,007
Reserves		426,753	413,628
Accumulated losses		(21,567,953)	(21,426,535)
Total equity		**5,023,853**	**5,097,100**

Liontown Resources Limited

Condensed Statement of Changes in Equity

For the half-year ended 31 December 2013

	Consolidated				
	Issued capital $	Accumulated losses $	Share based payments reserve $	Foreign currency translation reserve $	Total equity $
Balance at 30 June 2013	26,110,007	(21,426,535)	134,039	279,589	5,097,100
Loss for the period	-	(275,457)	-	-	(275,457)
Exchange differences on translation of foreign operations	-	-	-	136,500	136,500
Total comprehensive loss for the period	**-**	**(275,457)**	**-**	**136,500**	**(138,957)**
Share issue - In lieu of Directors Fees	55,046	-	-	-	55,046
Employee share options vested	-	-	10,664	-	10,664
Transfer from share based payments reserve	-	134,039	(134,039)	-	-
Balance at 31 December 2013	**26,165,053**	**(21,567,953)**	**10,664**	**416,089**	**5,023,853**

	Consolidated				
	Issued capital $	Accumulated losses $	Share based payments reserve $	Foreign currency translation reserve $	Total equity $
Balance at 30 June 2012	22,884,163	(19,912,561)	1,623,027	15,525	4,610,154
Loss for the period	-	(1,505,057)	-	-	(1,505,057)
Exchange differences on translation of foreign operations	-	-	-	(82,111)	(82,111)
Total comprehensive loss for the period	**-**	**(1,505,057)**	**-**	**(82,111)**	**(1,587,168)**
Share issue - rights issue (net after costs)	3,225,844	-	-	-	3,225,844
Transfer from share based payments	-	1,311,571	(1,311,571)	-	-
Balance at 31 December 2012	**26,110,007**	**(20,106,047)**	**311,456**	**(66,586)**	**6,248,830**

The accompanying notes form part of these financial statements

Liontown Resources Limited
Condensed Statement of Cash Flows
For the half-year ended 31 December 2013

	Consolidated	
	31 December 2013 $	31 December 2012 $
Cash flows from operating activities		
Cash paid to suppliers and employees	(288,565)	(451,614)
Interest received	5,145	32,231
Net cash used in operating activities	**(283,420)**	**(419,383)**
Cash flows from investing activities		
Payments for mining exploration and evaluation	(332,833)	(2,082,513)
Acquisition of property, plant and equipment	(28,793)	(1,930)
Net cash used in investing activities	**(361,626)**	**(2,084,443)**
Cash flows from financing activities		
Proceeds from issue of shares	-	3,428,159
Payments for share issue costs	-	(202,315)
Net cash provided from financing activities	**-**	**3,225,844**
Net increase/(decrease) in cash and cash equivalents	(645,046)	722,018
Cash and cash equivalents at the beginning of the period	1,203,544	1,489,378
Effects of exchange rate fluctuations on cash held	26,008	1,450
Cash and cash equivalents at 31 December	**584,506**	**2,212,846**

1. Significant accounting policies

(a) Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Liontown Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

(b) Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Group is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

(c) Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2013.

(d) Adoption of new and revised Accounting Standards

The accounting policies and methods of computation adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2013. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. The directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2013.

The Group has adopted all of the new and revised Standards and Interpretations effective for the current year that are relevant to the Group include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards'
- AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards'
- AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangement Standards'
- AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards'
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'

- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'.

Impact of the application of AASB 10

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation – Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a) it has the power over an investee; b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain when an investor has control over an investee.

The directors of the Company have assessed the classification of the Group's investments in its subsidiary in accordance with AASB 10. The directors have concluded that there is no change in the recognition of its subsidiary.

Impact of the application of AASB 11

AASB 11 replaces AASB 131 'Interests in Joint Ventures and the guidance contained in a related interpretation, Interpretation 113 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers, has been incorporated in AASB 128 (revised in 2011). AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and the obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement. Previously AASB 131 'Interests in Joint Ventures' contemplated three basic types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under AASB 131 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounting for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (Including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the operation) and its expenses (including its share of any expenses incurred jointly). Each joint operation accounts for the assets and, liabilities, as well as revenue and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with AASB 11. The directors concluded that there is no impact on the consolidated financial statements as a result of the change in accounting standard.

Impact of the application of AASB 12

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements. However this did not result in any changes to the half-year report.

Impact of application of AASB 13

The Group has applied AASB 13 for the first time in the current half-year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items where other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-Based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principle (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2012 comparative period. The application of AASB 13 has not had any material impact on the amounts recognised in the financial statements.

Impact of the application of AASB 119

In the current half-year, the Group has applied AASB 119 (as revised in 2011) 'Employee Benefits' and the related consequential amendments for the first time.

AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous various of AASB 119 and accelerated the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of AASB 119 are replaced with a 'net interest' amount under AASB 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, AASB 119 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

These changes have not had an impact on the consolidated financial statements of the Group as there are no defined benefit plans in place.

Impact of the application of AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'.

The Group has applied the amendments to AASB 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

(e) Going Concern

The Company has forecast that it may need to seek additional funding in order to meet its operating expenditure and planned exploration expenditure for the next 12 months from the date of signing these half-yearly financial statements and note the difficulties being faced by smaller exploration companies seeking to raise additional capital in the current market. If the Company is unable to raise further funds within the next 12 months, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business. As a result, the Company's auditors have included in their Review Report an "Emphasis of Matter" paragraph. Refer to page 18 for the Independent Auditor's Review Report.

