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LIONTOWN RESOURCES LIMITED

ABN 39 118 153 825

Annual Financial Report
30 June 2017

Liontown Resources Limited
Corporate Directory

Directors

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

Company Secretary
Kym Verheyen

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ASX Codes
Share Code: LTR

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Liontown Resources Limited
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Liontown Resources Limited
Operating and Financial Review

1. Highlights

Bynoe Lithium Project (NT, Australia)

- Sold to Core Exploration Limited for an upfront consideration of $3.5 million plus a milestone payment of $1.5 million in cash or shares if a 5Mt lithium resource is defined on Liontown's tenure.

Kathleen Valley (WA, Australia)

- Maiden drilling intersects strong lithium and tantalum mineralisation
- Best targets yet to be drilled, subject to access approval

RJC Vanadium Project (Qld, Australia)

- New project prospective for vanadium, a commodity that is part of the battery-related suite critical to the future of energy storage
- Project includes part of previously estimated vanadium resource reported in 2010
- Mineralisation is shallow (<10m), flat lying and amenable to free digging
- Located close to major road and rail infrastructure

Mohanga Lithium Project (Tanzania)

- Spodumene-related lithium mineralisation discovered
- Potential of project largely untested with no previous drilling
- New mining legislation in Tanzania providing uncertainty

Corporate

- Strong financial position following divestment of Bynoe Project
- Fully funded for aggressive exploration program in 2017-2018

2. Business Strategy

Consistent with a review of its corporate objectives completed last year, Liontown has continued to target battery-related metals in addition to its traditional gold and base metal focus.

During the year, the Company targeted pegmatite-hosted lithium projects in Australia and Tanzania and acquired the RJC Vanadium Project in northwest Queensland.

The decision to target these metals followed a recognition of their increasing importance, with demand particularly related to renewable energy and the need for cost effective power storage.

The Company's strategy is to maintain a focused, consistent approach and to explore projects where drill targets are or can be quickly defined. Where deemed appropriate, Liontown will divest projects or otherwise seek partners to assist with advancing its strategy if it believes this will provide the best outcome for the Company.

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Liontown Resources Limited
Operating and Financial Review

Due to recently enacted changes to The Tanzanian Mining Act (2010) which were announced and enacted subsequent to year end, Liontown has decreased its exposure to Tanzania having closed its Tanzanian office and now only maintains a representative presence on the ground in Tanzania. Liontown is continuing to review its tenure over the Jubilee Reef Project. In particular, and consistent with the Company's ASX announcement on 20 July 2017, there is increased risk and uncertainty in regard to its tenure over the Simba and Panapendesa gold resource contained within the Jubillee Reef Project. Liontown has retained the Mohanga Lithium Project. It will continue to monitor the situation in Tanzania with a view to restarting activities once the impact of the amendments to the Mining Act are fully understood.

Movements in commodity prices, foreign exchange rates and interest rates may also adversely impact the achievement of these objectives.

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3. Review of Operations

During the reporting period, Liontown maintained a strong exploration effort with significant programs completed on most of its projects.

Fieldwork included RC drilling at the Bynoe, Kathleen Valley and Lake Percy lithium projects in Australia as well as soil sampling at Mohanga in Tanzania. In addition, Liontown pegged the RJC Vanadium Project in northwest Queensland and is currently compiling historic data.

Strong lithium mineralisation was recorded at Bynoe, Kathleen Valley and Mohanga.

Australian Projects

3.1 Bynoe Lithium Project – Northern Territory

*The Bynoe Project is located in the Northern Territory approximately 35km SSW of Darwin (**see Figure 1**), where it covers a large part of the Bynoe Pegmatite Field which has been mined historically for tin and tantalum. Liontown secured a number of tenements which cover a total area of 88km² and include more than 60 rare metal pegmatites documented by the NT Geological Survey. The pegmatites are similar to those that host economic lithium mineralisation elsewhere in Australia*

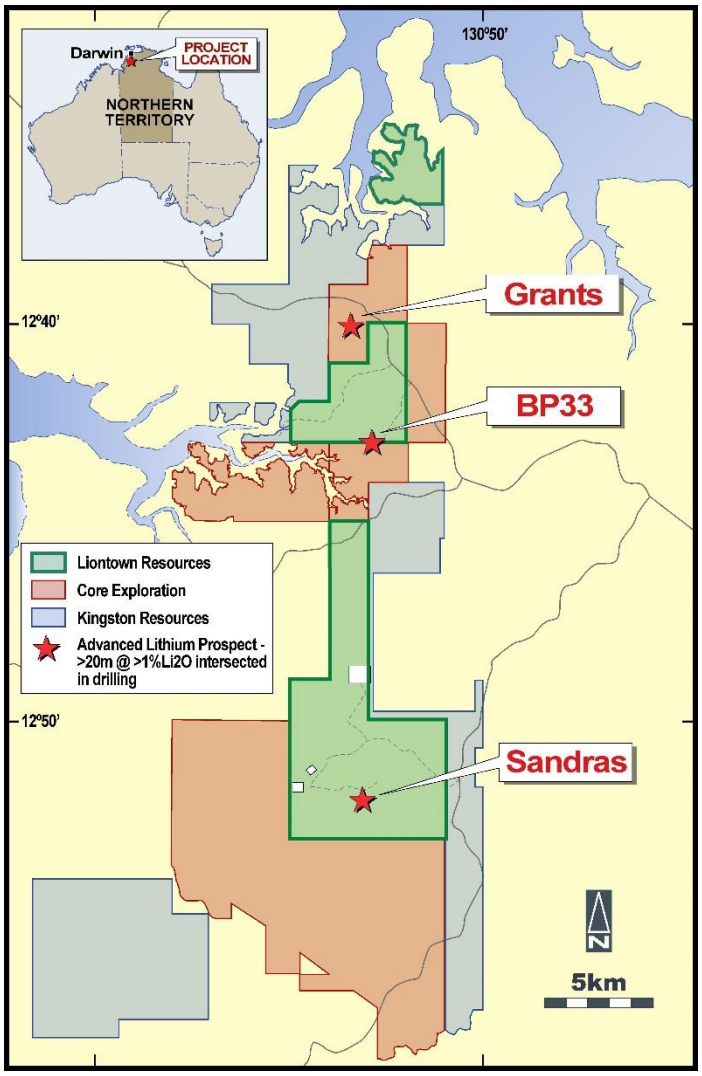


Figure 1: Bynoe Project – Location and Tenure Plan

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Subsequent to reporting date, Liontown has entered into a Tenement Sale Agreement ("the Agreement") with ASX listed Core Exploration Limited (ASX: CXO) ("Core" or "CXO") by which Core will acquire 100% of all Liontown's Bynoe Project tenure by:

- Paying Liontown $1,500,000 cash and issuing $2,000,000 in CXO shares (calculated using a 10 day VWAP prior to the date of the Agreement) ("Consideration Shares"); and
- Paying Liontown $1,500,000 in cash or CXO shares (at Core's election) upon defining a JORC compliant Mineral Resource totaling 5Mt within Liontown's Bynoe tenure.

The Consideration Shares issued to Liontown will be subject to a 12 month voluntary escrow with the following terms:

- Liontown may sell one third of the Consideration Shares after 4 months from the date of issue and a further one third after 8 months from the date of issue; and
- Liontown may sell all the Consideration Shares (or any balance remaining) as a block at any time within the escrow period with the consent of Core, which cannot be unreasonably withheld or delayed.

Following the issue of the Consideration Shares, Liontown will hold 39,232,025 Core shares representing 8.2% of Core's issued capital.

Liontown acquired the Bynoe Project in early 2016 due to the large number of documented rare metal pegmatites prospective for lithium and the Project's close proximity to Darwin and related infrastructure which would be critical for the development of a commercial mining operation.

Exploration drilling by the Company since it acquired the Project has intersected >1% Li_2O, spodumene-related mineralisation at 8 of the 23 prospects targeted with broad zones (>10m) of ore grade mineralisation delineated at the Sandras, BP33 and Carlton prospects.

Exploration work completed this year included additional target definition work, comprising soil sampling and a low-level airborne geophysical survey, and follow-up Reverse Circulation (RC) drilling.

While wide-spread lithium mineralisation has been intersected within Liontown's tenure, a commercial review indicates that rationalisation of tenements and resources in the area would significantly enhance the economics of future mining operations. For this reason the Company agreed to sell its properties to Core.

3.2 Kathleen Valley Lithium-Tantalum Project – Western Australia

*The Kathleen Valley Project is located in Western Australia approximately 680km north-east of Perth within the Eastern Goldfields of the Archaean Yilgarn Craton (**Figure 2**). Historical exploration has defined a large swarm of spodumene-bearing pegmatites which have not been drill tested. Liontown owns 100% of the pegmatite-hosted rare metal rights for a contiguous project area totalling 77km^2.*

Liontown finalised the Purchase Agreement for the Kathleen Valley Mining Leases with Ramelius Resources and undertook a heritage survey over the main prospect areas where previous exploration had recorded multiple spodumene-bearing pegmatites with numerous high grade lithium **(>2% Li_2O)** values.

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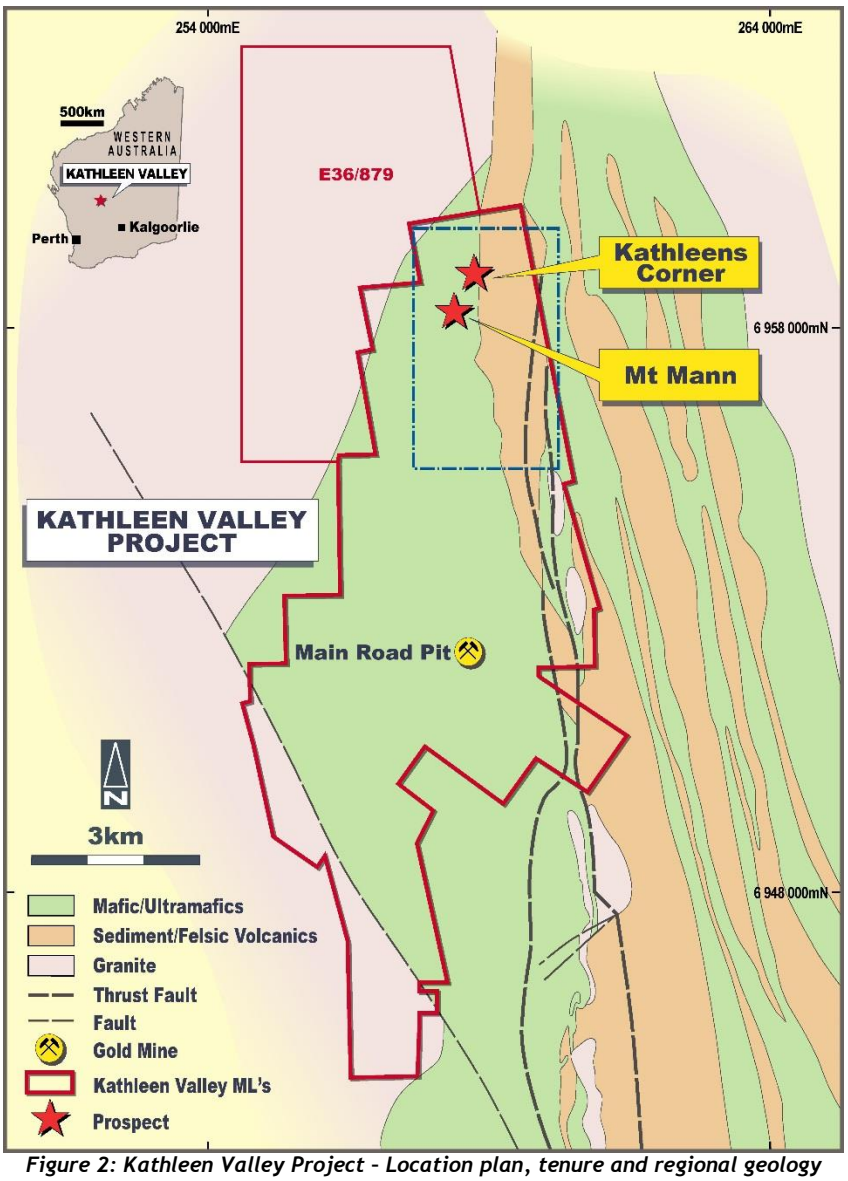


