Liontown
RESOURCES LIMITED

ANNUAL REPORT

2014

CORPORATE DIRECTORY

Directors

Tim Rupert Barr Goyder	Chairman
David Ross Richards	Managing Director
Craig Russell Williams	Non-executive Director
Anthony James Cipriano	Non-executive Director

Joint Company Secretaries
Richard Keith Hacker
Leanne Stevens

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ASX Codes
Share Code: LTR

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CHAIRMAN'S LETTER

Dear Shareholder,

Against the backdrop of a challenging period for junior explorers during the past 12 months, I am pleased to report that given the current equity market conditions, Liontown has been able to maintain a reasonable level of activity across its project portfolio in Tanzania and Australia - including drilling, further target definition and new project acquisition.

During the year, the Company acquired the rights to the Ibaga Project in central-northern Tanzania, a property where high grade copper (up to 39%) and zinc (up to 46%) mineralisation has been exposed within recently excavated shallow pits, and where there had been no drilling or other modern exploration prior to Liontown's involvement.

This represents an exciting new exploration opportunity for Liontown, and we look forward to the re-commencement of drilling activities to test beneath the mine workings within the central part of the project.

The Ibaga Project is Liontown's third project in Tanzania and reflects an increasing knowledge and confidence in the country where we have now been active since early 2011.

Elsewhere in Tanzania, trenching at the Jubilee Reef gold project discovered an extensive new gold zone extending over more than 1km of strike at the Tembo prospect and an initial drilling program at Rupa Suguti intersected high-grade gold mineralisation at the Chirorwe prospect. Both projects, which are located in the world-class Lake Victoria Goldfield, remain highly prospective for large gold deposits with a number of targets ready for drill testing.

Tanzania is a politically stable democracy in Eastern Africa but relatively immature in the exploration cycle; with the general industry downturn, there is good potential to enlarge the Company's portfolio through cost effective joint ventures and acquisitions.

In North Queensland, Liontown retains a strategic land holding in the Charters Towers region, home to multiple large gold and base metal deposits. Recent generative exploration work within our tenement package in this region has highlighted the Allandale prospect, where there is potential for high-grade epithermal gold mineralisation analogous to the Vera Nancy lodes at Pajingo, located approximately 90km the south-east.

The Queensland Government recently awarded the Company a grant of approximately $66,000 through its Collaborative Drilling Initiative. The funds will be directed to offsetting direct drilling costs when Liontown undertakes its initial drill program at this exciting prospect.

Shareholders can be assured that the Company's funds are being carefully managed to minimise administrative costs and overheads while exploration expenditure is being wisely directed towards the discovery of ore bodies.

In conclusion, I would like to thank shareholders and my fellow Directors for your ongoing support and our small team of hard-working employees both in Australia and Tanzania. I also wish to extend my welcome to Anthony Cipriano, who recently joined the Board of Directors.

Tim Goyder

HIGHLIGHTS

Northern Tanzania, East Africa

Jubilee Reef

- New >1km, >1g/t, undrilled gold trend discovered at the Tembo prospect.
- Latest results enhance prospectivity of Project where drilling in previous years has intersected outstanding gold results at Masabi Hill and Panapendesa prospects including:

Masabi Hill

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

Panapendesa

JBRRC101	11m @ 4.2g/t gold from 94m, including 7m @ 6.4g/t gold from 94m
JBRRC105	60m @ 1.4g/t gold from 0m, including 14m @ 2.3g/t gold from 21m and 3m @ 12.5g/t gold from 41m

Rupa Suguti

- RC drilling validates previous high grade results. Better intersections include:

SCRC021	5m @ 3.6g/t gold from 32m (incl. 3m @ 5.6g/t gold from 32m)
SCRC023	4m @ 5.9g/t gold from 12m (incl. 2m @ 11.3g/t gold from 13m)
SCRC024	7m @ 5.6g/t gold from 40m (incl. 1m @ 10.9g/t gold from 43m)

- Mineralisation open along strike and down dip.

Ibaga

- High grade copper (up to 39%) and zinc (up to 46%) recorded from rock samples taken from massive sulphide horizons exposed over 300m strike.
- No previous modern exploration – RC drill testing pending.

Northern Queensland, Australia

Mt Windsor

- Possible high grade, low sulphidation epithermal gold system defined at Allandale.
- Successful qualification for funding of approximately $66,000 under Round 8 of the Queensland government's Future Resources Program – Collaborative Drilling Initiative. Funding will assist in completing Liontown's initial drilling program at Allandale.

1. Business Strategy

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

The Company's strategy is to acquire and explore projects where drill targets are or can be quickly defined. Where deemed prudent, Liontown will join with partners with the financial and technical resources to accelerate work on projects.

2. Review of Operations

2.1 Overview

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

- the Jubilee Reef and Rupa Suguti Gold Projects located in northern Tanzania where Liontown has agreements to acquire 100% equity;
- the Ibaga Copper-Zinc Project, located in central northern Tanzania, where Liontown has future rights to earn 100% equity; and
- the Mt Windsor Project, a strategic, wholly owned, land holding in North Queensland with potential for precious and base metal discoveries.

Fieldwork during the year included RC drilling (1,748m), trenching (583m), geochemical surveys and ground based geophysics.

2.2 Jubilee Reef Gold Project - Tanzania

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

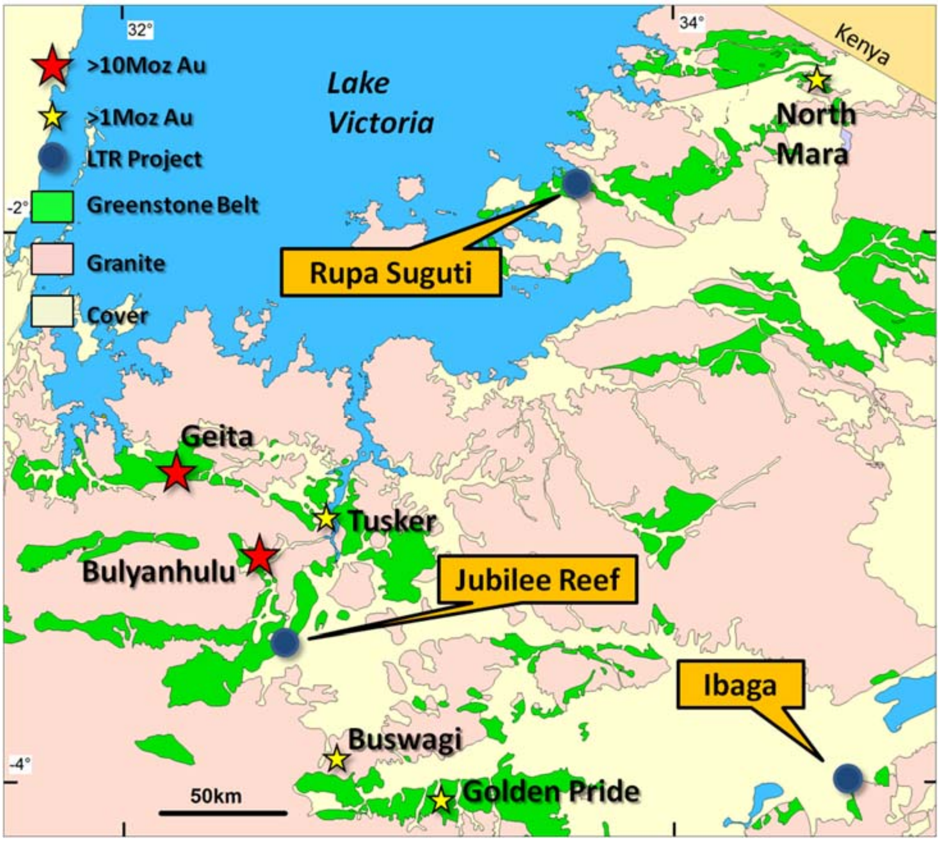

Figure 1: Liontown Projects in Tanzania - Regional Setting

Since commencing work at Jubilee Reef in 2011, Liontown Resources has defined significant gold mineralisation at a number of prospects including ore grades and widths at Masabi Hills and Panapendesa (***Figure 2***). Further field activities and data analyses during the year has enhanced the prospectivity of the Project with a large,>1km long, undrilled gold anomaly delineated at Tembo and a number of new drill targets defined.

At **Masabi Hill**, gold mineralisation (>0.1g/t) has been defined over a 1,000 by 800m area with multiple zones of plus 1g/t gold intersected (***Figure 3/Appendix 1***). Better intersections include:

- **JBRRC041** **62m @ 2.4g/t gold from 70m, including**

  21m @ 4.7g/t gold from 70m
- **JBRRC097** **23m @ 2.1g/t gold from 51m, including**

  14m @ 3.2g/t gold from 52m
- **JBRRC118** **86m @ 1.7g/t gold from 9m, including**

  44m @ 3.0g/t gold from 24m

Geological controls on mineralisation are poorly understood and true widths have not yet been estimated.