2. Segment reporting
Geographical segments

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the allocation of costs; whether they are corporate related costs or exploration costs. Results of both segments are reported to the Board of Directors at each board meeting.

	Exploration and Evaluation		Corporate		Total	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	$	$	$	$	$	$
Other Income	11,945	-	-	-	11,945	-
Impairment of exploration and evaluation assets	-	(1,117,679)	-	-	-	(1,117,679)
Exploration and evaluation expenses written off	(10,334)	-	-	-	(10,334)	-
Corporate and administrative expenses	-	-	(281,609)	(422,398)	(281,609)	(422,398)
Segment net gain/ loss after tax	**1,611**	**(1,117,679)**	**(281,609)**	**(422,398)**	**(279,998)**	**(1,540,077)**
Unallocated income/(expenses)						
Net financing income					4,541	35,020
Loss before income tax					**(275,457)**	**(1,505,057)**

	Exploration and Evaluation		Corporate		Total	
	31 December 2013	30 June 2013	31 December 2013	30 June 2013	31 December 2013	30 June 2013
	$	$	$	$	$	$
Segment assets:						
Exploration and evaluation assets	4,374,180	3,834,295	-	-	4,374,180	3,834,295
Other	125,067	174,042	56,154	50,265	181,221	224,307
	4,499,247	**4,008,337**	**56,154**	**50,265**	**4,555,401**	**4,058,602**
Unallocated assets					590,024	1,221,803
Total assets					**5,145,425**	**5,280,405**
Segment liabilities	**41,653**	**50,695**	**79,919**	**132,610**	**121,572**	**183,305**

3. Loss before income tax

The following income and expense items are relevant in explaining the financial performance for the half-year:

		2013 $	2012 $
(a)	**Other Income**		
	Exploration rent and rates reimbursed on tenements previously written off	11,945	-
		11,945	**-**
(b)	**Corporate administrative expenses**		
	Depreciation and amortisation	8,692	7,952
	Insurance	17,980	5,711
	Legal fees	18,600	28,875
	Head office costs	54,000	76,255
	Personnel expenses	125,644	194,430
	Regulatory and compliance	56,982	53,129
	Other	(289)	56,046
	Total	**281,609**	**422,398**

4. Exploration and evaluation expenditure

	6 months to 31 December 2013	6 months to 31 December 2012 $
Cost brought forward	3,834,295	3,640,913
Expenditure incurred during the period	402,880	1,705,312
Impairment of exploration and evaluation assets	-	(1,117,679)
Exploration and evaluation expenses written off	(10,334)	-
Effects of movements in exchange rates	147,339	(38,874)
Total	**4,374,180**	**4,189,672**

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 their respective areas.

5. Financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

There were no financial assets or financial liabilities held by the Group that are measured at fair value at the end of each reporting period.

The carrying amounts of the financial assets and financial liabilities recognised in the consolidated financial statements all approximate their fair values.

6. Issued capital

	31 December 2013 No.	30 June 2013 No.
Issued and fully paid ordinary shares	**396,151,370**	**391,789,575**

	6 months to 31 December 2013		Year to 30 June 2013	
	No.	**$**	**No.**	**$**
Balance at 1 July	391,789,575	26,110,007	293,842,181	22,884,163
Share issue – rights issue (net of costs)	-	-	97,947,394	3,225,844
Share issue – in lieu of director's fees	4,361,795	55,046	-	-
Balance at end of period	**396,151,370**	**26,165,053**	**391,789,575**	**26,110,007**

During the half-year the Company issued a total of 4,361,795 fully paid ordinary shares to the Directors in satisfaction of unpaid directors' fees of $55,046 in respect of the period April 2013 to September 2013.

7. Share Options

	6 months to 31 December 2013 No.	6 months to 31 December 2012 No.
Movements in unlisted options over ordinary shares on issue:		
At 1 July	4,650,000	11,650,000
Options expired	(4,650,000)	(2,000,000)
Options issued	4,000,000	-
Options lapsed	-	(2,000,000)
At 31 December	**4,000,000**	**7,650,000**
Movements in listed options over ordinary shares on issue:		
At 1 July	32,649,048	-
Listed options issued under rights issue	-	32,649,048
At 31 December	**32,649,048**	**32,649,048**
Total share options on issue	**36,649,048**	**40,299,048**

8. Related Parties

Key management personnel including non-executive directors receive compensation in the form of short-term employee benefits, post-employment benefits and share-based payment awards. For the six months ended 31 December 2013, executive personnel received total compensation of $95,664 (six months ended 31 December 2012: $180,618) and non-executive directors received total compensation of $57,462 (six months ended 31 December 2012: $99,236).

Other related parties transactions

The Company used the consulting services of Mr Anthony Kiernan during the six months ended 31 December 2013. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms. The total amount paid during the period was $12,000 (six months ended 31 December 2012: $18,000). An amount of $3,000 (six months ended 31 December 2012: Nil) was outstanding and payable at the end of the period.

9. Events Subsequent to Reporting Date

There are no events subsequent to the reporting date which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

10. Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting date.

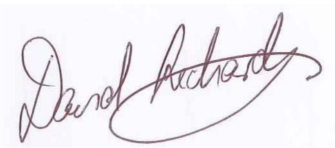
Liontown Resources Limited
Directors' Declaration

In the opinion of the directors of Liontown Resources Limited ('the Company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
   a. comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   b. give a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

Dated this 7th day of March 2014



David Richards
Managing Director

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Liontown Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Liontown Resources Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2013, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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Accountants | Business and Financial Advisers

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Liontown Resources Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

WM Clark

W M Clark
Partner

Perth, Western Australia
7 March 2014