Figure 2: Kathleen Valley Project – Location plan, tenure and regional geology

Liontown obtained heritage approvals to drill along strike and north of the main targets at the Mt Mann trend and Kathleen's Corner (***Figure 3***). While a lower priority, the Company elected to test these northern areas to determine whether the Mt Mann Trend and Kathleen's Corner warranted drilling.

Subsequently, Liontown completed a maiden drilling program comprising 19 Reverse Circulation (RC) holes for 2,053m (***see Appendix 1 for full listing of drill statistics***).

Significant zones of strong lithium-tantalum mineralisation were intersected in a number of holes with better intersections including:

- ***58m @ 1.2% Li_2O and 156ppm Ta_2O_5 from 135m (KVRC0015), including:***
  - ***9m @ 1.8% Li_2O and 220ppm Ta_2O_5 from 141m; and***
  - ***13m @ 2.0% Li_2O and 138ppm Ta_2O_5 from 167m***
- ***24m @ 1.3% Li_2O and 139ppm Ta_2O_5 from 206m (KVRC0015), including:***
  - ***3m @ 1.6% Li_2O and 105ppm Ta_2O_5 from 208m; and***
  - ***2m @ 2.6% Li_2O and 271ppm Ta_2O_5 from 217m; and***
  - ***4m @ 1.6% Li_2O and 145ppm Ta_2O_5 from 226m***

- *13m @ 1.6% Li_2O and 114ppm Ta_2O_5 from 0m (KVRC0002), including:*
  - *9m @ 1.9% Li_2O and 107ppm Ta_2O_5 from 2m;*
- *13m @ 1.6% Li_2O and 111ppm Ta_2O_5 from 83m (KVRC0002), including:*
  - *6m @ 2.0% Li_2O and 113ppm Ta_2O_5 from 88m;*
- *14m @ 1.7% Li_2O and 163ppm Ta_2O_5 from 91m (KVRC0003), including:*
  - *8m @ 2.0% Li_2O and 130ppm Ta_2O_5 from 97m;*

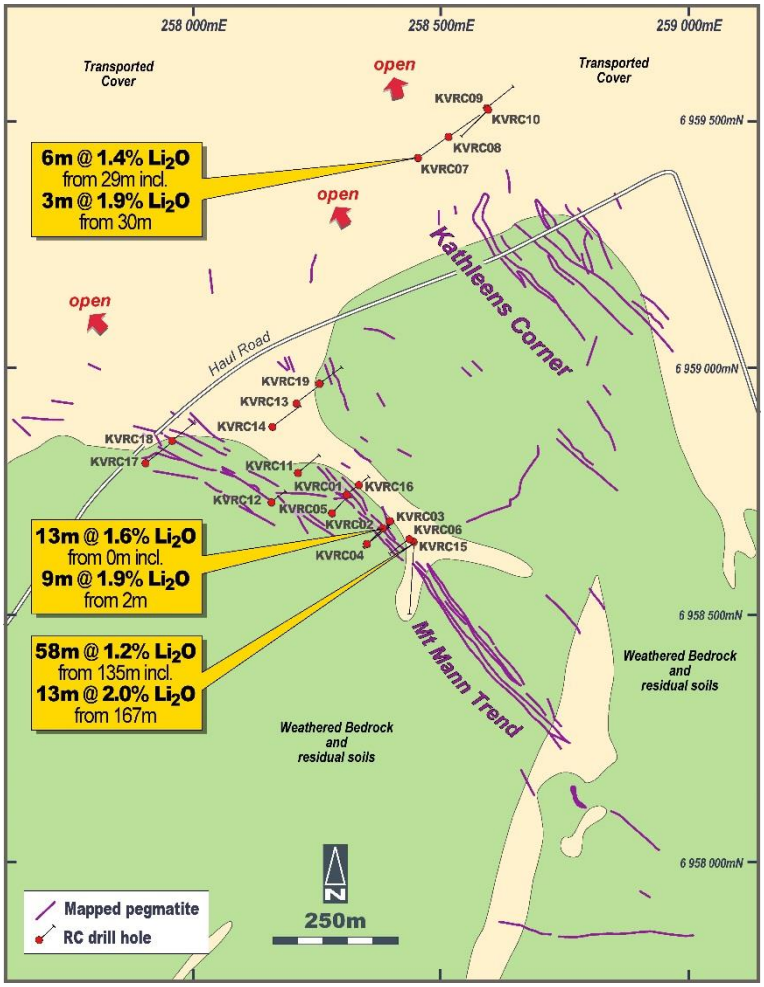


Figure 3: Kathleen Valley Project –Geology and drill hole plan showing better intersections along strike of main target zones

Due to the limited access, hole KVRC0015 was drilled oblique to the strike and dip of the main trend and the true width of the strongly mineralised pegmatite is estimated to be between 30 to 35 metres. The intersections listed above indicate that the Mt Mann pegmatite is increasing in width towards the south-east and at depth.

The results confirm the potential of the pegmatite swarms at Kathleen Valley to host significant widths of high grade lithium and tantalum mineralisation, enhance the prospectivity of the main targets and upgrade the potential of the covered northern areas.

Importantly, the high grade lithium values appear to be largely related to spodumene mineralisation with only minor lepidolite observed.

Exploration activities at the priority targets at Mt Mann and Kathleen's Corner have been delayed by Native Title clearance. Liontown has lodged a Section 18 application with the State Government seeking statutory clearance to access the main target areas, where the pegmatites are interpreted to be the thickest and where the highest grade lithium and tantalum results have been recorded by historical rock chip sampling.

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Further drilling will commence once access permits are granted.

3.3 RJC Vanadium Project – Queensland

The RJC Vanadium Project is located in NW Queensland approximately 440km west of Townsville in a region which hosts a number of large vanadium resources defined as part of previous exploration for hydrocarbons in oil shale. Liontown has secured 5 tenements which adjoin and partially incorporate existing resources. The Project represents a low cost entry into vanadium, a commodity that is part of the battery metal suite, critical to the future of energy storage.

The Company has 5 EPMs covering a combined area of 1,040km^2 located approximately 440km west of Townsville in NW Queensland (***Figure 4***).

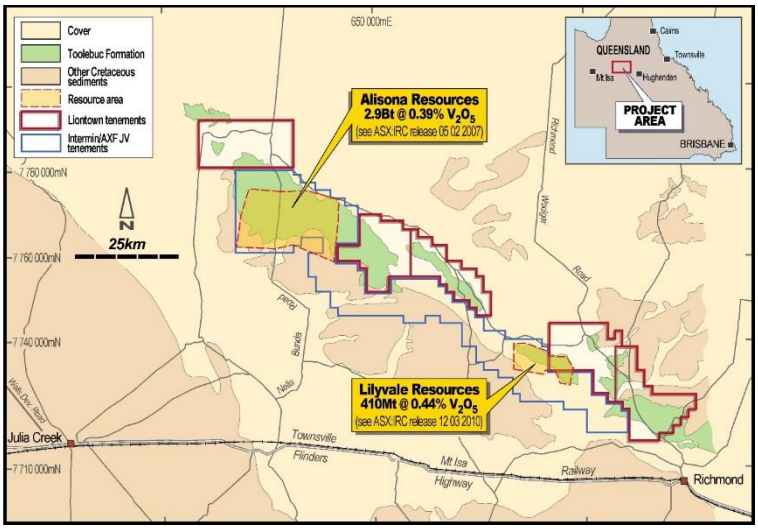


Figure 4: RJC Vanadium Project – Location, regional geology and tenure

The RJC Vanadium Project (RJCVP) is strategically located close to major infrastructure corridors including the Flinders Highway and the Great Northern Railway, which connect to industrial-scale port facilities in Townsville.

The acquisition of the RJCVP is consistent with the Company's strategy of exploring for battery-related metals that are needed for the future storage of energy on small and large scales.

Liontown's RJCVP tenements adjoin and partially incorporate very large (>3 billion tonnes) vanadium resources previously defined by Intermin Resources Limited (see Intermin ASX releases dated 5th February 2007 and 12th March 2010). Significantly, Liontown's tenure overlays a substantial portion of Intermin's higher grade Lilyvale resource area (***Figure 4***).

There is good potential to increase the resources, which are near-surface and appear largely drill constrained.

Liontown is compiling available historical data prior to planning the first phase of work.

Geology and Mineralisation

Liontown's tenure includes large areas of outcropping Toolebuc Formation, the main host unit to the vanadium mineralisation. The Toolebuc Formation is a Cretaceous-aged (~100 million years old), flat-lying sediment consisting of black carbonaceous and bituminous shale and minor siltstone with lenses of limestone and coquinite (a shell fragment limestone conglomerate).

Locally, the Formation is draped over an interpreted basement high and has been structurally uplifted to the surface.

Previous exploration has focused on the potential of the Toolebuc Formation to host economic quantities of hydrocarbons. The vanadium resources previously estimated by Intermin are reportedly related to near-surface mineralisation derived from the oxidation of the oil shale horizon.

At Lilyvale, Intermin reported that the mineralisation is contained in a continuous block up to 4km wide and 10-12m in thickness beneath 5-6m of overburden. The mineralisation is soft and would likely be suitable for free-digging.

Further work is required to determine the metallurgy of the mineralisation; however, preliminary studies are well advanced by other companies working in the area.