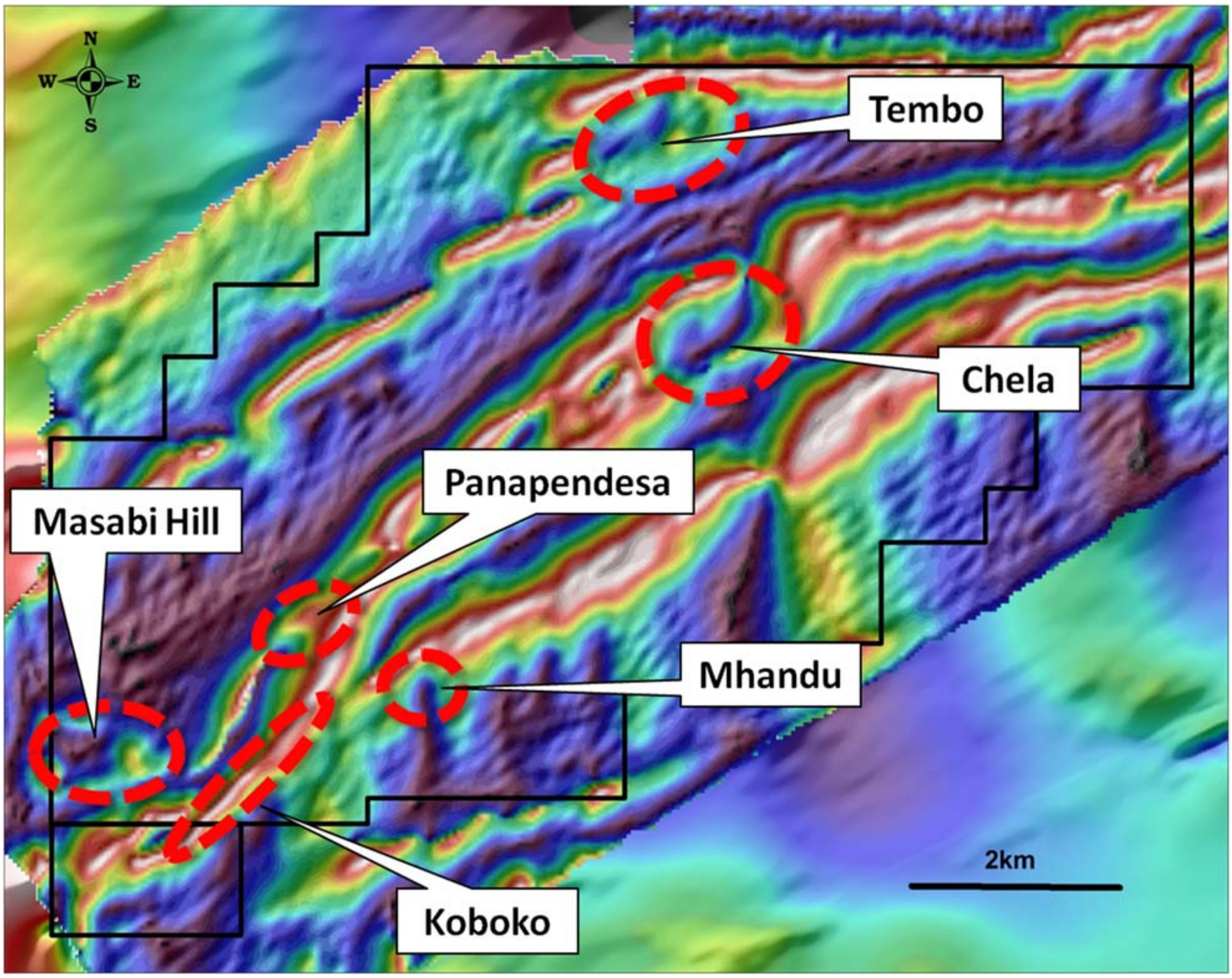

Figure 2: Jubilee Reef Project – Magnetic image showing gold prospects

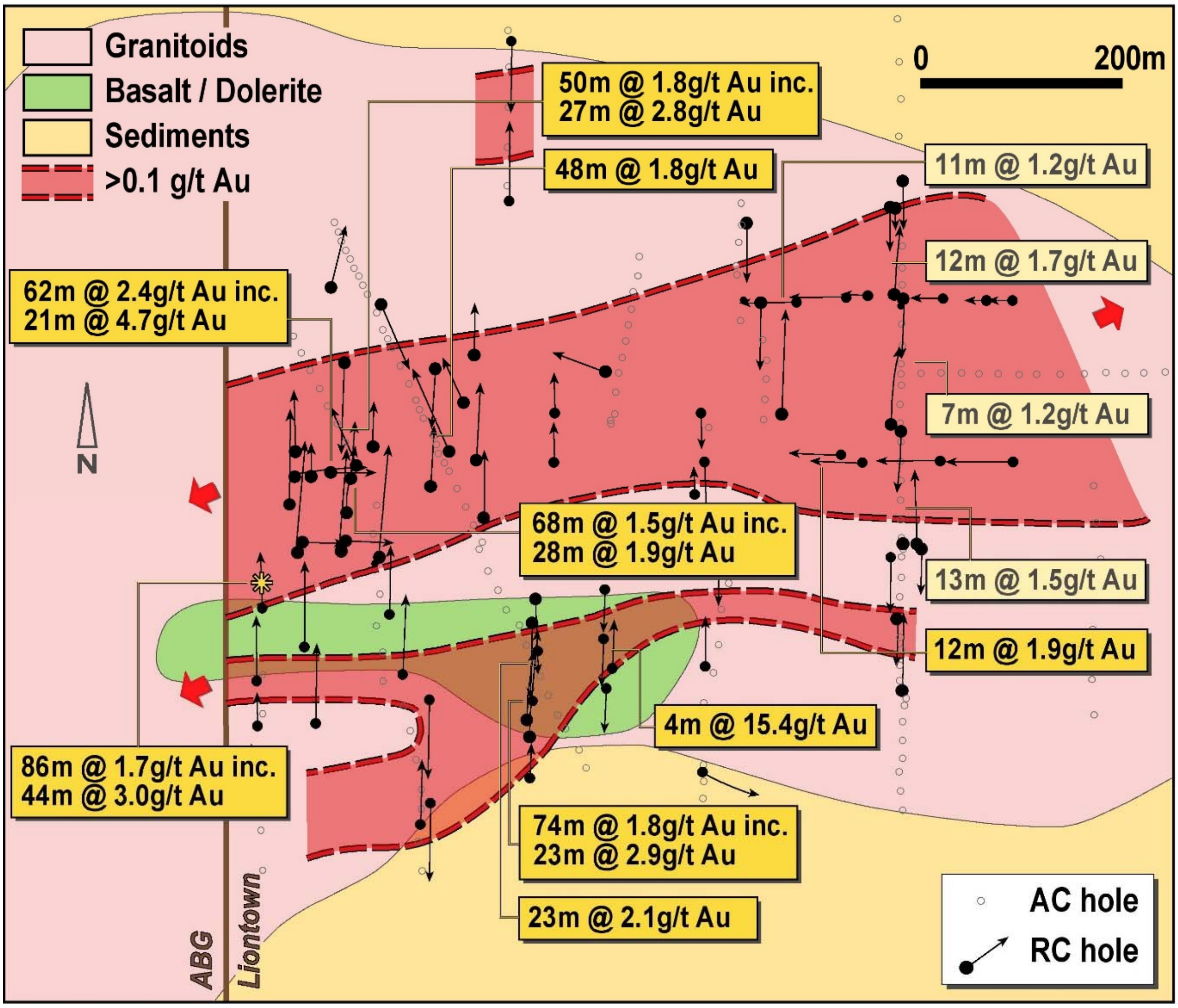

Figure 3: Jubilee Reef Project -Masabi Hill prospect showing better intersections

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

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

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

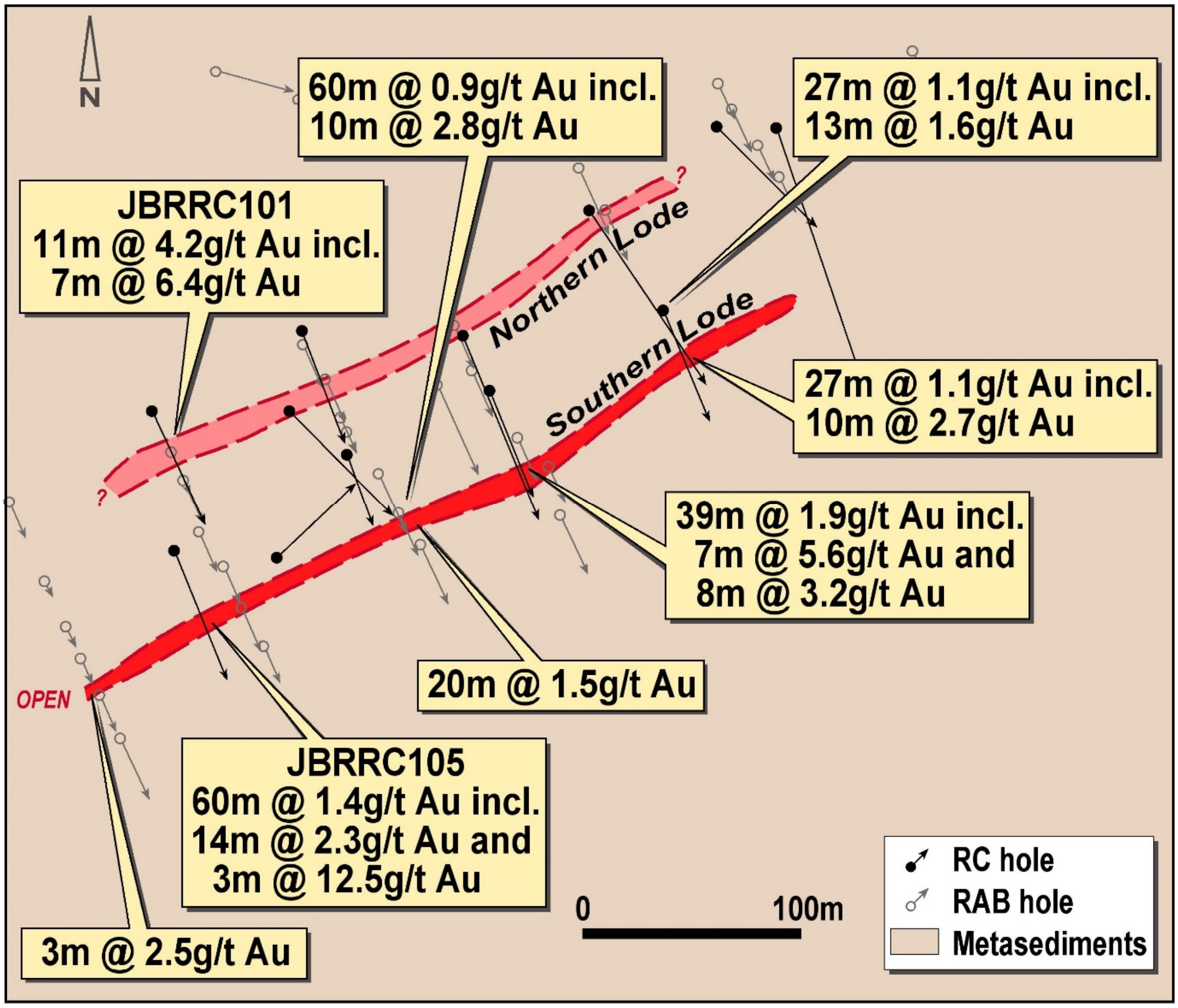

Figure 4: Jubilee Reef Project -Panapendesa prospect showing better gold results

The **Tembo** prospect is located in the central northern part of the Project and is defined by a large, irregular soil anomaly coincident with a major dislocation in the stratigraphy (***see Figure 5***). Steep topography and a complex regolith have caused the erratic dispersion of gold in the soils and have hampered previous exploration efforts.

Two short trenches (JBRTR001 and JBRTR002) completed last year intersected multiple zones of gold mineralisation in strongly sheared metasediments including **11m @ 1.7g/t gold and 8m @ 1.1g/t gold** (***see Table 1***). Additional trenching (JBRTR004-006) this year has extended the possible mineralized trend approximately 1.2km to the ENE with the eastern most trench (JBRTR006) intersecting **12m @ 1.3g/t gold including 2m @ 4.1g/t.**

In addition to the above trend, trench JBRTR005 excavated across the northern part of the soil anomaly (***see Figure 5***) intersected **10m @ 0.4g/t gold** coincident with a NNW trending structure. Trench JBRTR003 was designed to test the southern extension of this structure but was largely ineffective as the transported cover could not be penetrated.

Significant intersections from trenching at Tembo are listed in Table 1.

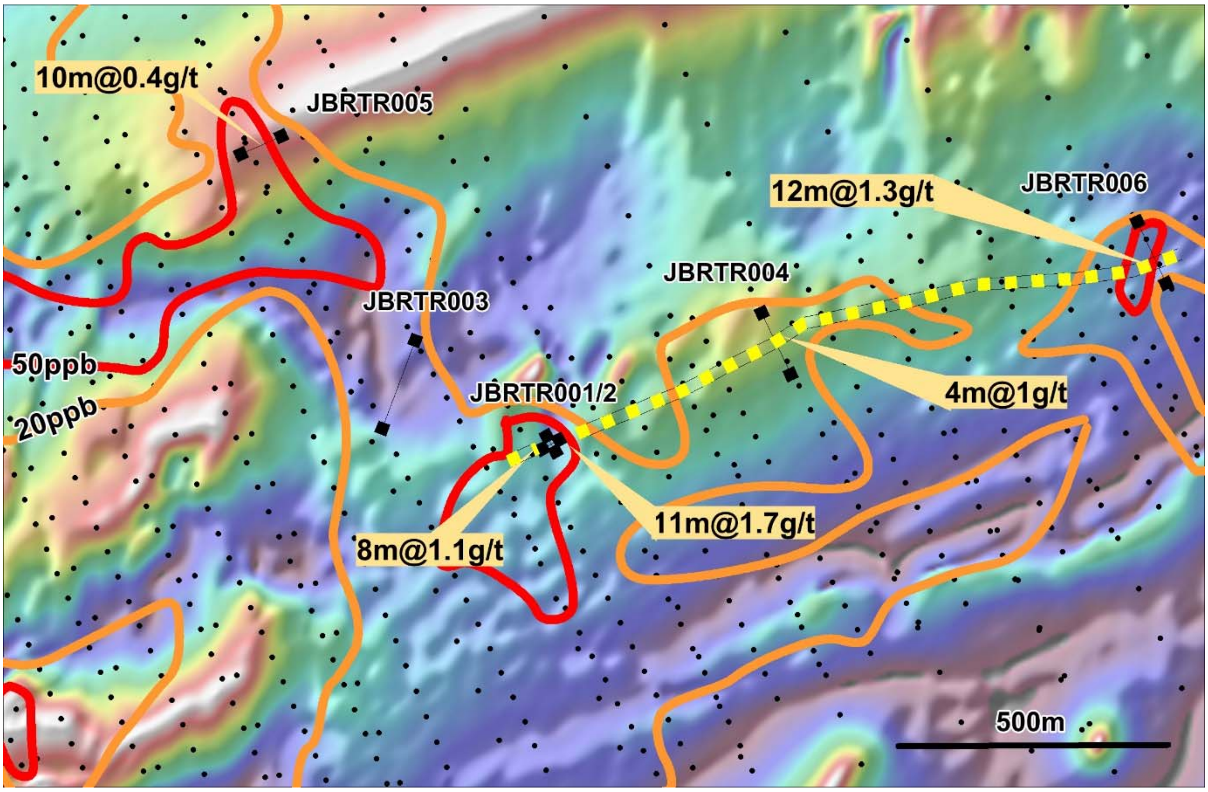

Figure 5: Jubilee Reef Project – Magnetic image of Tembo area showing dislocated stratigraphy, gold-in-soil geochemistry and trench results.

Table 1: Tembo Trenching – Significant intersections (>0.1g/t)

HOLEID	EAST	NORTH	LENGTH (m)	AZIMUTH	DIP	From (m)	To (m)	Interval (m)	Au (g/t)
JBRTR001	4488	12131	60*	60	10	33	34	1	1.6
						41	**52**	**11**	**1.7**
						incl. 6m @ 2.7g/t from 46m			
JBRTR002	4500	12166	49	150	0	0	8	8	1.1
						incl. 1m @ 4.1g/t from 2m			
						14	24	10	0.4
						32	40	8	1.1
JBRTR003	4261	12346	200	200	-15	No significant assays			
JBRTR004	4896	12401	150	155	-14	24	28	4	1.0
JBRTR005	4015	12720	100	245	-5	64	74	10	0.4
JBRTR006	5599	12559	133	155	-2.5	**58**	**70**	**12**	**1.3**
						incl. 2m @ 4.1g/t from 68m			

*** Intervals are interpreted to approximate true widths**

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

- Chela – extensive (1,300m by 1,000m) gold anomalism defined by shallow drilling including end of hole intersections up to 17m @ 0.6g/t gold;
- Koboko – 2km long soil anomaly coincident with intersection of several layer parallel faults and a kink in the underlying BIF stratigraphy. Main target zone is obscured by transported sediments; and
- Mhandu – 500m long soil anomaly coincident with demagnetized zone that may reflect alteration in the underlying bedrock.

Future Work

As indicated above, there are multiple high quality, drill ready targets within the Jubilee Reef Project and follow up drill programs have been designed to test them.

Further work at Jubilee Reef is dependent on available funding.

Project Acquisition Status

Liontown originally earned an interest in the Jubilee Reef Project via a joint venture with TSX-V listed Currie Rose Resources which commenced in early 2011.

By the end of 2012, Liontown had acquired approximately 66% equity and Currie Rose indicated that it was unlikely to contribute to further exploration expenditure.

In April 2013, Liontown and Currie Rose reached agreement whereby Liontown will increase its interest in the Project to 100% by issuing 12 million shares to Currie Rose and reimburse up to US$120,000 for any transaction costs.

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

Completion of the acquisition of the remaining equity is dependent on the underlying tenements being transferred to Liontown Resources (Tanzania) Ltd. All transfer applications were lodged with Tanzanian Ministry of Mines and Energy during the 2013 financial year but processing has been delayed, pending Currie Rose receiving the tax clearance certificate from the Tanzanian Revenue Authority.

2.3 Rupa Suguti Gold Project - Tanzania

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

The Rupa Suguti property comprises a largely contiguous, 65km^2 package of tenements covering Archaean greenstones and includes a previously defined 7km long, east- west trending gold mineralized corridor hosted in basalt close to a contact with granite ***(see Figure 6)***.

In 1995/1996, shallow RC drilling (16 holes) by Iscor Limited at the Chirorwe prospect (***see Figure 6)*** recorded multiple intersections that indicated continuous, medium to high grade gold mineralisation over 800m strike (*see **Appendix 3** for drill statistics and other details*). Better intersections from the Iscor RC drilling included:

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

No further drilling was completed and the historic Iscor database was incomplete with no geological records and only partial assay data available.