About Vanadium

Vanadium is an important metal for the steel strengthening and alloys market and, importantly, for use in vanadium redox flow batteries (VRFB) for large-scale energy storage.

Energy storage is a fast-evolving market sector, set to grow significantly over the coming years as the world seeks to control carbon emissions and advance toward mandated renewable energy targets.

Vanadium redox flow batteries (VRFB), which can be charged and discharged at the same time, are recognised as potentially important contributors to the storage of renewable energy. In addition lithium-vanadium-phosphate batteries are seen as one of the more promising solutions for increasing the range of electric vehicles.

An uplift in demand due to the increasing use of VRFBs could see an increase in the price of the commodity which has been on a steady uptrend for the last year.

3.4 Lake Percy Lithium Project – Western Australia

The Lake Percy Project is located in Western Australia approximately 430km east of Perth within the southern part of the Archaean Yilgarn Craton which hosts a number of world class and emerging hard rock lithium deposits.

Liontown entered into a Joint Venture Agreement with White Cliff Minerals to test a number of very large, strongly weathered pegmatites, defined by historic nickel exploration, which were considered prospective for primary lithium mineralisation at depth.

Exploration work completed by Liontown during the year comprised a review of historic data, detailed geological mapping, soil sampling and a RC drilling program (8 holes/1,623m).

No significant lithium mineralisation was recorded and the Company elected to withdraw from the Joint Venture immediately subsequent to the end of the year.

Tanzanian Projects

3.5 Tanzania General

In July 2017, the Tanzanian Parliament enacted a number of amendments to The Tanzanian Mining Act (2010), the legal framework governing the natural resources sector in Tanzania.

While the impact of the amendments to the legislation on Liontown's activities in Tanzania are still yet to be fully determined, it does appear that they will have an adverse impact as currently enacted and will severely limit the company's activities in Country.

As a result of the above, the Company has closed its Tanzanian office and retrenched all professional staff but will retain a senior consultant in the Country to administer its current tenement portfolio until the practical effects of changed legislation are fully understood.

3.6 Jubilee Reef Gold Project - Tanzania

The Jubilee Reef Project is located approximately 850km northwest of Dar es Salaam within the Lake Victoria Goldfield of northern Tanzania. This Archaean greenstone-granite terrain hosts several multimillion ounce gold deposits including Acacia Mining's Bulyanhulu deposit and AngloGold Ashanti's Geita deposit

Previous exploration by Liontown at Jubilee Reef has tested a number of targets and an Inferred Mineral Resource of approximately 8.5Mt @ 1.4g/t gold (~390,000 ounces) has been estimated based on drilling results from the Simba and Panapendesa prospects.

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The Mineral Resource estimates for the Jubilee Reef Project, which was prepared by independent consultants Optiro Pty Ltd in December 2015, are classified in accordance with the guidelines of the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code; 2012).

During the year, specific gravities were calculated for mineralised drill core from Simba with results confirming assumptions made for the Inferred Mineral Resource referred to above.

Preliminary metallurgical test work was also carried out for the Simba resource with good recoveries (>90%) recorded for both oxidized and primary mineralisation.

A number of untested drill targets have been defined at Jubilee Reef indicating good potential to increase the resource base. Further work will be considered once the impact of the recent legislative amendments are fully understood.

Tenement Status

Prior to the passing of the recent amendments, The Tanzanian Mining Act (2010) provided companies with the right to apply for a Retention Licences (RL) over resources that were uneconomic at prevailing prices but that may be mineable within the foreseeable future.

In accordance with applicable law at the time, Liontown lodged a RL application over the Simba and Panapendesa gold resources in April 2017. The new legislation has repealed the right to apply for RLs going forward. However, it is currently unclear whether there will be any saving provision made to favourably deal with a RL application made prior to the enactment of the amendments. The Company is awaiting the release of the Regulations that will accompany the enacted changes to determine whether any such provision will be made.

Liontown retains nine other tenements (***see Tenement Schedule***) which together with the RL application cover a combined area of approximately 120km^2 in Tanzania.

3.7 Mohanga Lithium-Tantalum-Gold Project - Tanzania

The Mohanga Project is located in central Tanzania approximately 40km NNE of the capital Dodoma and 400km WNW of Dar es Salaam within the south eastern part of the Tanzanian Craton. The regional geological setting is similar to the southwestern part of Western Australia which hosts world class lithium (i.e. Greenbushes) and gold (e.g. Boddington) deposits. Liontown has retained a contiguous 74km^2 area over the most prospective geology where geochemical sampling has defined strong lithium, tantalum and gold anomalism.

A review of rock chip data identified a previously unrecognised spodumene-related lithium occurrence at Mohanga.

The anomalous results come from the Tresor prospect (***Figure 5***), where additional rock chip sampling has recorded high grade lithium and tantalum assays from a pegmatite zone which is interpreted to be up to 90m wide and at least 500m long, with the trend open along strike beneath transported cover (***see Figure 6***).

Multiple plus 1.5% Li_2O values have now been returned from the Tresor prospect with better rock chip results including:

- ***Sample ID 146948*** ***3.3% Li_2O***
- ***Sample ID 146951*** ***2.6% Li_2O***
- ***Sample ID 146953*** ***2.3% Li_2O***

The high-grade (>1% Li_2O) lithium zone is up to 30m thick and at least 150m long; however, its full extent is unknown due to limited outcrop.

The spodumene mineralisation was not initially identified in the field due to weathering, poor exposure and relatively fine grain size; however, it has now been confirmed by XRD, microscopic and pathfinder geochemical analyses. No lepidolite or other lithium minerals apart from spodumene have been observed in the prospective pegmatite trend.

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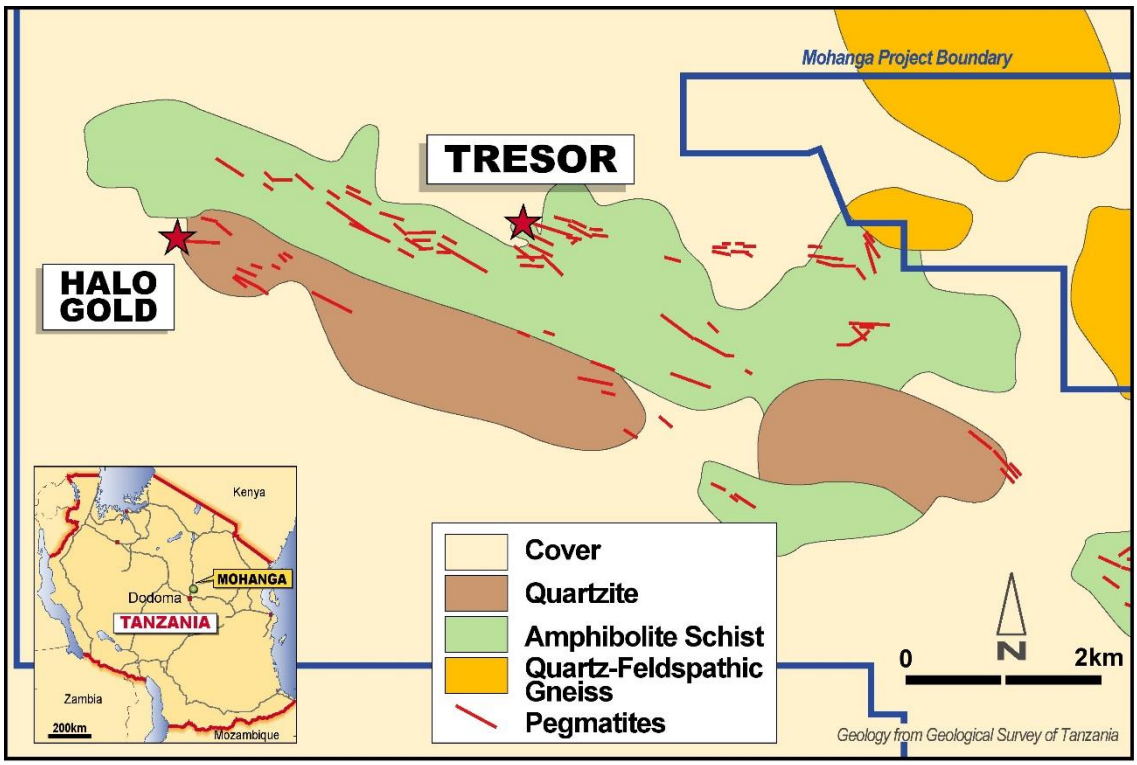


Figure 5: Mohanga Project – Geology and Location Plan

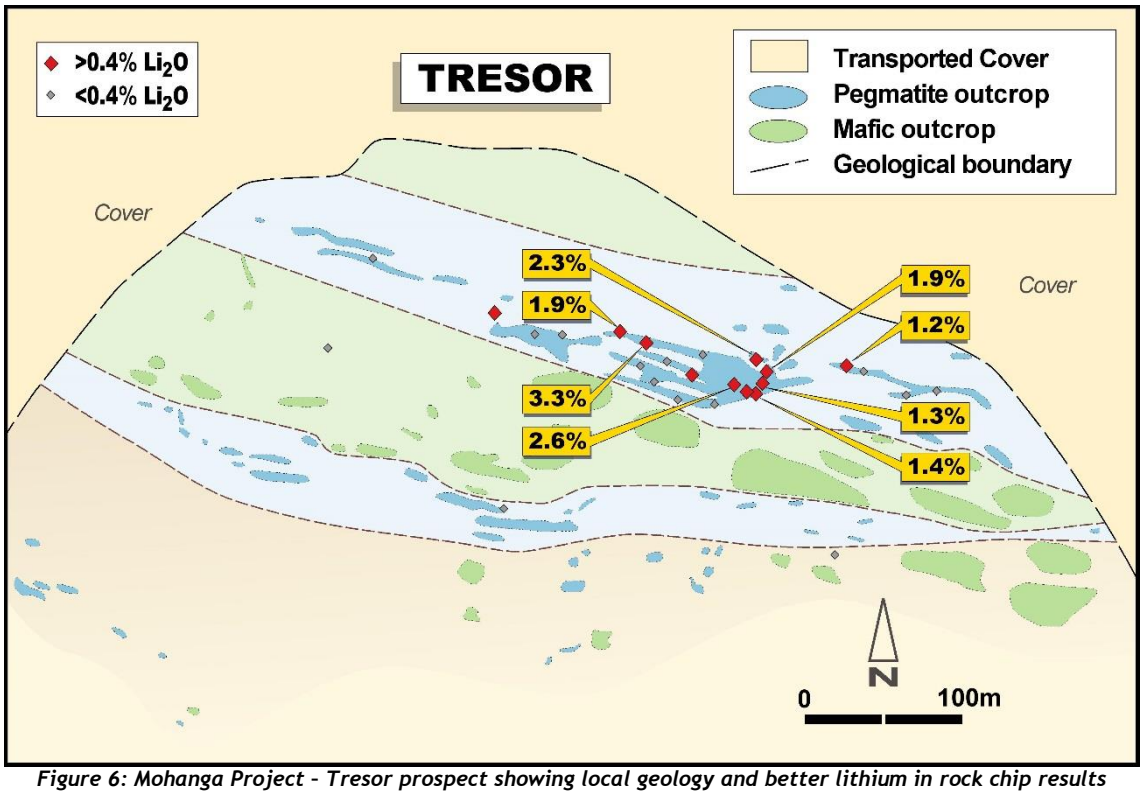


Figure 6: Mohanga Project – Tresor prospect showing local geology and better lithium in rock chip results

Liontown completed trenching across the mineralised pegmatite and soil sampling over the remaining project area.