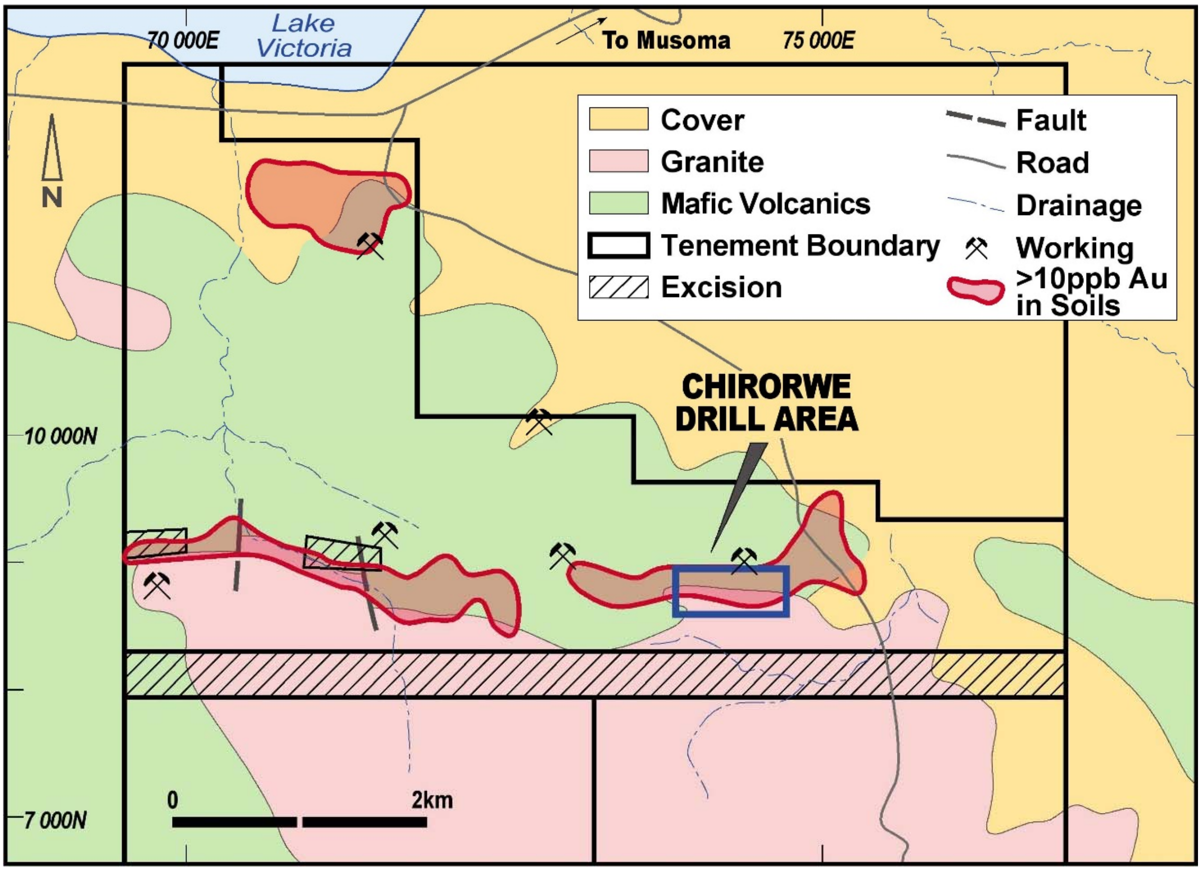

Figure 6: Rupa Suguti Project - Geology and previous soil sample results

In late 2013, Liontown completed a 9 hole/756m RC drilling program at Chirorwe to validate the previous results and gather sub-surface geological data. This program recorded a number of significant drill results ***(see Figure 7/Appendix4)*** with better intersections including:

- **SCRC021 5m @ 3.6g/t gold from 32m (incl. 3m @ 5.6g/t gold from 32m)**
- **SCRC023 4m @ 5.9g/t gold from 12m (incl. 2m @ 11.3g/t gold from 13m)**
- **SCRC024 7m @ 5.6g/t gold from 40m (incl. 1m @ 10.9g/t gold from 43m)**

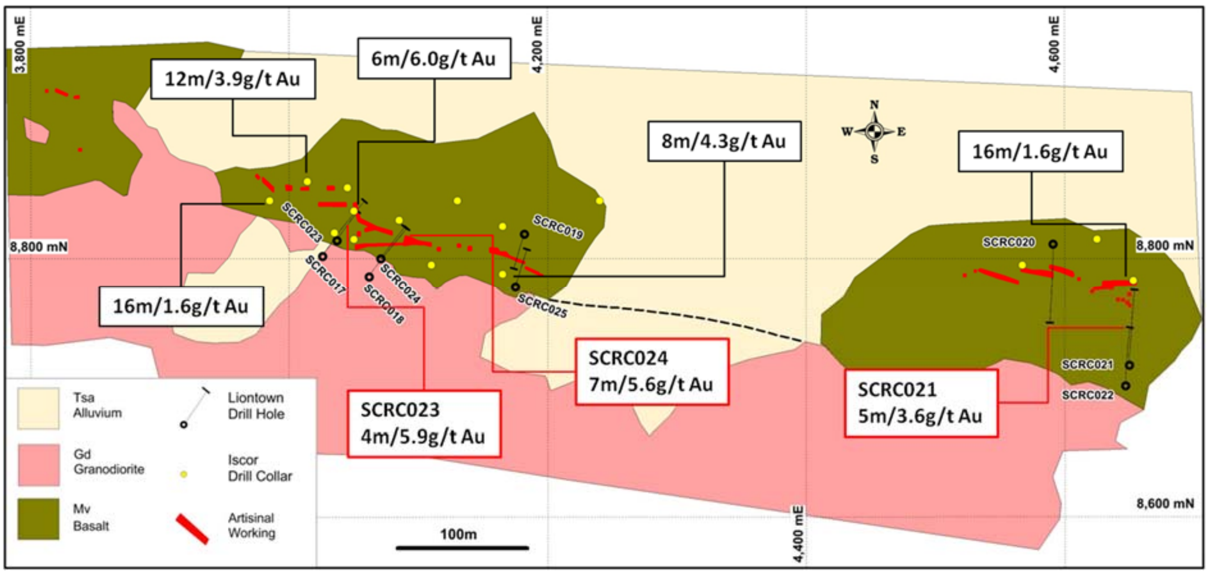

Figure 7: Rupa Suguti Project - Chirorwe prospect/Geology and drilling

Liontown's drilling supports the previous Iscor results and confirms the potential for significant high grade gold mineralisation at Chirorwe. The mineralisation remains open in all directions and mapping indicates the trend is at least 1.5km long.

A drilling program to test areas of shallow cover between and immediately along strike of existing drill holes has been designed and will be completed when funding permits.

Metallurgical Test Work

Preliminary metallurgical test work was carried out on the gold intersection recorded in drill hole SCRC024 referred to above.

This work recorded a gold recovery of approximately 80% using an intense cyanide leach (bottle roll) and a 75 micron grind.

2.4 Ibaga Copper/Zinc Project - Tanzania

*The Ibaga Project is located approximately 600km northwest of Dar es Salaam near the south- eastern margin of the Lake Victoria Goldfield of northern Tanzania (**see Figure 1**). Initial rock sampling by Liontown recorded high grade copper and zinc values which were interpreted to indicate potential for volcanogenic massive sulphide mineralisation similar to deposits in Canada and Western Australia. Liontown has entered into two agreements giving it the future right to acquire 100% of the Project.*

Rights to the Ibaga property were acquired in April 2014 following reconnaissance rock chip sampling ***(see Appendix 5***) which returned multiple high-grade copper and zinc values, with associated silver and gold, from two massive sulphide horizons.

Better rock results included:

DUN3	**39.2% Cu, 126g/t Ag**
131723	**34.6% Cu, 128g/t Ag**
131780	**12.6% Cu, 11.3% Zn, 136g/t Ag**
131781	**0.54% Cu, 45.8% Zn and 24g/t Ag**
131783	**15% Cu, 6.8% Zn, 123g/t Ag, 0.6g/t Au.**

The mineralized horizons are up to 4m thick, dip steeply to the SSW and are exposed in a number of small, shallow (<30m) artisanal mine pits which occur over 300m strike with possible extensions to the west and east obscured by shallow alluvial cover.

Since commencing work on the Project, Liontown has acquired regional geophysical datasets, undertaken ground EM and soil sampling surveys and completed the first half (9 holes/992m) of a planned RC drilling program.

EM Survey and Soil Sampling

- A fixed-loop transient electromagnetic survey ("FLTEM") was carried out over the area around the mine workings (***Figure 8***). The survey suggested the interpreted trace of the mineralised horizon extends across the Project tenure, and is offset by a series of possible ENE trending sinistral faults. By comparison with the trace of the lodes in the pits, the mineralised horizon is indicated by a weakly anomalous trend in the EM data.
- The survey detected one anomaly ("Anomaly One"), located immediately west along strike of the mineralisation in the east pit. Although not completely closed off due to waste dumps around the pit, the anomaly is suggestive of a shallow conductive source at this location, possibly representing extensions of the high-grade copper mineralisation extracted from the east pit.

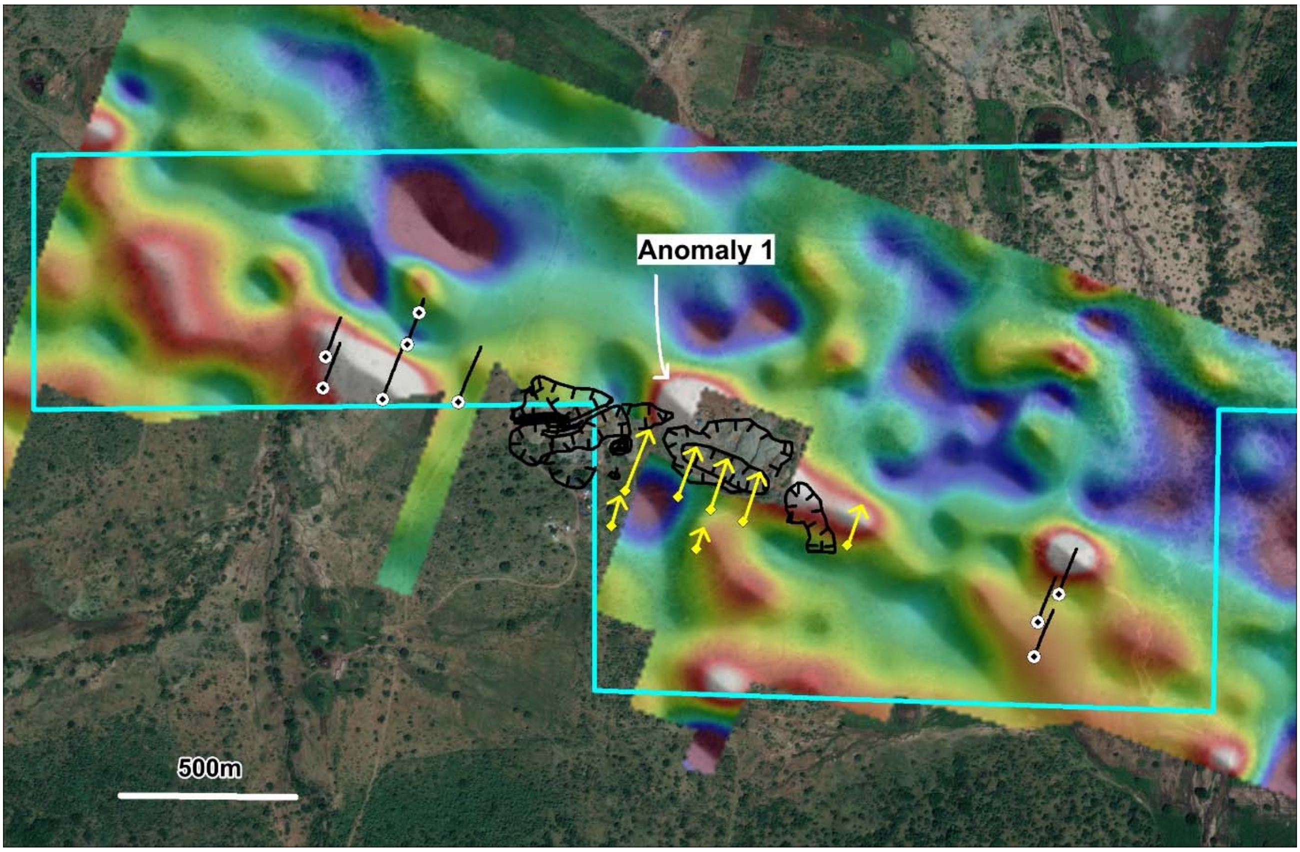

Figure 8: GeoEye image showing the location of EM Anomaly One, current workings and completed (black lines) and pending (yellow lines) drill holes. The EM image is the FLTEM coil data, Channel 25.

- Mine infrastructure and dumps around the existing pits largely prevented access that would have allowed the EM survey to detect immediate strike and dip extensions of the massive sulphide horizons.

A 200 by 50m soil sampling program was also completed along strike of the mining areas to define potential strike extensions of the copper-zinc mineralisation; however, no significant values were recorded.

RC Drilling

Nine RC holes for a total 992 metres were drilled to test the western and eastern strike extremities of the mineralised trend (***see Figure 8***). No significant results were returned however, these holes are distal to the main prospective central 1km long section of the mineralized trend which has not yet been tested by drilling.

RC drilling designed to test beneath the mine workings which cover the central 400m of the known mineralised trend has been postponed pending clarification of an access matter relating to third party mining activities. Whilst the Company has been advised by its solicitors that it has full legal right to access the project, it has nonetheless adopted a conservative approach and written off all costs incurred to date at the project. The Tanzanian Ministry of Mines and Energy is assisting with resolving the matter as a priority.

2.5 Mount Windsor Project – Queensland Australia (Liontown 100%)

*The Mount Windsor Project comprises several tenements located in the prolific Charters Towers gold field of North Queensland (**see Figure 9**) which has yielded over 15 million ounces of gold from world-class mines such as Charters Towers (+7Moz), Kidston (+4Moz), Pajingo (+3Moz), Ravenswood (+2Moz) and Mt Leyshon (2.7Moz).*

Following the withdrawal of Ramelius Resources from the Mt Windsor JV Agreement at the end of last year, Liontown undertook a systematic review of the Project using the $6.5 million database generated by Ramelius' work. The Company elected to retain three tenements, which comprise a number of separate sub-block areas (***see Figure 9***).

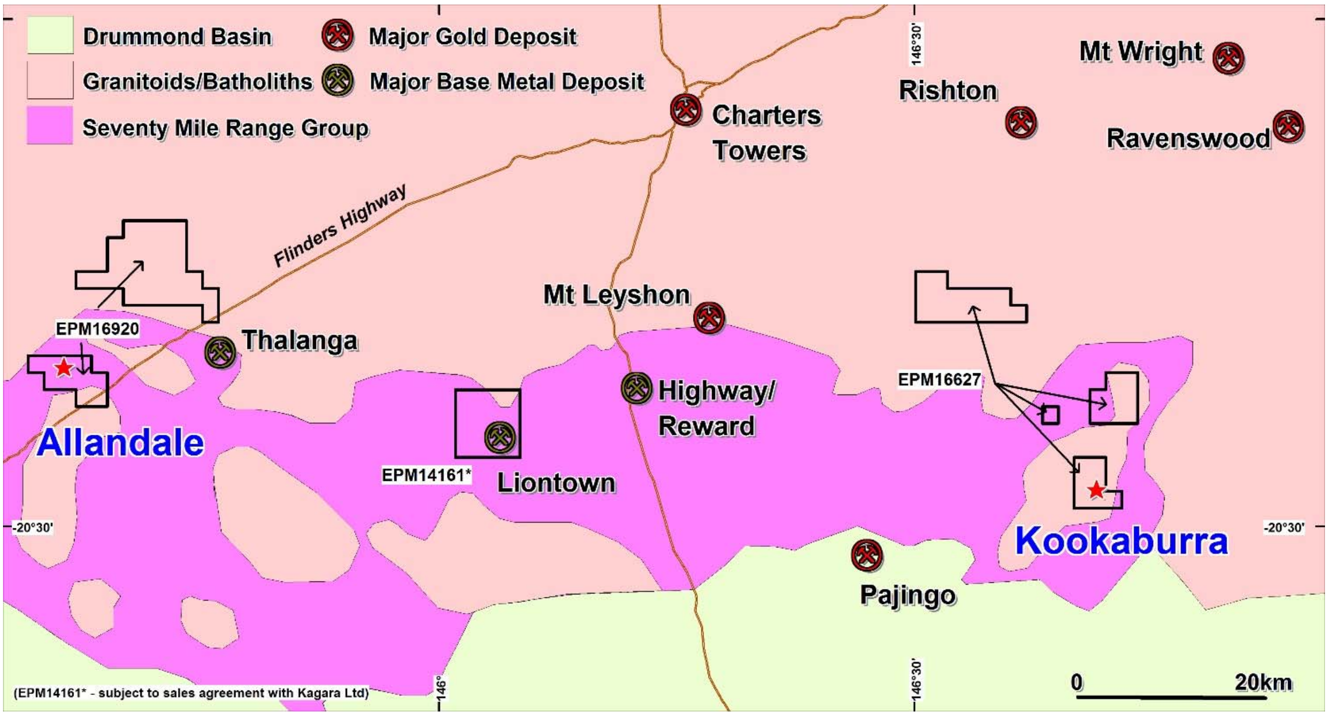

Figure 9: Mt Windsor Project – Geological plan showing retained tenement areas.

Within the retained area, there are two high priority targets, Allandale and Kookaburra, where further work is justified.

Allandale

The Allandale trend has been defined over 4km strike (***see Figure 10***), indicating potential for a large mineralised system, and data from rock chip sampling, soil geochemistry and mapping combined with historic drilling have been interpreted as being consistent with the upper part of a Vera-Nancy (Pajingo) style epithermal deposit. Based on this model, high grade gold mineralisation could be potentially developed approximately 200-300m below the surface.

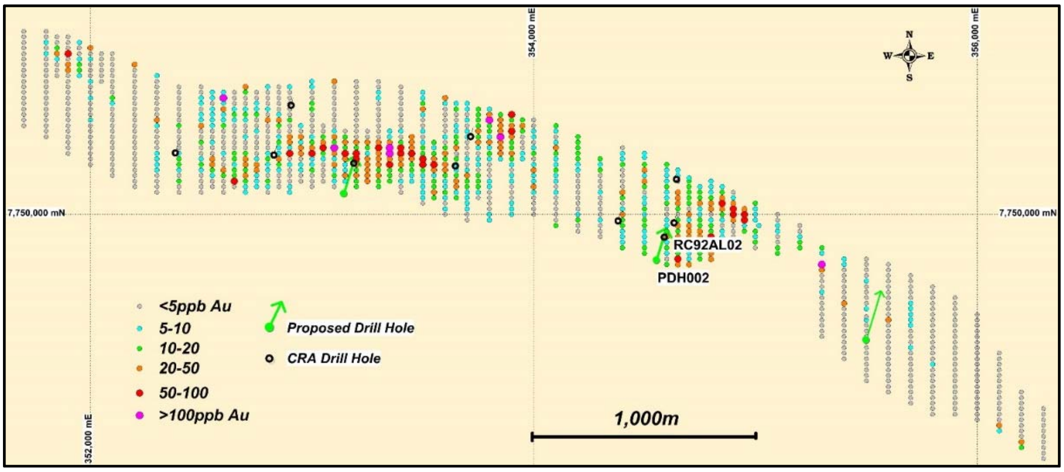

Figure 10: Soil sampling over the Allandale Trend showing anomalism over 4km strike

Drilling by CRA in 1992 (***see Appendix 6***) intersected several broad zones of anomalous gold and pathfinder geochemistry in a number of holes (e.g. RC92AL02 24m @ 0.2g/t Au – ***see Figure 11***) and it proposed to drill beneath these to test for higher grade mineralization.

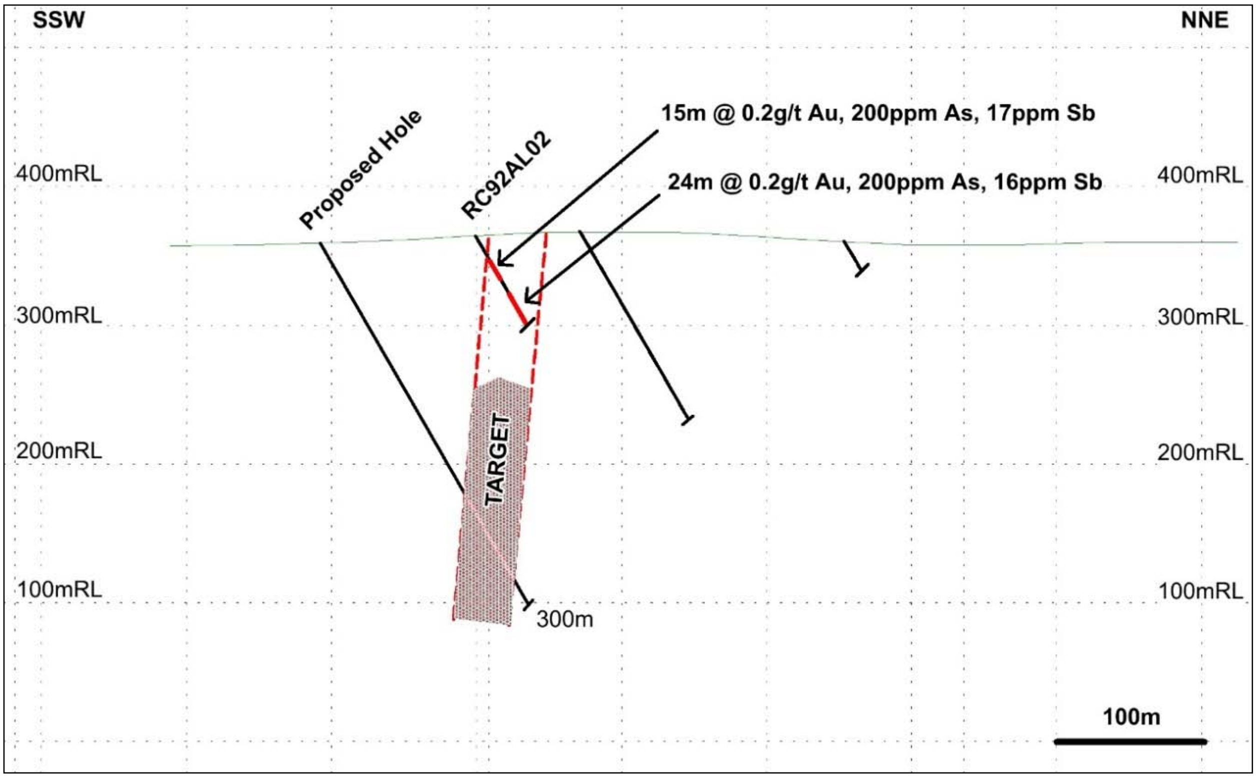

Figure 11: Allandale drill section showing previous and proposed drill holes

The Company was successful in applying for funding under Round 8 of the Queensland government's Future Resources Program – Collaborative Drilling Initiative which will assist in completing the proposed drill holes. Up to $65,750 will be available from the government to assist with completing the proposed drilling program.

Kookaburra

The Kookaburra prospect is interpreted as a potentially mineralized porphyry system and is defined by a large (1.5 by 0.4km), NW/SE trending multi-element soil anomaly underlain by a fine grained, variably altered, possibly Carbo-Permian quartz monzonite intruding a coarse grained, Siluro-Devonian granodiorite (***see Figure 12***).

Soil sampling by Ramelius defined strongly anomalous copper, gold, molybdenum, silver, and mercury (plus a number of other elements) underlain by a mixed regolith comprising areas of outcrop and subcrop separated by extensive soil cover. Multiple malachite and molybdenite occurrences have been recorded; however, these are typically not coincident with strongest copper or molybdenum soil anomalism.

Drilling by Ramelius targeted the northern part of the prospect where the highest gold and copper values were recorded in soil sampling. Broad zones of copper mineralization grading 0.1-0.2% were recorded in most holes (up to 32m @ 0.19%) with a number of narrow intervals of gold (up to 4m @ 0.4g/t) and molybdenum (up to 6m @ 0.35%) anomalism also intersected. The anomalous copper is mainly in the upper part of the drill holes and may reflect supergene processes rather than primary mineralization.

The drilling was designed to test the western margin of the younger altered intrusion; however, the entire northern traverse intersected the older less prospective granodiorite reflecting the limited control on bedrock geology due to the cover and possible dispersion of anomalous soil values.

Further work is considered warranted because:

- Most of the anomalous trend remains untested;
- The mixed regolith means that the soil results may not directly reflect the underlying bedrock mineralization; and
- The initial drill program was poorly controlled due to limited targeting parameters.

Prior to completing the next phase of drilling it is proposed to undertake a gradient array IP survey designed to detect accumulations of disseminated sulphides that may reflect significant base metal and associated gold mineralization.

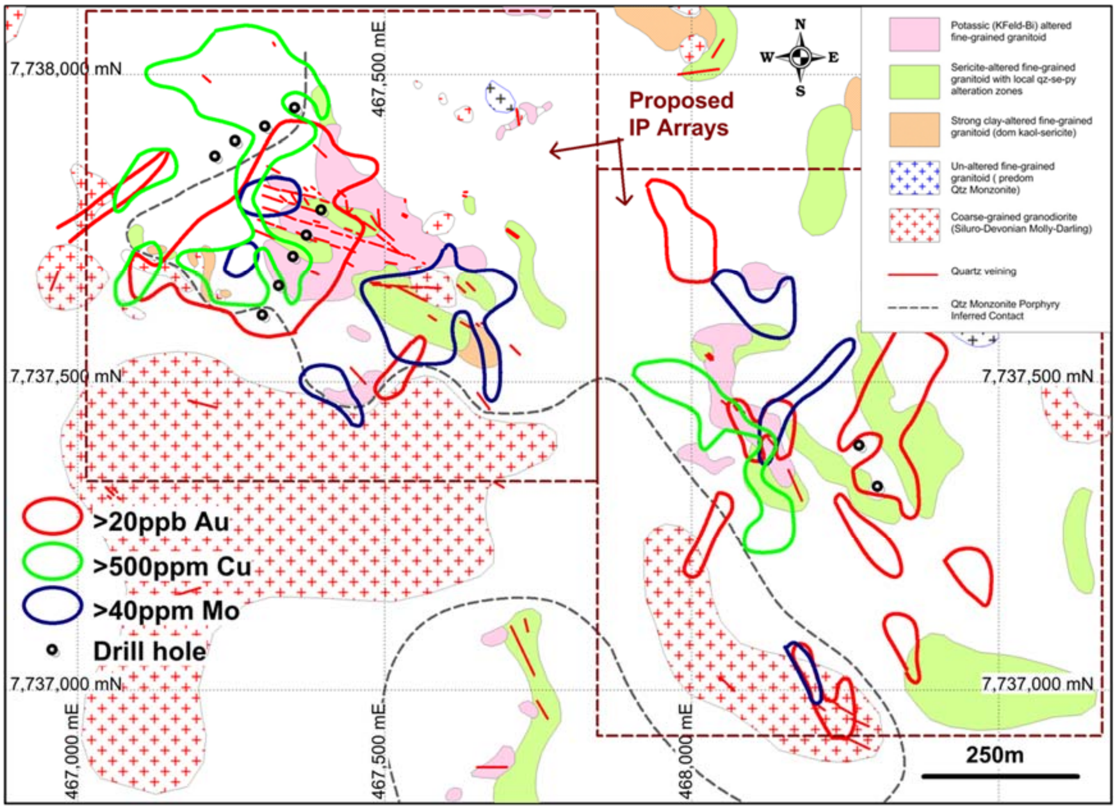

Figure 12: Kookaburra prospect showing geology, soil anomalies and drill collars.

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

The Information in this report that relates to the Exploration Results of the Rupa Suguti is extracted from the ASX announcement entitled "Rupa Suguti Project Drilling Results" released on 13 November 2013 and is available on www.asx.com.au

The Information in this report that relates to the Exploration Results of the Jubilee Reef and Mt Windsor Projects is extracted from the ASX announcement entitled "Quarterly Activities Report for the quarter ended 31st December 2013" released on 30 January 2014 and is available on www.ltresources.com.au.

The Information in this report that relates to the Exploration Results for the Ibaga Project is extracted from the ASX announcement entitled "Quarterly Activities Report for the quarter ended 30th June 2014" released on 18th July 2014 and is available on www.asx.com.au.

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

This report contains forward-looking statements which involve a number of risks and uncertainties. These forward looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

3. Financial Review

3.1 Financial Performance

The group reported a net loss of $1,387,035 for the year (2013: net loss of $3,002,962). The current year net loss predominantly relates to the write off of capitalised project generation and exploration expenditure.