Assays have not yet been received due to the ban on the export of unrefined mineral products which includes sample pulps.

Due to Liontown's focus on lithium and the Project's location close to existing infrastructure, a low-cost exploration effort will be maintained at Mohanga subject to a further review of the recently enacted amendments to The Tanzanian Mining Act (2010).

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4. Financial Review

4.1 Financial Performance

The group reported a net loss of $3.3 million for the year compared to a restated net loss of $2.1 million in 2016. The increase in net loss of $1.2 million is predominately due to an increase of $1.3 million in exploration and evaluation expenditure, due to increased activity on the Company's Australian lithium projects in the current financial year.

4.2 Statement of Cash Flows

Cash and cash equivalents at 30 June 2017 were $1.4 million (2016: $0.8 million). The increase in cash of $0.6 million is primarily due the Company carrying out a share placement and rights issue during the year raising approximately $3.9 million (before issue costs), which resulted in net cash from financing activities increasing from $1.7 million to $3.7 million ($2 million increase). This increase in cash, was then offset by an increase in cash outflows of $0.9 million in relation to exploration and evaluation expenditure. As noted above, exploration and evaluation expenditure increased during the year due to an increased level of activity at the Company's Australian lithium projects.

4.3 Financial Position

At balance date the group had net assets of $1.5 million (2016 (restated): $0.6 million), and an excess of current assets over current liabilities of $1.4 million (2016 (restated): $0.5 million). Current assets increased by 67% from $0.9 million to $1.5 million due to an increase in cash at bank. Current liabilities decreased by 75% to $0.1 million in 2017 from $0.4 million in the 2016 financial year. The significant decrease in current liabilities is mainly a result of a decrease in accruals in the current year.

4.4 Corporate

Capital Raisings

A 1-for-5 non-renounceable rights issue was completed in October 2016 whereby the Company issued 139,890,234 fully paid ordinary shares at an issue price of $0.01 per share, to raise $1.4 million (before issue costs).

In January 2017, the Company completed a $2.5 million placement to institutional and professional investors. 126,000,000 fully paid ordinary shares were issued at $0.02 per share. Funds raised were used by the Company to complete a drill program at the Company's lithium projects in Australia.

Liontown Resources Limited
Mineral Resource Statement

The Company reviews and reports its mineral resources at least annually. The date of reporting is 30 June each year, to coincide with the Company's end of financial year balance date. If there are any material changes to its mineral resources over the course of the year, the Company is required to report these changes.

On 30 November 2015, the Company issued a maiden mineral resources statement for the Jubilee Reef Gold Project in Tanzania. The report was prepared in accordance with the JORC Code (2012 Edition).

The Jubilee Reef Gold Project is not an active mining operation and hence no resource depletion has occurred since the resource statement was issued. Furthermore, exploration work carried out since the resource has not resulted in a change to the reported mineral resources.

The Jubilee Reef Gold Project mineral resource is set out in the table below.

Table 1: Jubilee Reef – Mineral Resource statement as at 30 November 2015 reported above a cut-off grade of 0.7g/t gold

Deposit	Classification	Million Tonnes	Grade g/t gold	Contained metal (koz gold)
Simba	Inferred	7.4	1.4	320
Panapendesa	Inferred	1.1	2.0	70
Total	Inferred	8.5	1.4	390

Note: Inconsistencies in totals are due to rounding

Governance Arrangements and Internal Controls

The Company has ensured that the mineral resources quoted are subject to good governance arrangements and internal controls. The mineral resources reported have been generated by Mrs Christine Standing of Optiro Pty Ltd, an independent external consultant who is experienced in this style of gold deposit and who undertakes best practices in modelling and estimation methods. The consultant has also undertaken reviews of the quality and suitability of the underlying information used to generate the resource estimation. In addition, Liontown's management carries out regular reviews and audits of internal processes and external consultants that have been engaged by the Company.

As noted above at section 3.6, Liontown lodged a RL application over the Simba and Panapendesa gold resources in April 2017. Subsequent to year end amendments to The Tanzanian Mining Act (2010) have repealed the right to apply for RLs going forward. However, it is currently unclear whether there will be any saving provision made to favourably deal with a RL application made prior to the enactment of the amendments. The Company is awaiting the release of the Regulations that will accompany the enacted changes to determine whether any such provision will be made.

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Competent Persons Statement

The Information in this report that relates to the Exploration Results for the Kathleen Valley Project is extracted from the ASX announcement entitled "Liontown intersects strong lithium and tantalum mineralisation in maiden drill program at Kathleen Valley, WA" released on the 20th March 2017 which is available on www.ltresources.com.au.

The Information in this report that relates to Exploration Results for the Bynoe Project is extracted from the ASX announcements entitled "Initial Assays from Second Phase of Drilling at Bynoe Lithium Project Confirm Extensions to Sandras Prospect", "New Drill Targets Outlined at Bynoe Lithium Project Following Successful Soil Sampling Program", "Joint Airborne Geophysical Survey Commences across Bynoe/Finniss Pegmatite-Lithium Field, NT" and "Large new pegmatite target identified at Bynoe", "Bynoe Lithium Project, NT – Drilling Update" released on the 2 November 2016, 6 December 2016, 10 January 2017, 13 February 2017 and 28 June 2017 respectively all of which are available on www.ltresources.com.au .

The Information in this report that relates to the Exploration Results for the Lake Percy Project is extracted from the ASX announcement entitled "Quarterly Activities Report 31 March 2017" released on the 20 April 2017 which is available on www.ltresources.com.au.

The information in this report which relates to Mineral Resources for the Jubilee Reef Project is is extracted from the ASX announcement entitled "Liontown Announces Maiden 390,000oz Mineral Resource for the Jubilee Reef Gold Project in Tanzania, East Africa" released on 30 November 2015 and which is available on www.ltresources.com.au.

The information in this report which relates to Exploration Results for the Jubilee Reef Project is extracted from the ASX announcement entitled "Quarterly activities report for the Quarter ending 30th September 2016" released on the 12th October 2016 which is available on www.ltresources.com.au.

The information in this report which relates to Exploration Results for the Mohanga Project is extracted from the ASX announcement entitled 'New High-Grade Lithium Discovery in Tanzania" released on the 5th April 2017 which is available on www.ltresources.com.au.

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

The information in this report that relates to Exploration Results for the RJC Vanadium Project 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.

Forward Looking Statement

This report contains forward-looking statements which involve a number of risks and uncertainties. These forward looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement.

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

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Appendices

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APPENDIX 1: Kathleen Valley Project – RC Drilling Statistics

Hole_ID	East	North	RL	Dip	Azimuth	Depth (m)	Significant Li2O (>0.5%) and Ta2O5 (>50ppm) results				
							From(m)	To(m)	Interval(m)	Li2O (%)	Ta2O5 (ppm)
KVRC0001	258306	6958744	500	-60	45	65	3	6	3	1	122
							10	11	1	1.1	85
							16	17	1	1.1	94
KVRC0002	258379	6958675	500	-60	225	109	0	13	13	1.6	114
							incl. 9m @ 1.9% Li2O and 107ppm Ta2O5 from 2m				
							26	29	3	1.3	101
							35	36	1	1.6	127
							83	96	13	1.6	111
							incl. 6m @ 2% Li2O and 113ppm Ta2O5 from 88m				
KVRC0003	258395	6958690	500	-59	225	155	91	105	14	1.7	163
							incl. 8m @ 2% Li2O and 130ppm Ta2O5 from 92m				
KVRC0004	258348	6958645	500	-50	45	89	36	38	2	1	99
							45	56	11	1.2	100
							incl. 3m @ 1.8% Li2O and 106ppm Ta2O5 from 45m				
KVRC0005	258276	6958707	500	-53	40	89	32	34	2	1.3	112
							39	40	1	1.5	132
KVRC0006	258433	6958654	500	-49.5	227.5	80	37	43	6	1.1	153
KVRC0007	258452	6959426	500	-47	45	132	29	35	6	1.4	170
							incl. 3m @ 1.9% Li2O and 166ppm Ta2O5 from 30m				
							39	40	1	1.1	198
							124	125	1	2.4	302
KVRC0008	258512	6959469	500	-50	55	130	81	82	1	1.2	310
							95	96	1	1	124
KVRC0009	258590	6959528	500	-50	45	113	57	59	2	0.7	248
							70	71	1	0.6	266
KVRC0010	258593	6959527	500	-50	225	130	83	85	2	1.1	211
							91	92	1	1.4	239
							100	106	6	1.2	284
KVRC0011	258208	6958788	500	-50	45	89	24	25	1	1	112
KVRC0012	258154	6958729	500	-55	45	65	No significant assays				
KVRC0013	258205	6958930	500	-50	45	108					
KVRC0014	258157	6958881	500	-50	45	113	12	17	5	0	240
KVRC0015	258443	6958652	500	-50	180	241	**135**	**193**	**58**	**1.2**	**156**
							incl. 9m @ 1.8% Li2O and 220ppm Ta2O5 from 141m and				
							13m @ 2.0% Li2O and 138ppm Ta2O5 from 67m and				
							206	**230**	**24**	**1.3**	**139**
							incl. 3m @ 1.6% Li2O and 105ppm Ta2O5 from 208m and				
							2m @ 2.6% Li2O and 271ppm Ta2O5 from 217m and				
							4m @ 1.6% Li2O and 145ppm Ta2O5 from 226m and				
KVRC0016	258331	6958764	500	-50	45	40	No significant assays				
KVRC0017	257899	6958809	500	-50	45	119	63	65	2	1.3	212
KVRC0018	257951	6958853	500	-50	45	101	1	2	1	1.4	93
KVRC0019	258252	6958969	500	-50	45	89	No significant assays				

* True widths estimated as follows:
Holes drilled towards NE (040-055), true widths 70-80% of downhole width
Holes drilled towards SW (040-055), true widths 30-50% of downhole width
KVRC0015 true widths ~30% of downhole width

Liontown Resources Limited
Tenement Schedule

AUSTRALIA

Project	Tenement No.	Registered Holder	Nature of interests
Bynoe	EL30012	Liontown Resources Limited	100% direct interest (subject to Tenement Sales Agreement with Core Exploration Limited)
	EL30015		
	MLN16	LRL (Aust) Pty Ltd (a wholly owned subsidiary of Liontown Resources Limited	100% direct interest (subject to Tenement Sales Agreement with Core Exploration Limited)
	EMP28651		
	EL29699		
Kathleen Valley	M36/162	LRL (Aust) Pty Ltd (a wholly owned subsidiary of Liontown Resources Limited	• 100% direct interest - gold and nickel rights retained by other parties.
	M36/176		
	M36/264		
	M36/265		
	M36/266		
	M36/328		
	M36/342		
	M36/365		
	M36/375		
	M36/376		
	M36/441		
	M36/459		
	M36/460		
	M36/603		
	M36/660		
	E36/879	Liontown Resources Limited	100% direct interest
RJC Vanadium	EPM26490	Liontown Resources Limited	100% direct interest
	EPM26491		100% direct interest
	EPM26492		100% direct interest
	EPM26494		100% direct interest
	EPM26495		0% - Application

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Liontown Resources Limited
Tenement Schedule

TANZANIA

Project	Tenement No.	Registered Holder	Nature of interests
Jubilee Reef	RL/00040/2017 (replaces PL4495/2007)[1]	Liontown Resources (T) Limited	0%
	PL6168/2009	Liontown Resources (Tanzania) Limited	100% direct interest
	PL8125/2012		
	PL8304/2012		
	PL9711/2014	Currie Rose Resources (T) Limited	100% - Pending transfer
	PL9973/2014	Liontown Resources (Tanzania) Limited	100% direct interest
	PL10222/2014	Currie Rose Resources (T) Limited	100% - Pending transfer
	PL10599/2015	Liontown Resources (Tanzania) Limited	100% direct interest
	PL10894/2016		
	PL10907/2016		
	PL11134/2017		
Mohanga	PL9067/2013	Central Mining Company	Subject to Option Agreement with Liontown Resources (Tanzania) Limited. Terms remaining – • 4yr option period with US$15,000 yearly payment (1st year already paid) • purchase price of US$900,000 (plus 10% CGT) to acquire 100% • 1% NSR on future production can be purchased at any stage for US$500,000
	PL10724/2015	Liontown Resources (Tanzania) Limited	100% direct interest

[1]In accordance with applicable law at the time, Liontown lodged a RL application over the Simba and Panapendesa gold resources in April 2017. Subsequent to year end amendments to The Tanzanian Mining Act (2010) have repealed the right to apply for RLs going forward. However, it is currently unclear whether there will be any saving provision made to favourably deal with a RL application made prior to the enactment of the amendments. The Company is awaiting the release of the Regulations that will accompany the enacted changes to determine whether any such provision will be made.

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Liontown Resources Limited
Directors' Report

The Directors present their report together with the financial statements of the Group consisting of Liontown Resources Limited ('Liontown Resources' or 'the Company') and its controlled entities for the financial year ended 30 June 2017 and the independent auditor's report thereon.

1. Directors

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

Tim R B Goyder Chairman	Tim has considerable experience in the resource industry as an executive and investor. He has been involved in the formation and management of a number of publicly-listed companies and is currently Managing Director of Chalice Gold Mines Limited (since 2006), Chairman of Uranium Equities Limited (since 2002) and a director of Strike Energy Limited (since 2017) and PhosEnergy Limited (since 2013). He has been a 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.
Craig R Williams BSc (Hons) Independent Non-executive Director	Craig is a Geologist with over 40 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. Craig has been the Chairman of OreCorp Limited (since 2011). He has been directly involved in several significant discoveries, including the Ernest Henry Deposit in Queensland and a series of gold deposits in Western Australia. In addition to his technical capabilities, he also has extensive corporate management and financing experience. Craig has been a Director since 2006 and member of the Audit Committee.
Anthony J Cipriano B.Bus, CA, GAICD Independent Non-executive Director	Anthony is a Chartered Accountant with over 30 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. During the past three years, Anthony has also been a director of Lachlan Star Limited (Subject to Deed of Company Arrangement) (since 2014). Anthony has been a Director since 2014 and is Chairman of the Audit Committee.

2. Company secretary

Kym Verheyen B.Com, CA (appointed 15 September 2017)	Kym is a Chartered Accountant with over 25 years' experience gained in both public practice and commerce. Kym commenced her career with Deloitte and has since held finance positions in a diverse range of industries. Kym is also the Company Secretary of Uranium Equities Limited.
Leanne Stevens B.Com, CA, ACSA (resigned 15 September 2017)	Leanne is a Chartered Accountant who has over 14 years of accounting and governance experience within the mining and energy industries. Leanne resigned from the position of Company Secretary effective 15 September 2017.

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3. Directors' meetings

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

	Directors' Meetings	Audit	Remuneration*	Nomination*
Number of meetings held:	4	2	-	-
Number of meetings attended:				
T R B Goyder	4	-	-	-
A J Cipriano	4	2	-	-
D R Richards	4	-	-	-
C R Williams	4	2	-	-

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

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 13 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 2017 outlines remuneration arrangements in place for directors and other members of the key management personnel ("KMP") 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 KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, or any controlled entity. KMP's during or since year end were:

(i) Directors
T R B Goyder (Chairman)
C R Williams (Non-executive Director)
A J Cipriano (Non-executive Director)
D R Richards (Managing Director)

(ii) Executives
Richard Hacker (CFO)

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.

7.1.1. Remuneration structure

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

a) Non-executive director remuneration

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

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

The amount of total compensation apportioned amongst directors is reviewed annually and the Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. The Board will not seek any increase for the non-executive pool at the 2017 AGM.

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

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

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

The remuneration of non-executive directors for the year ended 30 June 2017 is detailed in section 7.2 of this report.

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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.

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

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

(1) Chalice Gold Mines Limited provides corporate services to the Company which from 2006, includes the services of Mr Hacker. Details of the Corporate Services Agreement between the two companies are outlined in note 20 of the Financial Report.

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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 (%) (D)
		Salary & fees	Non-monetary benefits	Total	Super-annuation benefits	Termination benefits	Options (A)	Total	
		$	$	$	$	$	$	$	
Directors									
T R B Goyder (C)	2017	-	2,599	2,599	-	-	-	2,599	-
	2016	2,300	3,492	5,792	-	-	29,744	35,536	84%
D R Richards	2017	200,913	7,608	208,521	19,087	-	-	227,608	-
	2016	162,728	6,608	169,336	15,459	-	29,744	214,539	14%
C R Williams	2017	32,110	2,599	34,709	3,050	-	-	37,759	-
	2016	52,011	3,492	55,503	3,050	-	14,872	73,425	20%
A J Cipriano	2017	32,110	2,599	34,709	3,050	-	-	37,759	-
	2016	52,011	3,492	55,503	3,050	-	14,872	73,425	20%
Executive									
R K Hacker (B)	2017	-	-	-	-	-	-	-	-
	2016	-	-	-	-	-	18,578	18,578	100%
Total Compensation	**2017**	**265,133**	**15,405**	**280,538**	**25,187**	**-**	**-**	**305,725**	
	2016	**269,050**	**17,084**	**286,134**	**21,559**	**-**	**107,810**	**415,503**	

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 15).

B. Mr Hacker did not receive any salary and wages for the 2017 and 2016 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 20).

C. Mr Goyder suspended his directors' fees from 1 January 2015 to 30 June 2017 to assist in conserving the Company's cash reserves. From 1 July 2017 Mr Goyder will receive a non-executive director's fee of $35,160 per annum (inclusive of superannuation).

D. During the year there was no performance related remuneration awarded to KMP.

7.3 Equity instruments

7.3.1 Options and rights over ordinary shares granted as compensation

No options were granted as compensation during the current year to key management personnel ("KMP").

7.3.2 Exercise of options granted as compensation

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

7.3.3 Options forfeited/lapsed during the year

Details of options granted as compensation to KMP in the current and/or prior period which were forfeited/lapsed:

	Number forfeited/lapsed	Financial year granted
Directors		
D R Richards	4,000,000	30 June 2014
Executives		
R K Hacker	750,000	30 June 2014

7.3.4 Analysis of options vested during the period

No options granted as compensation in the current year and/or prior periods vested during the period.

7.3.5 Movement in equity holdings of KMP

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

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Options held by KMP

	Held at 1 July 2016	Granted as compensation	Exercised	Expired/ Forfeited	Held at 30 June 2017	Vested during the year	Vested and exercisable at 30 June 2017
T R B Goyder	2,000,000	-	-	-	2,000,000	-	2,000,000
D R Richards	6,000,000	-	-	4,000,000	2,000,000	-	2,000,000
C R Williams	1,000,000	-	-	-	1,000,000	-	1,000,000
A J Cipriano	1,000,000	-	-	-	1,000,000	-	1,000,000
Executive							
R K Hacker	1,750,000	-	-	750,000	1,000,000	-	1,000,000

Ordinary shares held by KMP

	Held at 1 July 2016	Additions	Received on exercise of options	Sales	Held at 30 June 2017
Directors					
T R B Goyder	180,487,483	45,697,499	-	-	226,184,982
D R Richards	2,859,583	571,917	-	-	3,431,500
C R Williams	12,219,268	2,443,854	-	-	14,663,122
A J Cipriano	5,308,732	1,061,747	-	-	6,370,479
Executives					
R K Hacker	4,333,333	1,153,857	-	-	5,487,190

7.3.6 Other transactions with key management personnel

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 during any given 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 2017 $	Amounts paid or payable 2016 $
Other related parties				
Chalice Gold Mines Limited	Corporate Services	(i)	66,000	66,000

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(i) The group receives corporate services including office rent and facilities, management, accounting and company secretarial services under a Corporate Services Agreement with Chalice Gold Mines Limited. Mr Goyder is a Director of Chalice Gold Mines Limited and prior to this was the Executive Chairman. Mr Hacker was also the CFO of Chalice Gold Mines Ltd during the year. 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	2017 $	2016 $
Current payables	(5,500)	(5,500)
	(5,500)	(5,500)

8. Dividends

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

9. Events subsequent to reporting date

On 3 August 2017, the Company exercised an option to acquire 100% of the Bynoe Lithium Project tenure that it did not already own by paying the vendor $100,000.

On 12 September 2017, the Company agreed to sell its Bynoe Project to Core Exploration Limited (ASX: CXO) ("Core" or "CXO") for an upfront consideration of $1,500,000 in cash and issuing $2,000,000 in CXO shares (calculated using a 10 day VWAP prior to the date of the Agreement) ("Consideration Shares") and in addition, a milestone payment of $1,500,000 in cash or shares (at Core's election) upon defining a JORC compliant Mineral Resource totaling 5Mt within Liontown's Bynoe tenure. The Consideration Shares will be subject to voluntary escrow provisions.