Corporate administrative expenses have decreased by 26% to $590,193 (2013: $799,788). Due to market conditions making it a challenge for junior exploration companies to raise capital at the current time, the directors have reviewed all costs during the year and have succeeded in lowering the personnel expenses and fixed overheads. The Managing Director has since taken a 50% (2013: 25%) reduction in salary and the non-executive directors agreed that as from 1 April 2013, to accrue their directors' fees. During the year the directors resolved to satisfy accrued director's fees from 1 April 2013 to 30 September 2013 of $55,045 by the issue of 4,361,795 shares. Net directors' fees payable have continued to be accrued from 1 October 2013 until the Company and directors agree otherwise.

3.2 Statement of Cash Flows

Cash and cash equivalents at 30 June 2014 was $976,735 (2013: $1,203,544).

The movement in cash balances includes proceeds of $1.5 million from a placement to sophisticated investors at 3 cents per share.

Exploration expenditure decreased by 61% during the year to $1,112,668 (2013: $2,832,551) due to reduced expenditures in the current environment.

3.3 Financial Position

At balance date the group had net assets of $5,122,548 (2013: $5,097,100), and an excess of current assets over current liabilities of $778,568 (2013: $1,088,335).

The Group has forecasted that it may need to seek additional funding in order to meet its operating expenditure and planned exploration expenditure for the next 12 months from the date of signing these financial statements. Due to difficulties being faced by smaller exploration companies seeking to raise additional capital in the current market, if the Company is unable to raise further funds within the next 12 months, there is a material uncertainty that may cause significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business. As a result, the Company's auditors have included in their audit report an "Emphasis of Matter" paragraph. Refer to page 69 for the Independent Auditor's Report.

Current assets decreased by 18% to $1,045,970 (2013: $1,271,640). Non current assets increased by 8% due to expenditure on exploration and evaluation in Tanzania.

Current liabilities increased by 46% to $267,402 in 2014 from $183,305 in the 2013 financial year. This was mainly attributable to the drilling program invoices being accrued at 30 June 2014 from the June drilling program in Tanzania.

TANZANIA

Jubilee Reef Project

Tenement #	Status	Registered Holder	Current Equity
PL4495/2007	Granted	Currie Rose Resources (T) Limited	100% - pending transfer to Liontown.
PL6168/2009	Granted	Currie Rose Resources (T) Limited	100% - pending transfer to Liontown.
PL8125/2012	Granted	Liontown Resources (T) Limited	100%
PL8304/2012	Granted	Liontown Resources (T) Limited	100%
PL9711/2014	Granted	Currie Rose Resources (T) Limited	100% - pending transfer to Liontown
PL9973/2014	Granted	Liontown Resources (T) Limited	100%
HQ-P24810	Application	Currie Rose Resources (T) Limited	0%
KHM 0044/2014 to KHM 0055/2014	Applications	Chela Resources Ltd	0%

Rupa Suguti Project

Tenement #	Status	Registered Holder	Current Equity
PL4497/2007	Granted	Bismark Hotel Company	Liontown option to earn 100%.
PL7865/2012	Granted	Twigg Gold	Liontown option to earn 100%.
PL8183/2012	Granted	WG Exploration	Liontown option to earn 100%.
PL8659/2012	Granted	WG Exploration	Liontown option to earn 100%.
PL9797/2014	Granted	Liontown Resources (T) Limited	100%

Ibaga Project

Tenement #	Status	Registered Holder	Current Equity
PML 002041CZ to PML 002050CZ	Granted	Robert Mboma and Nurdin Ramadhani	The interest in the Ibaga and Ibaga North projects are independent of each other and arise through an agreement with a Tanzanian incorporated entity. 0% - option to earn 100%.
PML002247CZ to PML002260CZ	Granted	Nassoro F. Nassoro	The interest in the Ibaga and Ibaga North projects are independent of each other and arise through an agreement with a Tanzanian incorporated entity. 0% - option to earn 100% .

SCHEDULE OF TENEMENTS

AUSTRALIA

Mt Windsor Project

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

APPENDIX 1: Masabi Hill – RC Drilling Statistics

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

* 1-4m composite samples

APPENDIX 1 (cont): Masabi Hill – RC Drilling Statistics

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

* 1-4m composite samples

APPENDIX 1 (cont): Masabi Hill – RC Drilling Statistics

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

* 1-4m composite samples

APPENDIX 1 (cont): Masabi Hill – RC Drilling Statistics

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

* 1-4m composite samples

APPENDIX 2: Panapendesa –RC Drilling Statistics

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

* 1-4m composite samples

APPENDIX 3: Rupa Suguti/Chirorwe Prospect – Iscor (1996) RC Drilling Statistics

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

APPENDIX 4: Rupa Suguti/Chirorwe Prospect – Liontown (2013) RC Drilling Statistics

HOLEID	EAST	NORTH	RL	DEPTH	Azimuth	Dip	Significant Intersections (>0.25g/t)				Significant Intersections (>1g/t)			
							From	To	Interval	Grade	From	To	Interval	Grade
SCRC017	4026	8803	1252	112	35	-60	No significant assays							
SCRC018	4062	8787	1250	100	35	-60								
SCRC019	4182	8820	1232	50	198	-55								
SCRC020	4591	8812	1205	110	180	-55								
SCRC021	4650	8718	1210	118	360	-60	32	37	5	3.6	**32**	**37**	**5**	**3.6**
							59	61	2	6.6	**59**	**61**	**2**	**6.6**
SCRC022	4647	8702	1210	112	360	-65	52	53	1	2.8	52	53	1	2.8
							56	58	2	0.5				
							82	83	1	1.7	82	83	1	1.7
SCRC023	4037	8815	1252	50	35	-55	12	16	4	5.9	**13**	**15**	**2**	**11.3**
											13	**14**	**1**	**19.2**
							21	23	2	1.7	21	22	1	2.7
SCRC024	4071	8801	1250	52	37	-55	40	47	7	5.6	**40**	**47**	**7**	**5.6**
										incl	**41**	**45**	**4**	**7.1**
SCRC025	4175	8779	1233	52	18	-55	2	3	1	0.9				
							5	6	1	1.3	5	6	1	1.3
							9	10	1	1.4	9	10	1	1.4
							11	12	1	0.6				

(NB All1m samples, true widths 85-90% of drill widths)

APPENDIX 5: Ibaga Project – Rock Chip Results

SAMPLEID	LocEast	LocNorth	Category	Au_ppm	Ag_ppm	Cu_ppm	Zn_ppm
DUN002	2356	5410	Main Lode	0.19	21.6	320000	10570
DUN003	2356	5410	Main Lode	0.39	126	392000	212
131723	2385	5427	Main Lode	0.18	128	346000	273
131724	2385	5427	Wallrock	0.00	0.43	4370	1830
131725	2385	5427	Wallrock	0.03	0.38	3220	5920
131726	2385	5427	Wallrock	0.01	0.29	1195	1270
131727	2385	5427	Wallrock	0.00	0.24	1395	1020
131728	2385	5427	Wallrock	0.00	0.42	800	1830
131729	2385	5427	Wallrock	0.00	0.1	215	453
131730	2180	5368	Host rock	0.00	0.05	32.3	31
131731	2400	5343	Host rock	0.00	0.02	16	32
131732	2564	5471	Host rock	0.01	0.04	23.2	37
131734	2554	5486	Host rock	0.00	0.03	8.2	82
131776	2160	5508	Wallrock	0.002	0.62	340	763
131777	2161	5505	Wallrock	0.001	0.41	170.5	286
131778	2164	5500	Main Lode	0.082	6.1	12850	8690
131779	2159	5494	Wallrock	0.001	0.1	123.5	2710
131780	2154	5490	Main Lode	0.002	136	126000	113000
131781	2154	5490	Main Lode	0.088	24.2	5350	458000
131782	2153	5488	Wallrock	0.008	0.35	180	441
131783	2154	5490	Main Lode	0.624	123	150000	68000
131784	2184	5425	Hanging Wall Lode	0.15	36.4	179000	3840

APPENDIX 6: Mt Windsor/Allandale Prospect – Historic (1992) RC Drilling Statistics

HOLEID	EAST	NORTH	RL	DEPTH	AZIMUTH	DIP	Significant (>0.1g/t) Au			
							From	To	Interval*	Grade
RC92AL01	354633	7749967	367.8	156	17	-60	87	93	6	0.15
RC92AL02	354589	7749902	364.2	72	17	-60	21	36	15	0.16
							48	72	24	0.19
RC92AL03	354381	7749976	365.2	63.5	17	-60	No significant results			
RC92AL04	353716	7750356	370.1	78	17	-60	45	51	6	0.19
RC92AL05	353647	7750223	376.2	108	17	-60	93	96	3	0.45
RC92AL06	353189	7750235	386	132	17	-60	18	30	12	0.16
RC92AL07	352829	7750272	394.8	120	17	-60	No significant results			
RC92AL08	352384	7750282	388.5	117	17	-60				
RC92AL09	352906	7750496	384.5	54	17	-60				
RC92AL10	354644	7750163	360.5	25	17	-60				

***All 3m composites, true widths ~70% of downhole intervals**

DIRECTOR'S REPORT

The Directors present their report together with the financial statements of the Group consisting of Liontown Resources Limited ('Liontown Resources' or 'the Company') and its controlled entities for the financial year ended 30 June 2014 and the independent auditor's report thereon.

1. Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Tim R B Goyder Chairman	Tim has considerable experience in the resource industry as a prospector and investor. Tim has been involved in the formation and management of a number of private and publicly-listed companies. He is currently Executive Chairman of Chalice Gold Mines Limited and chairman of Uranium Equities Limited. During the past three years he has also served as a director of Strike Energy Limited. Director and Chairman since 2006.
David R Richards BSc (Hons), MAIG Managing Director	David has over 30 years experience in mineral exploration in Australia, Southeast Asia and western USA. His career includes exploration and resource definition for a variety of gold and base metal deposit styles and he led the team that discovered the multi-million ounce, high grade Vera-Nancy gold deposits in North Queensland. He has held senior positions with Battle Mountain Australia Inc, Delta Gold Limited, AurionGold Limited and was Managing Director of ASX-listed Glengarry Resources Limited from 2003-2009. Managing Director since 2010.
Anthony W Kiernan LLB Non-executive Director (Resigned 11 November 2013)	Tony, previously a lawyer, is a general corporate advisor with extensive experience in the administration and operation of listed public companies. He is Chairman of BC Iron Limited, Venturex Resources Limited and is a director of Chalice Gold Mines Limited and South Boulder Mines Limited. Director since 2006.
Craig R Williams BSc (Hons) Non-executive Director	Craig is a Geologist with over 30 years experience in mineral exploration and development. Craig co-founded Equinox Minerals Limited in 1993 and was President, Chief Executive Officer and Director prior to Barrick Gold's takeover of Equinox. He is currently Chairman of OreCorp Limited. He has been directly involved in several significant discoveries, including the Ernest Henry Deposit in Queensland and a series of gold deposits in Western Australia. In addition to his technical capabilities, he also has extensive corporate management and financing experience. Director since 2006.
Anthony J Cipriano B.Bus, ACA, GAICD Non-executive Director (Appointed 1 July 2014)	Anthony is a Chartered Accountant with 27 years accounting and finance experience. Anthony was formerly a partner at Deloitte and at the time of his retirement in 2013 he was the Deloitte National Tax Leader for Energy & Resources and leader of its Western Australian Tax Practice. Anthony has significant experience working across tax, accounting, legal and financial aspects of corporate transactions. Anthony is also a director of Lachlan Star Limited. Anthony was appointed the Chair of the Audit Committee on 13 August 2014.

2. Joint company secretaries

Richard K Hacker
B.Com, CA, ACIS

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

Leanne Stevens
B.Com, CA, ACSA

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

3. Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings	Audit**	Remuneration*	Nomination*
Number of meetings held:	5	2	-	-
Number of meetings attended:				
T R B Goyder	5	1	-	-
A W Kiernan	2	1	-	-
D R Richards	5	1	-	-
C R Williams	5	2	-	-

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

**The board acquired the duties of the audit committee when the chairman of the audit committee, Mr Kiernan resigned during the year on 11 November 2013. A separate audit committee was established on 13 August 2014 following the appointment of Mr Cipriano on 1 July 2014 as a non-executive director. Mr Cipriano was appointed the Chairman of the audit committee.

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

4. Principal activities

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

5. Review of operations

Refer to the Operating and Financial Review from pages 3 to 17 of the Annual Report.

6. Significant changes in the state of affairs

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

7. Remuneration report – audited

7.1 Introduction

This remuneration report for the year ended 30 June 2014 outlines remuneration arrangements in place for directors and other members of the key management personnel of Liontown Resources in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, or any controlled entity. KMP's during or since the year were:

(i) Directors
T R B Goyder (Chairman)
C R Williams (Non-executive Director)
A W Kiernan (Non-executive Director) (resigned 11 November 2013)
A J Cipriano (Non-executive Director) (appointed 1 July 2014)
D R Richards (Managing Director)

(ii) Executives
Richard Hacker (CFO)

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

7.1.1 Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to set competitive remuneration packages to attract and retain high calibre employees and to link a significant component of executive rewards to shareholder value creation. The size, nature and financial strength of the Company are also taken into account when setting remuneration levels so as to ensure that the operations of the Company remain sustainable.

7.1.2 Remuneration committee

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

7.1.3 Remuneration structure

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

a) *Non-executive director remuneration*

The Board recognises the importance of attracting and retaining talented non-executive directors and aims to remunerate these directors in line with fees paid to directors of companies of a similar size and complexity in the mining and exploration industry. The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Company's Constitution and the ASX Listing Rules specify that the aggregate fees to be paid to non-executive directors for their role as a director are to be approved by shareholders at a general meeting. Shareholders have approved an aggregate amount of $300,000 per year (including superannuation).

The amount of total compensation apportioned amongst directors is reviewed annually and the Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. The Board will not seek any increase for the non-executive pool at the 2014 AGM.

The remuneration of non-executive directors consists of directors' fees. Each director receives a fee for being a director of the Company. No additional fees are paid for each Board committee which a director sits due to the size of the Company. The non-executive directors are not entitled to receive retirement benefits and, at the discretion of the Board, may participate in the Employee Share Option Plan, subject to the usual approvals required by shareholders.