In July 2017 the Company announced that amendments to the legal framework governing the natural resources sector in Tanzania were passed by the Tanzanian Parliament. The full impact of the new legislation on Liontown's activities in Tanzania has still yet to be fully determined, however, it does appear to increase risk and uncertainty of the Company's tenure over the Simba and Panapendesa gold resources at the Jubilee Reef Project.

Liontown lodged a Retention Licence ("RL") application over the Simba and Panapendesa gold resources in April 2017. The new legislation has repealed the right to apply for RLs going forward. However, it is currently unclear whether there will be any saving provision made to favourably deal with a RL application made prior to the enactment of the amendments. The Company is awaiting the release of the Regulations that will accompany the enacted changes to determine whether any such provision will be made.

As the Company's primary focus is on its portfolio of lithium projects in Australia, the Company closed its Tanzanian office until the practical effects of the changed legislation is understood.

10. Likely developments

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

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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	Unlisted Options over ordinary shares
T R B Goyder	226,184,982	2,000,000
D R Richards	3,431,500	2,000,000
C R Williams	14,663,122	1,000,000
A J Cipriano	6,370,479	1,000,000

12. Share options

Unissued shares under unlisted options

At the date of this report 10,800,000 unissued ordinary shares of the Company are under option on the following terms and conditions:

Expiry date	Exercise price $	Number of shares
31 March 2021	0.035	10,800,000

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 $12,994 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 23.

14. Auditor's remuneration and non-audit services

Details of the auditor's remuneration are disclosed in note 6 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 29 and forms part of the Directors' Report for the year ended 30 June 2017.

16. Corporate Governance

The directors of the Group support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement dated 19th September 2017 released to ASX and posted on the Company website at www.ltresources.com.au/corporate-governance.

This report is made with a resolution of the directors:



David R Richards
Managing Director

Dated at Perth the 19th day of September 2017

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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 2017, 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
19 September 2017

L Di Giallonardo
Partner

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Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of HLB International, a world-wide organisation of accounting firms and business advisers

Liontown Resources Limited
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2017

	Note	2017 $	Restated 2016* $
Continuing Operations			
Revenue	**3(a)**	16,869	50,294
Exploration and evaluation expenditure expensed	**5**	(2,636,723)	(1,304,519)
Business development expenses		(46,072)	(306,281)
Loss on sale of assets		-	(5,053)
Corporate administrative expenses	**3(b)**	(617,644)	(528,574)
Loss before income tax		**(3,283,570)**	**(2,094,133)**
Income tax expense	**7**	-	-
Loss for the year attributable to owners of the parent		**(3,283,570)**	**(2,094,133)**
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(3,168)	(6,709)
Total comprehensive loss after tax attributable to owners of the parent		**(3,286,738)**	**(2,100,842)**
Basic loss per share attributable to ordinary equity holders (cents)	**8**	(0.38)	(0.35)
Diluted loss per share attributable to ordinary equity holders (cents)	**8**	(0.38)	(0.35)

*The 30 June 2016 statement of comprehensive income has been restated pursuant to the Company's voluntary change in accounting policy for exploration and evaluation expenditure (note 1(d)).

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

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Liontown Resources Limited
Consolidated Statement of Financial Position
As at 30 June 2017

	Note	2017 $	Restated 2016* $	Restated 1 July 2015* $
Current assets				
Cash and cash equivalents	9	1,415,601	800,948	907,882
Trade and other receivables	10	75,272	89,637	30,580
Total current assets		1,490,873	890,585	938,462
Non-current assets				
Financial assets	11	107,081	25,000	25,000
Property, plant and equipment	12	45,030	52,052	53,937
Total non-current assets		152,111	77,052	78,937
Total assets		1,642,984	967,637	1,017,399
Current liabilities				
Trade and other payables	13	98,614	359,163	985,447
Employee benefits	14	42,104	14,143	19,520
Total current liabilities		140,718	373,306	1,004,967
Total liabilities		140,718	373,306	1,004,967
Net assets		1,502,266	594,331	12,432
Equity				
Issued capital	16	34,347,020	30,194,966	27,646,045
Accumulated losses	16	(33,144,913)	(29,920,254)	(27,826,121)
Reserves	16	300,159	319,619	192,508
Total equity		1,502,266	594,331	12,432

*The 1 July 2015 and 30 June 2016 consolidated statement of financial position has been restated pursuant to the Company's voluntary change in accounting policy for exploration and evaluation expenditure (note 1(d)).

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

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Liontown Resources Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2017

	Note	Issued capital	Accumulated losses	Share based payments reserve	Foreign currency translation reserve	Total equity
		$	$	$	$	$
Balance at 1 July 2016 (restated)		30,194,966	(29,920,254)	176,806	142,813	594,331
Loss for the year		-	(3,283,570)	-	-	(3,283,570)
Exchange differences on translation of foreign operations		-	-	-	(3,168)	(3,168)
Total comprehensive loss for the year		-	(3,283,570)	-	(3,168)	(3,286,738)
Share issue - rights issue		1,398,902	-	-	-	1,398,902
Share issue – in lieu of consulting fees		48,000	-	-	-	48,000
Share issue – placement		2,520,000	-	-	-	2,520,000
Share issue – acquisition of the Kathleen Valley Project		425,000	-	-	-	425,000
Employee share options vested		-	-	42,619	-	42,619
Less costs of share issues		(239,848)	-	-	-	(239,848)
Transfers between equity items		-	58,911	(58,911)	-	-
Balance at 30 June 2017	16	34,347,020	(33,144,913)	160,514	139,645	1,502,266

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

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Liontown Resources Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2017

	Note	Issued capital	Accumulated losses	Share based payments reserve	Foreign currency translation reserve	Total equity
		$	$	$	$	$
Balance at 1 July 2015		27,646,045	(23,525,824)	42,986	959,687	5,122,894
Retrospective adjustment for change in accounting policy		-	(4,300,297)	-	(810,165)	(5,110,462)
Restated balance at 1 July 2015		27,646,045	(27,826,121)	42,986	149,522	12,432
Loss for the year reported in the 2016 financial statements		-	(5,454,292)	-	-	(5,454,292)
Change in accounting policy		-	3,360,159	-	-	3,360,159
Restated loss for the period		-	(2,094,133)	-	-	(2,094,133)
Exchange differences on translation of foreign operations		-	-	-	(6,709)	(6,709)
Total comprehensive loss for the year		-	(2,094,133)	-	(6,709)	(2,100,842)
Share issue – in lieu of Directors' Fees		91,220	-	-	-	91,220
Share issue - rights issue		808,712	-	-	-	808,712
Share issue – listed options exercised		17	-	-	-	17
Share issue – placements		1,347,000	-	-	-	1,347,000
Share issue – settlement of Directors' Loan		350,000	-	-	-	350,000
Employee share options vested		-	-	133,820	-	133,820
Less costs of share issues		(48,028)	-	-	-	(48,028)
Restated balance at 30 June 2016	16	30,194,966	(29,920,254)	176,806	142,813	594,331

*The 1 July 2015 and 30 June 2016 consolidated statement of changes in equity has been restated pursuant to the Company's voluntary change in accounting policy for exploration and evaluation expenditure (note 1(d)).

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

Liontown Resources Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2017

	Note	2017 $	Restated 2016* $
Cash flows from operating activities			
Cash paid to suppliers and employees		(548,648)	(339,800)
Payments for exploration and evaluation and business development costs		(2,496,126)	(1,553,595)
Interest received		9,542	7,410
Interest paid		-	(10,143)
Other		7,077	42,932
Net cash used in operating activities	18	(3,028,155)	(1,853,196)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(9,948)	(8,719)
Net cash used in investing activities		(9,948)	(8,719)
Cash flows from financing activities			
Proceeds from issue of shares		3,918,902	2,155,728
Transaction costs of issue of shares		(239,849)	(78,144)
Proceeds from loans received		-	350,000
Security deposits		(25,000)	-
Share Issue – application monies held on trust		-	(690,554)
Net cash from financing activities		3,654,053	1,737,030
Net increase/(decrease) in cash and cash equivalents		615,950	(124,885)
Effect of exchange rate fluctuations on cash held		(1,297)	17,951
Cash and cash equivalents at the beginning of the year		800,948	907,882
Cash and cash equivalents at 30 June	9	1,415,601	800,948

*The 30 June 2016 consolidated statement of cash flows has been reclassified between operating and investing activities pursuant to the Company's voluntary change in accounting policy for exploration and evaluation expenditure (note 1(d)).

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

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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 2017.

The financial report was authorised for issue by the directors on 19th day of September 2017.

(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 2017, 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 2016. 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 2016:

- AASB 14 Regulatory Deferral Accounts.
- AASB 2014-3 Amendments to Australian Accounting Standards- Accounting for Acquisitions of Interests in Joint Operations.
- AASB 2014-4 Amendments to Australian Accounting Standards- Clarification of Acceptable Methods of Depreciation and Amortisation.
- AASB 2014-9 Amendments to Australian Accounting Standards- Equity Method in Separate Financial Statements.
- AASB 2014-10 Amendments to Australian Accounting Standards- Sale or Contribution of Assets between and Investor and its Associate or Joint Venture.
- AASB 2015-1 Amendments to Australian Accounting Standards- Annual Improvements to Australian Accounting Standards 2012- 2014 Cycle.
- AASB 2015-2 Amendments to Australian Accounting Standards- Disclosure Initiative: Amendments to AASB 101.

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 2017. 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 2017, outlined below:

The following new accounting standards and interpretations which are not yet effective and have not been applied by the Company, have been assessed to have no material impact on the Company:

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses.
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107.

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- AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15.
- AASB 2016-5 Amendments to Australian Accounting Standards- Classification and Measurement of Share-based Payment Transactions.
- AASB 9 Financial Instruments (2014).
- AASB 15 Revenue from Contracts with Customers.
- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.
- AASB 2015-8 - Amendments to Australian Accounting Standards – Effective Date of AASB 15.
- AASB 2014-10 – Amendments to Australian Accounting Standards- Sale or Contribution of Assets between an Investor and its Associate of Joint Venture.
- AASB 16 Leases.

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) Voluntary Change in Accounting Policy – Exploration and evaluation expenditure

The financial report for the year ended 30 June 2017 has been prepared on the basis of a retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure. In previous financial reporting periods, the costs incurred in connection with exploration of areas with current rights of tenure were capitalised in the Statement of Financial Position. The criteria for carrying forward the costs were:

- Such costs were expected to be recovered through successful development and exploitation of the area of interest or alternatively by its sale; and

- Exploration and/or evaluation activities were continuing in the area of interest and had not yet reached a stage which permitted a reasonable assessment of the existence or otherwise of economically recoverable resources, and active and significant operations in, or in relation to, the area were continuing.

Costs carried forward in respect of an area of interest that was abandoned were written off in the year in which the decision to abandon was made.

The new accounting policy was adopted as of 1 July 2016 and has been applied retrospectively. Under the new policy exploration and evaluation expenditure including the cost of acquisition is expensed to the Statement of Comprehensive Income in the year when it is incurred.

Directors are of the opinion that the change in accounting policy provides users with more relevant and no less reliable financial information as the policy is more transparent and less subjective. Both the previous and new accounting policies are compliant with AASB 6 Exploration for and Evaluation of Mineral Resources. The impact of this change in accounting policy is reflect below:

The capitalised exploration and evaluation asset previously reported as at 30 June 2016 has decreased by $1,924,935 (2015: decreased by $5,110,462). Accumulated losses brought forward at 1 July 2015 increased by $4,300,297. Net loss after tax previously reported at 30 June 2016 has decreased by $3,360,159 and restated as $2,094,133.

Basic and diluted loss per share have also been restated. The amount of the impact for the new result for the year ended 30 June 2016 of the change in accounting policy is stated as follows:

Loss per share attributable to owners of the parent:	**30 June 2016**
Basic loss per share (cents)	0.55
Diluted loss per share (cents)	0.55

Exploration and evaluation expenditure that is expensed is included as part of cash flows from operating activities, whereas previously capitalised exploration and evaluation expenditure was included as part of cash flows from investing activities. As a result, for the year ended 30 June 2016, net cash used in operating activities has increased from $299,601 to $1,853,196 and net cash used in investing activities has decreased from $1,562,314 to $8,719.

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(e) 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.

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.

(f) 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.

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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) 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.

(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.

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(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.

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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 cash flows, 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.

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

(r) Property, plant and equipment

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

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

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

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

(s) Financial assets

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

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

(ii) Available-for-sale investments

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

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

(t) Derecognition of financial assets and financial liabilities

(i) Financial assets

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

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

(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.

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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.

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(v) Exploration and evaluation expenditure

Costs incurred in the exploration and evaluation stages of specific areas of interest are expensed against the profit or loss as incurred. All exploration expenditure, including general permit activity, geological and geophysical costs, project generation and drilling costs, is expensed as incurred. The costs of acquiring interests in new exploration licences is also expensed. Once the technical feasibility and commercial viability of extracting a mineral resource are demonstrable in respect to an area of interest, development expenditure is capitalised to the Statement of Financial Position.

(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.

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

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

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element

(ab) Parent entity information
The financial information for the parent entity, Liontown Resources Limited, disclosed in note 22, has been prepared on the same basis as the consolidated financial statements, except as set out below.

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

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

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2. Segment reporting

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

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

	Exploration and Evaluation		Corporate		Total	
	30 June 2017	30 June 2016 Restated	30 June 2017	30 June 2016	30 June 2017	30 June 2016 Restated
	$	$	$	$	$	$
Exploration and evaluation expenses	(2,636,723)	(1,304,519)	-	-	(2,636,723)	(1,304,519)
Loss on disposal of assets	-	(5,053)	-	-	-	(5,053)
Depreciation	-	-	(7,555)	(4,154)	(7,555)	(4,154)
Business development costs	(46,072)	(306,281)	-	-	(46,072)	(306,281)
Corporate and administrative expenses	-	-	(610,089)	(514,277)	(610,089)	(514,277)
Revenue	7,077	42,932	-	-	7,077	42,932
Segment net gain/(loss) before tax	(2,675,718)	(1,572,921)	(617,644)	(518,431)	(3,293,362)	(2,091,352)
Unallocated income/(expenses)						
Net financing income					9,792	(2,781)
Loss before income tax					(3,283,570)	(2,094,133)

	Exploration and Evaluation		Corporate		Total	
	30 June 2017	30 June 2016 Restated	30 June 2017	30 June 2016 Restated	30 June 2017	30 June 2016 Restated
	$	$	$	$	$	$
Segment assets:						
Other	101,132	123,321	75,758	67,745	176,890	191,066
	101,132	123,321	75,758	67,745	176,890	191,066
Unallocated assets					1,466,094	776,571
Total assets					1,642,984	967,637
Segment Liabilities	46,918	266,055	93,800	107,251	140,718	373,306

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3. Revenue and expenses

(a) Revenue

	2017 $	2016 $
Refund of relinquished tenement rents and rates	6,092	-
Government grant	-	39,954
Insurance recoveries	985	2,978
Interest received	9,792	7,362
	16,869	50,294

(b) Corporate administrative expenses

		2017 $	2016 $
Depreciation and amortisation		7,555	4,154
Insurance		27,160	28,129
Legal fees		14,560	8,821
Office costs		2,698	1,625
Personnel expenses	4	283,735	303,637
Regulatory and compliance		176,039	117,142
Corporate and administration office rent		66,000	60,500
Interest paid		-	10,143
Other		39,897	(5,577)
		617,644	528,574

4. Personnel expenses

	2017 $	2016 $
Wages and salaries	83,348	38,828
Directors' fees	70,321	112,423
Other associated personnel expenses	32,567	(3,286)
Superannuation fund contributions	54,880	21,852
Equity-settled transactions	42,619	133,820
	283,735	303,637

At 30 June 2016, the Company owed $34,827 to directors for outstanding directors' fees. These outstanding fees were subsequently paid in April 2017 and there were no directors' fees outstanding at 30 June 2017.

5. Exploration and evaluation expenditure

	2017 $	2016 $
Exploration and evaluation expenditure – Australia	2,189,510	724,603
Exploration and evaluation expenditure - Tanzania	447,213	579,916
	2,636,723	1,304,519

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6. Auditor's remuneration

	2017 $	2016 $
Audit services		
HLB Mann Judd		
Audit and review of financial reports	28,000	25,000
Other services	-	-
	28,000	25,000

7. Income tax

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

	2017 $	2016 (Restated) $
Accounting loss before tax from continuing operations	(3,283,570)	(2,094,133)
Income tax benefit calculated at 27.5% (2016: 28.5%)	(902,982)	(596,828)
Tax effect of amounts which are not tax deductible (taxable) in calculating taxable income:		
Non-deductible expenses	143,481	341,410
Share based payments	11,720	37,985
Deferred tax assets and liabilities not recognised	550,288	81,170
Effect of change in tax rate	105,287	145,503
Effect of different tax rates of subsidiaries operating in other jurisdictions	(9,915)	(9,240)
Exploration Development Incentive	102,121	-
Income tax expense 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	3,502,178	2,895,561
Share issue expenses	54,491	3,239
Accrued expenses and liabilities	26,193	67,062
	3,582,862	2,965,862
Deferred tax liabilities comprise:		
Exploration expenditure amortised for tax purposes	(20,081)	-
Accrued interest	136	69
Foreign Exchange Difference	(19,072)	(19,103)
Prepayments	2,266	3,326
	(36,751)	(15,708)

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

	2017 $	2016 (Restated) $
Share issue costs	65,959	1,989

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.

8. Earnings per share

Basic and diluted earnings/loss per share

The calculation of basic and diluted earnings/loss per share for the year ended 30 June 2017 was based on the loss attributable to ordinary shareholders of $3,283,570 (2016: restated loss of $2,094,133) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2017 of 864,339,335 (2016: 603,472,355).

Loss attributable to ordinary shareholders	2017 $	2016 (Restated) $
Loss attributable to ordinary shareholders	(3,283,570)	(2,094,133)
Loss attributable to ordinary shareholders (diluted)	(3,283,570)	(2,094,133)

Weighted average number of ordinary shares	No.	No.
Weighted average number of ordinary shares at 30 June	864,339,335	603,472,355
Weighted average number of ordinary shares (diluted) at 30 June	864,339,335	603,472,355

9. Cash and cash equivalents

	2017 $	2016 $
Bank accounts	1,409,592	782,648
Petty cash	6,009	18,300
Cash and cash equivalents in the statement of cash flows	1,415,601	800,948

Cash at bank earns interest at floating rates based on daily bank deposit rates. Refer to note 17.

10. Trade and other receivables

Current	2017 $	2016 $
Other trade receivables	63,221	74,208
Prepayments	12,051	15,429
	75,272	89,637

Refer to note 17 for information about the Group's exposure to credit and liquidity risk.

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11. Financial assets

	2017 $	2016 $
Non-current		
Bank guarantee deposits	50,000	25,000
Security deposits	57,081	-
	107,081	25,000

12. Property, plant and equipment

	2017 $	2016 $
At cost	254,151	249,672
Less: accumulated depreciation	(209,121)	(197,620)
	45,030	52,052
Plant and equipment		
Carrying amount at 1 July	52,052	53,937
Exchange differences	(376)	665
Additions	5,887	12,787
Assets written off	-	(4,938)
Depreciation	(12,533)	(10,399)
Carrying amount at end of period	45,030	52,052

13. Trade and other payables

	2017 $	2016 $
Trade payables	28,002	25,558
Accrued expenses	70,612	333,605
	98,614	359,163

14. Employee benefits

	2017 $	2016 $
Accrued annual leave	15,334	14,143
Provision for long service leave	26,770	-
Total employee benefits	42,104	14,143

15. 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.

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

	Weighted average exercise price ($) 2017	Number of options 2017	Weighted average exercise price ($) 2016	Number of options 2016
Outstanding at the beginning of the year	0.03	14,650,000	0.02	5,850,000
Granted during the year	0.04	3,000,000	0.04	8,800,000
Lapsed during the year	0.04	(1,000,000)	-	-
Exercised during the year		-	-	-
Expired during the year	0.03	(5,850,000)	-	-
Outstanding at the end of the year	0.04	10,800,000	0.03	14,650,000
Exercisable at the end of the year	0.04	10,800,000	0.03	14,650,000

The options outstanding at 30 June 2017 have an exercise price of $0.035 and a remaining contractual life of 3.8 years.

During the year, no employee share options were exercised.

The fair value of the options is estimated at the grant date using a Black Scholes 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 2017.

	2017	2016
Share price at grant date (weighted average)	0.02	0.022
Exercise price (weighted average)	0.035	0.035
Expected volatility (expressed as weighted average volatility used in the modelling under Black Scholes option-pricing model)	100%	100%
Option life (expressed as weighted average life used in the modelling under Black Scholes option-pricing model)	5 years	5 years
Expected dividends	Nil	Nil
Risk-free interest rate	2.02%	1.92%

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

	2017 $	2016 $
Share options granted in 2016 - equity settled	-	133,820
Share options granted in 2017 - equity settled	42,619	-
Total expense recognised as personnel expenses (note 4)	42,619	133,820

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16. Issued capital and reserves

(a) Issued Capital

There were 990,340,635 shares on issue at 30 June 2017 (30 June 2016: 696,450,401).