The Board considers it may be appropriate to issue options to non-executive directors given the current nature and size of the Company as, until profits are generated, conservation of cash reserves remain a high priority. Any options issued to directors will require separate shareholder approval.

Apart from their duties as directors, some non-executive directors may undertake work for the Company on a consultancy basis pursuant to the terms of consultancy services agreement. The nature of the consultancy work varies depending on the expertise of the relevant non-executive director. Under the terms of these consultancy agreements non-executive directors would receive a daily rate or a monthly retainer for the work performed at a rate comparable to market rates that they would otherwise receive for their consultancy services.

Due to the market conditions and with an emphasis on conserving cash reserves, directors agreed to continue to accrue director fees but defer the payment of directors' fees from 1 October 2013. The remuneration of non-executive directors for the year ended 30 June 2014 is detailed in page 31 of this report.

b) *Executive remuneration*
The Company's executive remuneration strategy is designed to attract, motivate and retain high performance individuals and align the interests of executives and shareholders. Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

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

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

The Company believes that the issue of share options in the Company aligns the interests of directors, employees and shareholders alike. As no formal performance hurdles are set on options issued to executives, the Company believes that as options are issued at a price in excess of the Company's current share price at the date of issue of those options, there is an inherent performance hurdle as the share price of the Company's shares has to increase before any reward can accrue to the executive.

Short term incentive schemes
The Company currently has no formal performance related remuneration policy which governs the payment of annual cash bonuses upon meeting pre-determined performance targets. However, the board may consider performance related remuneration in the form of cash or share options when they consider these to be warranted.

7.1.4 **Employment contracts**

Remuneration arrangements for KMP are generally formalised in employment agreements. Details of these contracts are provided below.

Name and Job Title	Employment Contract Duration	Notice Period	Termination Provisions
Executive Director			
D R Richards Managing Director	Unlimited	3 months by the Company and the employee	Nil
Executive			
R K Hacker[1] Chief Financial Officer	At will	Nil	Nil

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

7.2 **Key Management Personnel; remuneration (audited)**

Key Management Personnel		Short-term payments			Post-employment payments	Share-based payments			Value of options as proportion of remuneration
		Salary & fees (B)	Non-monetary benefits	Total	Super-annuation benefits	Termination benefits	Options (A)	Total(B)	
		$	$	$	$	$	$	$	(%)
Directors									
T R B Goyder	2014	45,872	2,814	48,686	4,243	-	-	52,929	0%
	2013	45,872	2,045	47,917	4,128	-	-	52,045	0%
D R Richards	2014	209,157	7,168	216,325	19,347	-	14,865	250,537	6%
	2013	258,027	2,045	260,072	23,222	-	-	283,294	0%
D A Jones (resigned 18 January 2013)	2014	-	-	-	-	-	-	-	0%
	2013	18,730	1,131	19,861	1,686	-	-	21,547	0%
A W Kiernan (resigned 11 November 2013)	2014	28,379	1,025	29,404	1,485	-	-	30,889	0%
	2013	70,610	2,045	72,655	2,890	-	-	75,545	0%
C R Williams	2014	32,110	2,814	34,924	2,970	-	-	37,894	0%
	2013	32,110	2,045	34,155	2,890	-	-	37,045	0%
Executive									
R K Hacker (C)	2014	-	2,814	2,814	-	-	9,979	12,793	78%
	2013	49,603	2,045	51,648	4,464	-	-	56,112	0%
Total Compensation	**2014**	**315,518**	**16,635**	**332,153**	**28,045**	**-**	**24,844**	**385,042**	
	2013	**474,952**	**11,356**	**486,308**	**39,280**	**-**	**-**	**525,588**	

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

A. The fair value of the options are calculated at the date of grant using a Black Scholes option pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options allocated to this reporting period. In valuing the options, market conditions have been taken into account. (Refer to note 14).

B. Due to the market conditions and with an emphasis on conserving cash reserves, directors agreed to continue to accrue director fees but defer the payment of directors' fees from 1 October 2013. At 30 June 2014 the net payable amount of $58,486 in directors' fees for the period from 1 October 2013 to 30 June 2014 were accrued. All taxation liabilities have been paid during the year.

C. Mr Hacker did not receive any salary and wages for the 2014 financial year as he is remunerated by Chalice Gold Mines Limited through the corporate services agreement between the Company and Chalice Gold Mines Limited. (Refer to note 19).

7.3 Equity instruments

7.3.1 Options and rights over ordinary shares granted as compensation

At the Company's Annual General Meeting, shareholders approved the issue of 4,000,000 options on 29 November 2013 expiring on 30 November 2016 to Mr Richards. 2,000,000 have an exercise price of 1.727 cents and the remaining 2,000,000 have an exercise price of 2.302 cents. Mr Hacker was granted 750,000 options expiring 27 June 2017 with an exercise price of 5 cents during the year.

No options were issued during the previous financial year.

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

7.3.2 Exercise of options granted as compensation

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

7.3.3 Analysis of options and rights vested during the period

Details of the vesting profiles of the options granted as remuneration to each Director of the Company and each of the named Company Executives are outlined below. For further details please refer to note 15 in the financial statements.

	Number granted	Date granted	Exercise price	% vested in year	Forfeited in year	Financial year in which grant vests
Directors						
D R Richards	2,000,000	29 November 2013	0.01727	100%	-	2014
D R Richards	2,000,000	29 November 2013	0.02302	0%	-	2015
Executives						
R K Hacker	750,000	27 June 2014	0.05	100%	-	2014

7.3.4 Analysis of movements in options

The movement during the reporting period, by value, of options over ordinary shares held by each key management persons and each of the named Company executives is detailed below.

	Granted in year $ (A)	Exercised in year $ (B)	Forfeited in year $ (C)
Directors			
D R Richards	18,370	-	-
Executives			
R K Hacker	9,979	-	-

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.

7.3.5 Movement in equity holdings of key management personnel

Options and rights over equity instruments granted as compensation

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

	Held at 1 July 2013	Granted as compensation	Exercised	Expired/ Forfeited	Held at 30 June 2014	Vested during the year	Vested and exercisable at 30 June 2014
T R B Goyder	-	-	-	-	-	-	-
D R Richards	-	4,000,000	-	-	4,000,000	2,000,000	2,000,000
A W Kiernan	-	-	-	-	-	-	-
C R Williams	-	-	-	-	-	-	-
Executive							
R K Hacker	750,000	750,000	-	(750,000)	750,000	750,000	750,000

Movements in ordinary shares

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

	Held at 1 July 2013	Additions	Received on exercise of options	Sales	Held at 30 June 2014
Directors					
T R B Goyder	111,430,181	7,227,418	-	(5,000,004)	113,657,595
D R Richards	1,787,666	500,000	-	-	2,287,666
A W Kiernan	5,689,817	-	-	-	5,689,817
C R Williams	2,720,171	1,272,190	-	-	3,992,361
Executives					
R K Hacker	3,511,999	-	-	-	3,511,999

7.3.6 Other transactions with key management personnel

Shares issues to directors in lieu of fees

Due to market conditions and with an emphasis on conserving cash reserves, directors agreed, from 1 April 2013, to continue to accrue director fees but defer the payment of directors' fees until further notice. On 23 September 2013, the board agreed, subject to shareholder approval, that each non-executive director with the Company will take shares in full satisfaction of their respective outstanding fees as at 30 September 2013. At the Annual General Meeting on 28 November 2013, shareholders approved the following issue of shares:

	Directors' Fees Outstanding	Shares Issued
Director		
Tim Goyder	$22,936	1,817,415
Craig Williams	$16,055	1,272,190
Former Directors		
Anthony Kiernan	$16,055	1,272,190
Total	**$55,046**	**4,361,795**

The issue price of 1.262 cents per share was calculated by taking the volume weighted average share price for Liontown Resources Limited ordinary shares for the 30 days up to and including 20 September 2013.

It was also agreed at the board meeting on 23 September 2013 to continue to accrue directors' fees from 1 October 2013 until further notice. At 30 June 2014 the balance of directors' fees owing was $58,486.

Individual directors and executives compensation disclosures

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

Loans to key management personnel and their related parties

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

Other key management personnel transactions with the Group

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

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

		Note	Amounts paid or payable 2014 $	Amounts paid or payable 2013 $
Key management persons	**Transaction**			
A W Kiernan	Legal and consulting services	(i)	15,000	38,500
Other related parties				
Chalice Gold Mines Limited	Corporate Services	(ii)	108,000	144,000

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

(ii) The Group receives corporate services including office rent and facilities, accounting and company secretarial services under a Corporate Services Agreement with Chalice Gold Mines Limited. Messrs Goyder and Kiernan were directors of Chalice Gold Mines Limited during the year, and Mr Hacker and Mrs Stevens are joint company secretaries. Amounts billed are based on a proportionate share of the cost to Chalice Gold Mines Limited of providing the services and have normal payment terms.

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

Liabilities arising from the above transactions	2014 $	2013 $
Current payables	(18,000)	(16,200)
	(18,000)	(16,200)

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

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

10. Likely developments

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

11. Directors' interests

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

	Ordinary shares	Listed Options over ordinary shares	Unlisted Options over ordinary shares
T R B Goyder	113,657,595	9,050,505	-
D R Richards	2,287,666	148,971	4,000,000
C R Williams	3,992,361	226,680	-
A J Cipriano	-	-	-

12. Share options

Options granted to directors and officers of the Company
Details of options over ordinary shares in the Group 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 2014	Grant date	Number of options vested during 2014	Fair value per option at grant date $	Exercise price $	Expiry date
Directors						
D R Richards	2,000,000	29 November 2013	2,000,000	0.005	0.01727	30 November 2016
	2,000,000	29 November 2013	-	0.0042	0.02302	30 November 2016
Executives						
R K Hacker	750,000	27 June 2014	750,000	0.0133	0.05	30 June 2017

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

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

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

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

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

13. Indemnification and insurance of directors and officers

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

During the year the Company paid insurance premiums of $12,281 in respect of directors' and officers' indemnity insurance contracts for current and former directors and officers. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and

- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The amount of insurance paid is included in key management personnel remuneration on page 31.

14. Auditors remuneration and non-audit services

Details of the auditor's remuneration are disclosed in note 5 of the notes to the consolidated financial statements. During the year HLB Mann Judd, the Company's auditors, performed no other services in addition to their statutory duties.

15. Auditor's independence declaration

The auditor's independence declaration is set out on page 38 and forms part of the Directors' Report for the year ended 30 June 2014.

This report is made with a resolution of the directors:

David R Richards
Managing Director

Dated at Perth the 17th day of September 2014

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Liontown Resources Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Perth, Western Australia
17 September 2014

W M Clark
Partner

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Liability limited by a scheme approved under Professional Standards Legislation

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
Continuing Operations			
Revenue	3(a)	6,996	58,947
Other Income	3(b)	20,037	-
Impairment of exploration and evaluation expenditure	11	-	(2,077,641)
Exploration costs written off	11	(810,954)	(184,480)
Plant & equipment written off	12	(12,920)	-
Corporate administrative expenses	3(c)	(590,194)	(799,788)
Loss before tax		(1,387,035)	(3,002,962)
Income tax expense	6	-	-
Loss for the year attributable to owners of the parent		(1,387,035)	(3,002,962)
Other comprehensive income			
Items that may be reclassified to the profit or loss			
Exchange differences on translation of foreign operations		(60,450)	264,063
Total comprehensive income after tax attributable to owners of the parent		(1,447,485)	(2,738,899)
Basic earnings per share attributable to ordinary equity holders (cents)	7	(0.35)	(0.92)
Diluted earnings per share attributable to ordinary equity holders (cents)	7	(0.35)	(0.92)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2014 $	2013 $
Current assets			
Cash and cash equivalents	8	976,735	1,203,544
Trade and other receivables	9	69,235	68,096
Total current assets		1,045,970	1,271,640
Non-current assets			
Financial assets	10	25,346	82,500
Exploration and evaluation assets	11	4,251,255	3,834,295
Property, plant and equipment	12	67,379	91,970
Total non-current assets		4,343,980	4,008,765
Total assets		5,389,950	5,280,405
Current liabilities			
Trade and other payables	13	243,833	180,612
Employee benefits	14	23,569	2,693
Total current liabilities		267,402	183,305
Total liabilities		267,402	183,305
Net assets		5,122,548	5,097,100
Equity			
Issued capital	15	27,543,459	26,110,007
Accumulated losses	15	(22,679,531)	(21,426,535)
Reserves	15	258,620	413,628
Total equity		5,122,548	5,097,100

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

CONSOLIDATED STATEMENT OF CHANGES OF EQUITY FOR THE YEAR ENDED 30 JUNE 2014

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

	Note	Issued capital	Accumulated losses	Share based payments reserve	Foreign Currency Translation reserve	Total equity
		$	$	$	$	$
Balance at 1 July 2012		22,884,163	(19,912,561)	1,623,027	15,525	4,610,154
Loss for the year		-	(3,002,962)	-	-	(3,002,962)
Exchange differences on translation of foreign operations		-	-	-	264,064	264,064
Total comprehensive loss for the year		-	(3,002,962)	-	264,064	(2,738,898)
Share issue – rights issue (net after costs)		3,225,844	-	-	-	3,225,844
Transfer from share based payment reserve		-	1,488,988	(1,488,988)	-	-
Balance at 30 June 2013	15	26,110,007	(21,426,535)	134,039	279,589	5,097,100

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Cash paid to suppliers and employees		(453,284)	(741,644)
Interest received		5,290	67,774
Net cash used in operating activities	18	(447,994)	(673,870)
Cash flows from investing activities			
Payments for exploration and evaluation		(1,112,668)	(2,832,551)
Acquisition of property, plant and equipment		(37,761)	(2,046)
Net cash used in investing activities		(1,150,429)	(2,834,597)
Cash flows from financing activities			
Proceeds from issue of shares		1,500,300	3,428,159
Transaction costs of issue of shares		(121,894)	(202,315)
Net cash from financing activities		1,378,406	3,225,844
Net (decrease) in cash and cash equivalents		(220,017)	(282,623)
Effect of exchange rate fluctuations on cash held		(6,792)	(3,211)
Cash and cash equivalents at the beginning of the year		1,203,544	1,489,378
Cash and cash equivalents at 30 June	8	976,735	1,203,544

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

1. Significant accounting policies

Liontown Resources is an ASX listed public company domiciled in Australia at Level 2, 1292 Hay Street, West Perth, Western Australia. The consolidated financial report comprises the financial statements of Liontown Resources Limited ('Company') and its subsidiaries ('the Group') for the year ended 30 June 2014.

The financial report was authorised for issue by the directors on 17th day of September 2014.

(a) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

(b) Basis of preparation

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

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

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

(c) Adoption of new and revised standards

In the year ended 30 June 2014, 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. It has been determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group. The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2013:

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

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2014. The following standards and interpretations have been recently issued or amended and have not been adopted by the Group for the annual reporting period ended 30 June 2014, outlined below:

- AASB 9 Financial Instruments
- AASB 1031 Materiality
- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to Australian Accounting Standards – Recoverable Amount Disclosures for Non Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting

- AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities
- AASB 2013 -9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments
- INT 21 Levies

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

(d) Basis of consolidation

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

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

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

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

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

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

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

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

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries held by Liontown Resources Limited are accounted for at cost in the accounts of the parent entity less any impairment charges.

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

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

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

(e) Significant accounting judgements, estimates and assumptions

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Group.

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

(i) Recoverability of exploration expenditure

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

(ii) Shared-based payment transactions

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

(f) Going concern

The financial statements are prepared on a going concern basis. At balance date, the Group had an excess of current assets over current liabilities of $778,568 and cash at bank of $976,735. Total cashflows used in operating activities was $447,994.

Notwithstanding the positive working capital position at balance date, the Group has forecasted that it may need to seek additional funding in the coming year in order to meet its operating expenditure and planned exploration expenditure for the next 12 months from the date of signing these financial statements. Should additional funding not be obtained, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business.

(g) Foreign currency translations

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

(i) Foreign currency transactions

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

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

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

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

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

Foreign currency differences are recognised in other comprehensive income, and presented in foreign currency translation reserve (translation reserve) in equity upon translation to presentation currency. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

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

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

(i) Sale of goods and interests in exploration assets
Revenue is recognised when the significant risks and rewards of ownership of the goods/exploration assets have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be reliably measured. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods/exploration assets to the buyer.

(ii) Services rendered
Revenue from services rendered is recognised in the statement of comprehensive income in proportion to the stage of completion of the transaction at balance date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably.

(iii) Interest received

Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the statement of comprehensive income using the effective interest method.

(j) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense and spread over the lease term.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Financing costs

Financing costs comprise interest payable on borrowings calculated using the effective interest method and interest receivable on funds invested.

(k) Depreciation

Depreciation is charged to the statement of comprehensive income on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Depreciation rates used in the current and comparative periods are as follows:

- plant and equipment 5%-50%
- motor vehicles 18.75%-37.5%

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

(l) Income tax

Income tax in the statement of comprehensive income comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on all temporary differences at balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office ('ATO') is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n) Impairment

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

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

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

(o) Cash and cash equivalents

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

(p) Trade and other receivables

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

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

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

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

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

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

(r) Property, plant and equipment

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

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

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

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

(s) Financial assets

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

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

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

(ii) Held-to-maturity investments

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

(iii) Loans and receivables

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

(iv) Available-for-sale investments

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

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

(t) Derecognition of financial assets and financial liabilities

(i) Financial assets

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

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

  (a) has transferred substantially all the risks and rewards of the asset, or

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

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

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

(ii) Financial liabilities

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

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

(u) Impairment of financial assets

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

(i) Financial assets carried at amortised cost

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

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

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

(ii) Financial assets carried at cost

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

(iii) Available-for-sale investments

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

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

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

1) the rights to tenure of the area of interest are current; and

2) at least one of the following conditions is also met:

   (i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
   (ii) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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

(w) Trade and other payables

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

(x) Employee benefits

(i) Superannuation

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

(ii) Share-based payment transactions

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

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

The cost of these equity-settled transactions with employees and directors is measured by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

(i) the extent to which the vesting period has expired; and
(ii) the number of awards that, in the opinion of the directors, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

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

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

(y) Provisions

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

(z) Issued capital

(i) Ordinary share capital

Ordinary shares and partly paid shares are classified as equity

(ii) Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(aa) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;

- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element

(ab) The financial information for the parent entity, Liontown Resources Limited, disclosed in note 21, has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

2. Segment reporting

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

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

	Exploration and Evaluation		Corporate		Total	
	30 June 2014 $	30 June 2013 $	30 June 2014 $	30 June 2013 $	30 June 2014 $	30 June 2013 $
Impairment of exploration and evaluation assets	-	(2,077,641)	-	-	-	(2,077,641)
Exploration costs written off	(810,954)	(184,480)	-	-	(810,954)	(184,480)
Depreciation			(10,484)	(16,946)	(10,484)	(16,946)
Corporate and administrative expenses	-	-	(592,630)	(782,842)	(592,630)	(782,842)
Other income	20,037	-	-	-	20,037	-
Segment net gain/ (loss) before tax	(790,917)	(2,262,121)	(603,114)	(799,788)	(1,394,031)	(3,061,909)
Unallocated income/(expenses)				-		
Net financing income					6,996	58,947
Profit/(loss) before income tax					(1,387,035)	(3,002,962)

	Exploration and Evaluation		Corporate		Total	
	30 June 2014 $	30 June 2013 $	30 June 2014 $	30 June 2013 $	30 June 2014 $	30 June 2013 $
Segment assets:						
Exploration and evaluation assets	4,251,255	3,834,295	-	-	4,251,255	3,843,295
Other	44,364	174,042	95,363	50,265	139,727	224,307
	4,295,619	4,008,337	95,363	50,265	4,390,982	4,058,602
Unallocated assets					998,968	1,221,803
Total assets					5,389,950	5,280,405
Segment Liabilities	114,630	50,695	152,772	132,610	267,402	183,305

3. Revenue and expenses

(a) Revenue

	Note	2014 $	2013 $
Interest received		6,996	58,947
		6,996	58,947

(b) Other income

	2014 $	2013 $
Exploration rent and rates reimbursed on tenements previously written off	20,037	-
	20,037	-

(c) Corporate administrative expenses

	Note	2014 $	2013 $
Depreciation and amortisation		10,484	16,946
Insurance		33,054	28,105
Legal fees		25,113	58,633
Office costs		6,425	5,259
Personnel expenses	4	244,948	343,504
Regulatory and compliance		128,400	100,853
Corporate and administration office rent		108,000	144,000
Other		33,770	102,488
		590,194	799,788

4. Personnel expenses

	2014 $	2013 $
Wages and salaries	80,917	162,338
Directors' fees	100,059	140,417
Other associated personnel expenses	6,269	3,012
Superannuation fund contributions	18,222	37,737
Equity-settled transactions	39,481	-
	244,948	343,504

On 19 April 2013 the Board resolved, as a cash conservation measure, to accrue rather than pay non-executive director fees from 1 October 2013 until further notice. Of the $100,059 director's fees reported above, $58,486 was owing at 30 June 2014.

5. Auditor's remuneration

	2014 $	2013 $
Audit services		
HLB Mann Judd		
Audit and review of financial reports	27,000	30,885

6. Income tax

	2014 $	2013 $
(a) The prima facie income tax expense on pre-tax accounting result from operations reconciles to the income tax benefit in the financial statements as follows:		
Accounting loss before tax from continuing operations	(1,387,035)	(3,002,962)
Income tax benefit calculated at 30%	(416,110)	(900,888)
Tax effect of amounts which are not tax deductible (taxable) in calculating taxable income:		
Non-deductible expenses	116,467	53,725
Share based payments	11,844	-
Deferred tax assets and liabilities not recognised	287,799	847,163
Income tax expense/(benefit) reported in the statement of comprehensive income	-	-
(b) Unrecognised deferred tax balances		
The following deferred tax assets and liabilities have not been brought to account:		
Deferred tax assets comprise:		
Revenue losses available to offset against future taxable income	2,959,838	2,820,251
Share issue expenses	87,600	84,814
Accrued expenses and liabilities	42,697	10,167
	3,090,135	2,915,232
Deferred tax liabilities comprise:		
Exploration expenditure capitalised	3,175	1,330
Accrued interest	611	202
Prepayments	5,228	6,703
	9,014	8,235
(c) Income tax benefit not recognised directly in equity during the year:		
Share issue costs	36,568	60,695

Deferred tax liabilities have not been recognised in respect of these taxable temporary differences as the entity is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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7. Earnings per share

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share for the year ended 30 June 2014 was based on the loss attributable to ordinary shareholders of $1,387,035 [2013: loss of $3,002,962] and a weighted average number of ordinary shares outstanding during the year ended 30 June 2014 of 399,690,436 [2013: 326,723,327].

Profit/(loss) attributable to ordinary shareholders (diluted)	2014 $	2013 $
Profit/(loss) attributable to ordinary shareholders	(1,387,035)	(3,002,962)
Profit/(loss) attributable to ordinary shareholders (diluted)	(1,387,035)	(3,002,962)

Weighted average number of ordinary shares (diluted)	No.	No.
Weighted average number of ordinary shares at 30 June	399,690,436	326,723,327
Weighted average number of ordinary shares (diluted) at 30 June	399,690,436	326,723,327

8. Cash and cash equivalents

	2014 $	2013 $
Bank accounts	476,735	798,979
Term deposits	500,000	401,221
Petty cash	-	3,344
Cash and cash equivalents in the statement of cash flows	976,735	1,203,544

9. Trade and other receivables

Current	2014 $	2013 $
Other trade receivables	47,362	44,676
Prepayments	21,873	23,420
	69,235	68,096

10. Financial assets

Non-current	2014 $	2013 $
Bank guarantee deposits	25,346	25,000
Security deposits	-	57,500
	25,346	82,500

11. Exploration and evaluation expenditure

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

	2014 $	2013 $
Balance at beginning of year	3,834,295	3,640,913
Expenditure incurred during the year	1,276,445	2,372,181
Impairment of exploration and evaluation assets	-	(2,077,641)
Exploration expenditure written off **	(810,954)	(184,480)
Effects of movements in exchange rates	(48,531)	83,322
	4,251,255	3,834,295

** Included in the exploration expenditure written off in 2014 is an amount of $543,868 relating to the Ibaga Project. RC drilling designed to test beneath the mine workings which cover the central 400m of the known mineralised trend has been postponed pending clarification of an access matter relating to third party mining activities. Whilst the Company has been advised by its solicitors that it has full legal right to access the project, it has nonetheless adopted a conservative approach and, for the purposes of accounting standards, written off all costs incurred to date at the project. The Tanzanian Ministry of Mines and Energy is assisting with resolving the matter as a priority.

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.

12. Property, plant and equipment

	2014 $	2013 $
At cost	235,932	375,374
Less: accumulated depreciation	(168,553)	(283,404)
	67,379	91,970
Plant and equipment		
Carrying amount at 1 July	91,970	82,720
Exchange differences	(1,162)	-
Additions	10,335	29,473
Assets written off	(12,920)	-
Depreciation	(20,844)	(20,223)
Carrying amount at end of period	67,379	91,970

13. Trade and other payables

	2014 $	2013 $
Trade payables	36,575	38,847
Accrued expenses	207,258	141,765
	243,833	180,612

14. Employee benefits

	2014 $	2013 $
Liability for annual leave	23,569	2,693
Total employee benefits	23,569	2,693

Share based payments

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

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

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

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

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

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

Grant date	Number of instruments	Vesting conditions	Contractual life of options
29 November 2013	2,000,000	No vesting conditions	3 years
29 November 2013	2,000,000	1 year continual service	3 years
27 June 2014	1,850,000	No vesting conditions	3 years

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

	Weighted average exercise price ($) 2014	Number of options 2014	Weighted average exercise price ($) 2013	Number of options 2013
Outstanding at the beginning of the year	0.20	4,650,000	0.23	11,650,000
Granted during the year	0.03	5,850,000	-	-
Forfeited during the year	0.20	100,000	-	-
Exercised during the year	-	-	-	-
Expired during the year	0.20	4,550,000	0.24	7,000,000
Outstanding at the end of the year	0.03	5,850,000	0.20	4,650,000
Exercisable at the end of the year	0.02	3,850,000	0.20	4,650,000

The options outstanding at 30 June 2014 have a range of exercise prices from $0.01727 to $0.05 (2013:$0.20) and a weighted average remaining contractual life of 2.6 years (2013:4 months).

During the year, no share options were exercised.

The fair value of the options is estimated at the grant date 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 2014.

Fair value of share options and assumptions	2014	2013
Share price at grant date (weighted average)	0.02	-
Exercise price (weighted average)	0.03	-
Expected volatility (expressed as weighted average volatility used in the modelling under binominal option-pricing model)	80%	-
Option life (expressed as weighted average volatility used in the modelling under binominal option-pricing model)	3 years	-
Expected dividends	-	-
Risk-free interest rate	2.92%	-

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

	2014 $	2013 $
Share options granted in 2014 - equity settled	39,481	-
Total expense recognised as personnel expenses (note 4)	39,481	-

15. Issued capital and reserves

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

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

2013	Issued capital (a) $	Accumulated losses $	Foreign currency translation reserve $	Share based payments reserve (b) $	Total equity $
Balance at 1 July 2012	22,884,163	(19,912,561)	15,525	1,623,027	4,610,154
Share issue – rights issue (net of costs)	3,225,844	-	-	-	3,225,844
Transfer from Share Based Payment Reserve	-	1,488,988	-	(1,488,988)	-
Loss for the period	-	(3,002,962)	-	-	(3,002,962)
Currency translation differences	-	-	264,064	-	264,064
Balance at 30 June 2013	26,110,007	(21,426,535)	279,589	134,039	5,097,100

(a) **Issued capital**

	2014 No.	2013 No.
On issue at 1 July	391,789,575	293,842,181
Rights Issue	-	97,947,394
Issue of fully paid shares – in lieu of director's fees	4,361,795	-
Issue of fully paid ordinary shares – share placement	50,010,000	-
On issue at 30 June	446,161,370	391,789,575

Ordinary shares

In November 2013 shareholders approved the issue of 4,361,795 ordinary fully paid shares, valued at $55,045 (costs totalled $1,732), to directors in lieu of director's fees accrued between April 2013 and September 2014. The price of the issue was based on a 30 day volume weighted average share price of 1.262 cents up to and including 20 September 2013.

In May 2014 the Company made a share placement of 50,010,000 ordinary fully paid shares to raise $1,500,300 ($1,380,138 net of costs).

All shares were issued and fully paid during the year.

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

(b) **Share options**

Unlisted share options	2014 No.	2013 No.
On issue at 1 July	4,650,000	11,650,000
Options issued during the year	5,850,000	-
Options lapsed during the year	(4,650,000)	(7,000,000)
On issue at 30 June	5,850,000	4,650,000

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

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

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

Listed share options	2014 No.	2013 No.
On issue at 1 July	32,649,048	32,649,048
Options issued during the year	-	-
Options lapsed during the year	-	-
On issue at 30 June	32,649,048	32,649,048

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

(c) Nature and purpose of reserves

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

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

16. Financial instruments

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

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

The Board reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues as well as the issue of debt, if the need arises.

(b) Market risk exposures
Market risk is the risk that changes in market prices such as foreign exchange rates, equity prices and interest rates will affect the Group's income or value of its holdings of financial instruments.

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

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

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

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

30 June 2013	Note	1 year or less $	Over 1 to 5 years $	Floating interest $	Non-interest bearing $	Total $	Weighted average int. rate
Financial assets							
Bank balances	8	-	-	798,979	-	798,979	1.15%
Term deposits	8	401,221	-	-	-	401,221	3.85%
Bank guarantee	10	25,000	-	-	-	25,000	5.45%
Petty cash	8	-	-	-	3,344	3,344	-
Trade and other receivables	9	-	-	-	68,096	68,096	-
Security deposits, bonds, funds held on trust	10	-	-	-	57,500	57,500	-
Financial liabilities							
Trade payables and accrued expenses	13	-	-	-	180,612	180,612	-

(c) Credit risk exposure

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

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

(d) Liquidity risk exposure

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board actively monitors the Group's ability to pay its debts as and when they fall due by regularly reviewing the current and forecast cash position based on the expected future activities.

The Group has non-derivative financial liabilities which include trade and other payables of $243,833 all of which are due within 60 days.

(e) Net fair values of financial assets and liabilities

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

17. Capital and other commitments

Exploration expenditure commitments

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

	2014 $	2013 $
Within 1 year	283,417	117,095
Within 2 – 5 years	903,446	916,545
Later than 5 years	996,070	1,249,780
	2,182,933	2,283,420

18. Reconciliation of cash flows from operating activities	2014	2013
Cash flows from operating activities	$	$
Loss for the period	(1,387,035)	(3,002,962)
Adjustments for:		
Depreciation and amortisation	10,484	16,946
Carrying amount of assets written off	12,920	-
Net gain on foreign exchange	6,792	3,211
Impairment of exploration and evaluation assets	-	2,077,641
Exploration expenditure written off	790,917	184,480
Directors fees paid in equity	55,046	-
Equity-settled share-based payment expenses	39,481	-
Operating loss before changes in working capital and provisions	(471,395)	(720,684)
(Increase)/decrease in trade and other receivables	621	9,696
Increase/(decrease) in trade creditors and accruals	2,250	65,273
(Increase)/decrease in other financial assets	(346)	-
Increase/(decrease) in provisions	20,876	(28,155)
Net cash used in operating activities	(447,994)	(673,870)

19. Key management personnel

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

Directors

T R B Goyder
D R Richards
A W Kiernan (resigned 11 November 2013)
C R Williams

Executive

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

The key management personnel compensation is as follows:

	2014 $	2013 $
Short-term employee benefits	332,153	486,308
Post-employment benefits	28,045	39,280
Equity-settled transactions	24,844	-
	385,042	525,588

Shares issues to directors in lieu of fees

Due to market conditions and with an emphasis on conserving cash reserves, directors agreed, from 1 April 2013, to continue to accrue director fees but defer the payment of directors' fees until further notice. On 23 September 2013, the board agreed, subject to shareholder approval, that each non-executive director with the Company will take Shares in full satisfaction of their respective outstanding fees as at 30 September 2013. At the Annual General Meeting on 28 November 2013, shareholders approved the following issue of shares:

	Directors' Fees Outstanding	Shares Issued
Director		
Tim Goyder	$22,936	1,817,415
Craig Williams	$16,055	1,272,190
Former Directors		
Anthony Kiernan	$16,055	1,272,190
Total	**$55,046**	**4,361,795**

The issue price of 1.262 cents per share was calculated by taking the volume weighted average share price for Liontown Resources Limited ordinary shares for the 30 days up to and including 20 September 2013.

It was also agreed at the board meeting on 23 September 2013 to continue to accrue directors fees from 1 October 2013 until further notice. At 30 June 2014 the balance of directors' fees owing was $58,486.

Individual directors and executives compensation disclosures

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

Loans to key management personnel and their related parties

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

Other key management personnel transactions with the Group

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

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

		Note	Amounts paid or payable 2014 $	Amounts paid or payable 2013 $
Key management persons	**Transaction**			
A W Kiernan	Legal and consulting services	(i)	15,000	38,500
Other related parties				
Chalice Gold Mines Limited	Corporate Services	(ii)	108,000	144,000

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

(ii) The Group receives corporate services including office rent and facilities, accounting and company secretarial services under a Corporate Services Agreement with Chalice Gold Mines Limited. Messrs Goyder and Kiernan were directors of Chalice Gold Mines Limited during the year, and Mr Hacker and Mrs Stevens are joint company secretaries. Amounts billed are based on a proportionate share of the cost to Chalice Gold Mines Limited of providing the services and have normal payment terms.

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

Liabilities arising from the above transactions	2014 $	2013 $
Current payables	(18,000)	(16,200)
	(18,000)	(16,200)

20. Group entities

The consolidated financial statements includes the following entities:

	Country of incorporation	Ownership interest		Investment	
		2014	2013	2014	2013
Liontown Resources (Tanzania) Limited	Tanzania	100%	100%	$10,207	$10,207
Chela Resources Ltd	Tanzania	0%*	-	-	-

*Beneficial interest only

21. Parent entity disclosures

The parent entity of the Group was Liontown Resources Limited throughout the financial years ended 30 June 2014 and 30 June 2013.

	2014 $	2013 $
Results of parent entity		
Loss for the year	(973,765)	(2,903,463)
Total comprehensive loss for the year	(973,765)	(2,903,463)
Financial position of parent entity at year end		
Current assets	1,018,378	1,250,235
Non current assets	4,623,475	3,808,046
Total assets	5,641,853	5,058,281
Current liabilities	225,673	141,269
Total liabilities	225,673	141,269
Total equity of the parent entity comprising of:		
Issued capital	27,543,459	26,110,007
Share based payments reserve	39,481	134,039
Accumulated losses	(22,166,760)	(21,327,035)
Total equity	5,416,180	4,917,011

22. Subsequent events

There were no subsequent events at balance date requiring disclosure.

23. Contingent assets and liabilities

There are no contingent assets or liabilities.

DIRECTORS' DECLARATION

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

(a) the financial statements, notes and additional disclosures of the Group are in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the financial position of the Group as at 30 June 2014 and of its performance for the year then ended; and

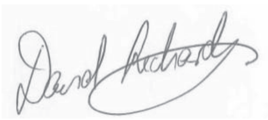
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2 This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

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



David R Richards
Managing Director
Dated this 17th day of September 2014

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Liontown Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Liontown Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Independence

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

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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

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

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

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

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

Emphasis of matter

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

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

W M Clark

W M Clark
Partner

Perth, Western Australia
17 September 2014

Approach to Corporate Governance

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

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

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

Charters
Board
Audit Committee
Nomination Committee
Remuneration Committee

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

The Company reports below on whether it has followed each of the recommendations during the 2013/2014 financial year (**Reporting Period**). The information in this statement is current at 17th September 2014.

Board

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

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

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

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

Skills, experience, expertise and period of office of each director
(Recommendation: 2.6)

A profile of each director setting out their skills, experience, expertise and period of office is set out in the Directors' Report on page 27.

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

Director independence
(Recommendations: 2.1, 2.2, 2.3, 2.6)

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

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

- Statement of Financial Position items are material if they have a value of more than 10% of pro-forma net asset.

- Statement of Comprehensive Income items are material if they will have an impact on the current year operating result of 10% or more.

- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.

- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

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

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

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

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

Independent professional advice
(Recommendation: 2.6)

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

Selection and (Re)Appointment of Directors
(Recommendation: 2.6)

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

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

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

Board committees

Nomination Committee
(Recommendations: 2.4, 2.6)

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

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

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

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

Audit Committee
(Recommendations: 4.1, 4.2, 4.3, 4.4)

During the 2014 financial year, the Audit Committee held one meeting, and subsequent to Mr Kiernan's resignation as a non-executive director (previous Chair of Audit Committee), the full board assumed the role as the Audit Committee. Due to the size and composition of the Board, the Board believed that there would be no efficiencies gained by having a separate Audit Committee. The Board in its capacity as the Audit Committee held one meeting.

The Board has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee (or its equivalent). The Audit Committee Charter makes provision for the Audit Committee (or its equivalent) to meet with the external auditor as required.

Details of director attendance at the meeting are set out in the Directors' Report on page 28.

Details of each of the director's qualifications are set out in the Directors' Report on page 27. The directors do not have formal accounting qualifications but are financially literate, and has an understanding of the industry in which the Company operates and has considerable 'on board' experience.

With the appointment of Mr A Cipriano on 1 July 2014 the Board resolved on 13 August 2014 to appoint Anthony Cipriano to the Chair of the Audit Committee and to set up a separate Audit Committee. The Board believe Anthony Cipriano will bring considerable experience to the Audit Committee given his financial background and expertise.

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

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

Remuneration Committee
(Recommendations: 8.1, 8.2, 8.3, 8.4)

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

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

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report and commences on page 29. The Company's policy on remuneration clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives. Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance, however, non-executive directors, at the discretion of the Board may participate in the Company's Employee Share Option Plan (subject to shareholder approval). Pay and rewards for executive directors and senior executives consists of a base salary and may comprise performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

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

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

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

Performance evaluation

Senior executives
(Recommendations: 1.2, 1.3)

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

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

Board, its committees and individual directors
(Recommendations: 2.5, 2.6)

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

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

Ethical and responsible decision making

Code of Conduct
(Recommendations: 3.1, 3.5)

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

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

Diversity
(Recommendations: 3.2,3.3,3.4,3.5)

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

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

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

	Proportion of women
Whole organisation	2 out of 6 (17%)
Senior executive positions	1 out of 3 (33%)
Board	0 out of 4 (0%)

Continuous Disclosure
(Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

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

Shareholder Communication
(Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

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

Risk Management
Recommendations: 7.1, 7.2, 7.3, 7.4)

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

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

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

The Audit Committee(or equivalent) to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems.

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

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

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

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

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

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

ASX Corporate Governance Council recommendations checklist

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

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

	independent chair, who is not chair of the board; and has at least three members.	
4.3	The audit committee should have a formal charter.	☑
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	☑
Principle 5:	**Make timely and balanced disclosure**	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	☑
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	☑
Principle 6:	**Respect the rights of shareholders**	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of the policy.	☑
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	☑
Principle 7:	**Recognise and manage risk**	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	☑
7.2	The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	☑
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks..	☑
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	☑
Principle 8:	**Remunerate fairly and responsibly**	
8.1	The board should establish a remuneration committee.	☒
8.2	The remuneration committee should be structured so that it: consists of a majority of independent directors; is chaired by an independent chair; and has at least three members.	☒
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	☑
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	☑

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

Shareholdings

Substantial shareholders

The number of shares held by substantial shareholders and their associated interests as at 16 September 2014 were:

Shareholder	Number of ordinary shares held	Percentage of capital held %	Number of unlisted options held	Percentage of unlisted options held %
Timothy R B Goyder	113,657,595	25.47	9,050,505	27.72
Delta Resource Management	31,850,000	7.14	-	-

Class of Shares and Voting Rights

At 16 September 2014 there were 933 holders of the ordinary shares of the Company, 235 listed option holders and 8 holders of unlisted options. The Company has 5,850,000 unlisted options on issue at 16 September 2014, all of which were issued under the Employee Share Option Plan. The Company also has 32,649,048 listed options on issue at 16 September 2014. Each listed option has an exercise price of 5 cents and expires on 27 September 2015.

The voting rights to the ordinary shares set out in the Company's Constitution are:

"Subject to any rights or restrictions for the time being attached to any class or Classes of shares -

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

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

Holders of options do not have voting rights.

Distribution of equity security holders as at 16 September 2014:

	Number of equity security holders		
Category	Ordinary Shares	Unlisted Share Options	Listed Share Options
1 – 1,000	78	-	39
1,001 – 5,000	144	-	54
5,001 – 10,000	84	-	23
10,001 – 100,000	341	2	73
100,001 and over	286	6	46
Total	**933**	**8**	**235**

The number of shareholders holding less than a marketable parcel at 16 September 2014 was 454.

Twenty largest Ordinary Fully Paid Shareholders as at 16 September 2014

Name	Number of ordinary shares held	Percentage of capital held %
Timothy R B Goyder	113,657,595	25.47
Delta Resource Management	31,850,000	7.14
Graham Kluck Management & Investment Pty Ltd	22,175,553	4.97
Lujeta Pty Ltd<The Margaret Account>	20,521,080	4.60
Balfes (QLD) Pty Ltd	15,000,000	3.36
Hazardous Investments Pty Ltd	11,000,000	2.47
Albion Bay Pty Ltd	10,295,334	2.31
Calm Holdings Pty Ltd	10,240,010	2.30
Claw Pty Ltd	10,000,000	2.24
Gremar Holdings Pty Ltd	7,433,333	1.67
JP Morgan Nominees Australia Limited	7,171,696	1.61
Clement Pty Ltd	5,274,361	1.18
Anthony Kiernan	4,332,340	0.97
Craig Williams	3,992,361	0.89
Bellarine Gold Pty Ltd	3,774,917	0.85
NEFCO Nominees Pty Ltd	3,733,333	0.84
Melita Station Pty Ltd	3,534,068	0.79
Calama Holdings Pty Ltd <Mambat Super Fund A/C>	3,529,666	0.79
Richard Hacker	3,511,999	0.79
Dr Lynette Hui Ching Wong	3,333,333	0.75
Total	**294,360,979**	**65.99**

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