Movements in ordinary shares on issue:

	2017		2016	
	No.	$	No.	$
Balance at 1 July	696,450,401	30,194,966	460,769,515	27,646,045
Shares issued in lieu of directors fees	-	-	7,017,000	91,220
Shares issued on exercise of listed options	-	-	333	17
Share issue – settlement of Directors' loan	-	-	23,333,333	350,000
Share issued to consultant in lieu of consulting fees[1]	3,000,000	48,000	-	-
Share issue – rights issue[2]	139,890,234	1,398,902	115,530,219	808,712
Shares issued to acquire the Kathleen Valley Lithium Project[3]	25,000,000	425,000	-	-
Share issue – placement[4]	126,000,000	2,520,000	89,800,001	1,347,000
Cost of share issues	-	(239,848)	-	(48,028)
	990,340,635	34,347,020	696,450,401	30,194,966

(1) 3,000,000 fully paid ordinary shares were issued in August 2016 to a consultant of the Company in consideration for the provision of corporate communications and investor relations support.

(2) On 13 October 2016, the Company completed a 1-for-5 non-renounceable rights issue to raise $1,398,902.

(3) In December 2016, 25,000,000 fully paid ordinary shares were issued to Ramelius Resources Limited in consideration for the acquisition of the Kathleen Valley Lithium Project.

(4) The Company completed a share placement to raise $2,520,000 by issuing 126,000,000 shares at a share price of $0.02 per share.

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 shares options

As outlined in note 15, the Company has an ESOP under which options to subscribe for the Company's shares have been granted to Directors, KMP and all employees. 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 15.

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At 30 June the Company had 10,800,000 unlisted options on issue under the following terms and conditions:

Number	Expiry Date	Exercise Price
10,800,000	31 March 2021	$0.035

Listed share options	2017 No.	2016 No.
On issue at 1 July	-	32,645,703
Options issued during the year	-	-
Options exercised during the year	-	(333)
Options expired during the year	-	(32,645,370)
On issue at 30 June	-	-

(c) Accumulated losses

Movements in accumulated losses:

	2017 $	2016 (Restated) $
Balance at beginning of financial year	(29,920,254)	(23,525,824)
Retrospective adjustment for change in accounting policy	-	(4,300,297)
Loss for the year attributable to owners of the parent	(3,283,570)	(2,094,133)
Transfers between equity items	58,911	-
Balance at end of financial year	(33,144,913)	(29,920,254)

(d) Reserves

Nature and purpose of reserves

(i) 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.

(ii) Foreign currency translation reserve

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

All movements in the above reserves are as stated in the consolidated statement of changes in equity.

17. 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 16.

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.

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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 2017	Note	1 year or less $	Over 1 to 5 years $	Floating interest $	Non-interest bearing $	Total $	Weighted average int. rate
Financial assets							
Bank balances	**9**	-	-	1,345,676	69,925	1,415,601	0.59%
Financial assets	**11**	107,081	-	-	-	107,081	1.26%
Trade and other receivables	**10**	-	-	-	75,272	75,272	-
Financial liabilities							
Trade payables and accrued expenses	**13**	-	-	-	98,614	98,614	-

30 June 2016	Note	1 year or less $	Over 1 to 5 years $	Floating interest $	Non-interest bearing $	Total $	Weighted average int. rate
Financial assets							
Bank balances	**9**	-	-	642,068	158,880	800,948	1.32%
Financial assets	**11**	25,000	-	-	-	25,000	2.44%
Trade and other receivables	**10**	-	-	-	89,637	89,637	-
Financial liabilities							
Trade payables and accrued expenses	**13**	-	-	-	359,163	359,163	-

(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.

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(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 $98,614 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.

18. 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:

	2017 $	2016 $
Within 1 year	765,224	578,060
Within 2 – 5 years	1,877,846	2,471,954
Later than 5 years	1,927,937	89,550
	4,571,007	3,139,564

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

	2017 $	2016 (Restated) $
Loss for the period	(3,283,570)	(2,094,133)
Adjustments for:		
Depreciation and amortisation	12,533	10,399
Carrying amount of assets written off	-	5,053
Foreign exchange loss/(gain)	1,294	(18,070)
Directors fees paid in equity	-	91,220
Equity settled consulting fees	48,000	-
Equity settled exploration asset acquisition	425,000	-
Equity-settled share-based payment expenses	42,619	133,820
Operating loss before changes in working capital and provisions	(2,754,124)	(1,871,711)
(Increase)/decrease in trade and other receivables	20,170	(59,057)
Increase/(decrease) in trade creditors and accruals	(265,081)	82,949
(Increase)/decrease in other financial assets	(57,081)	-
Increase/(decrease) in provisions	27,961	(5,377)
Net cash used in operating activities	(3,028,155)	(1,853,196)

20. 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 "KMP" for the entire period:

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Directors
T R B Goyder
D R Richards
C R Williams
A J Cipriano
Executive
R K Hacker (Chief Financial Officer)

The key management personnel compensation is as follows:

	2017 $	2016 $
Short-term employee benefits	280,538	286,134
Post-employment benefits	25,187	21,559
Equity-settled transactions	-	107,810
	305,725	415,503

At 30 June 2016, the Company had directors' fees owing of $34,827 which were subsequently settled in April 2017. No directors' fees were outstanding at 30 June 2017.

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 2017 $	Amounts paid or payable 2016 $
Key management persons	**Transaction**			
Other related parties				
Chalice Gold Mines Limited	Corporate Services	(i)	66,000	66,000

(i) The Group receives corporate services including office rent and facilities, accounting and company secretarial services under a Corporate Services Agreement with Chalice Gold Mines Limited. Mr Goyder was a director, Mr Hacker was the CFO and Mrs Stevens was the company secretary of Chalice Gold Mines Limited during the year. 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	2017 $	2016 $
Current payables	(5,500)	(5,500)
	(5,500)	(5,500)

21. Group entities

The consolidated financial statements includes the following entities:

	Country of incorporation	Ownership interest		Investment	
		2017	2016	2017	2016
Liontown Resources (Tanzania) Limited	Tanzania	100%	100%	$8,820	$9,412
LRL (Aust) Pty Ltd	Australia	100%	100%	$1	$1
ERL (Aust) Pty Ltd	Australia	100%	100%	$1	$1
Chela Resources Ltd	Tanzania	0%*	0%*	-	-

*Beneficial interest only

22. Parent entity disclosures

The parent entity of the Group was Liontown Resources Limited throughout the financial years ended 30 June 2017 and 30 June 2016.

	2017 $	2016 (Restated) $
Statement of financial position		
Assets		
Current assets	1,471,954	822,314
Non-current assets	153,597	60,371
Total assets	1,625,551	882,685
Liabilities		
Current liabilities	123,285	288,354
Total liabilities	123,285	288,354
Net assets	1,502,266	594,331
Equity		
Issued capital	34,347,021	30,194,968
Share-based payments reserve	160,513	176,806
Accumulated losses	(33,005,268)	(29,777,443)
Total equity	1,502,266	594,331
Statement of comprehensive income		
Loss for the year	(3,288,658)	(6,248,000)
Total comprehensive loss	(3,288,658)	(6,248,000)

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23. Subsequent events

On 3 August 2017, the Company exercised an option to acquire 100% of the Bynoe Lithium Project tenure that it did not already own by paying the vendor $100,000.

On 12 September 2017, the Company agreed to sell its Bynoe Project to Core Exploration Limited (ASX: CXO) ("Core" or "CXO") for an upfront consideration of $1,500,000 in cash and issuing $2,000,000 in CXO shares (calculated using a 10 day VWAP prior to the date of the Agreement) ("Consideration Shares") and in addition, a milestone payment of $1,500,000 in cash or shares (at Core's election) upon defining a JORC compliant Mineral Resource totaling 5Mt within Liontown's Bynoe tenure. The Consideration Shares will be subject to voluntary escrow provisions.

In July 2017 the Company announced that amendments to the legal framework governing the natural resources sector in Tanzania was passed by the Tanzanian Parliament. The full impact of the new legislation on Liontown's activities in Tanzania has still yet to be fully determined, however, it does appear to increase risk and uncertainty of the Company's tenure over the Simba and Panapendesa gold resources at the Jubilee Reef Project.

Liontown lodged a Retention Licence ("RL") application over the Simba and Panapendesa gold resources in April 2017. The new legislation has repealed the right to apply for RLs going forward. However, it is currently unclear whether there will be any saving provision made to favourably deal with a RL application made prior to the enactment of the amendments. The Company is awaiting the release of the Regulations that will accompany the enacted changes to determine whether any such provision will be made.

As the Company's primary focus is on its portfolio of lithium projects in Australia, the Company closed its Tanzanian office until the practical effects of the changed legislation is understood.

24. Contingent assets and liabilities

There are no contingent assets or liabilities.

Liontown Resources Limited
Directors' Declaration

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

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

(i) giving a true and fair view of the financial position of the Group as at 30 June 2017 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 2017.

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



David R Richards
Managing Director
Dated this 19th day of September 2017

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HLB Mann Judd

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Liontown Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, 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 to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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HLB Mann Judd

Key Audit Matter	How our audit addressed the key audit matter
Voluntary change in accounting policy – exploration and evaluation expenditure (Note 1(d) of the financial report)	
During the year, the Group changed its accounting policy regarding its treatment of exploration and evaluation expenditure. In previous financial years, exploration and evaluation expenditure, including acquisition costs, in relation to areas of interest which had not reached a stage which permitted reasonable assessment of the existence or otherwise of economically recoverable reserves, was capitalised. The Group then assessed whether any indicators of impairment existed which would require the Group to assess capitalised exploration and evaluation expenditure for impairment. The new accounting policy is to expense exploration and evaluation expenditure, including the cost of acquisition, in the year when it is incurred. The change in accounting policy resulted in the restatement of affected 2016 balances and the disclosure of the restatement of balances reported in the 2016 financial report. The change in accounting policy was a key audit matter due to the size and scope of the change and impact on the presentation of the financial statements.	Our procedures included but were not limited to the following: • We considered the appropriateness of the change in accounting policy, ensuring that the disclosure requirements set out in AASB 108 were complied with. • We reconciled the restated balances to the prior year audited balances ensuring that the change was correctly calculated and disclosed in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the remuneration report included in pages 20 to 26 of the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Liontown Resources Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

HLB Mann Judd

L Di Giallonardo

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
19 September 2017

Liontown Resources Limited
ASX Additional Information

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

Shareholdings

Substantial shareholders

The number of shares held by substantial shareholders and their associated interests as at 18 September 2017 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	226,184,982	22.84	2,000,000	18.52
Luieta Pty Ltd	56,604,350	5.72	-	-

Class of Shares and Voting Rights

At 18 September 2017 there were 1,108 holders of the ordinary shares of the Company and 9 holders of unlisted options. The Company has 10,800,000 unlisted options on issue at 18 September 2017, all of which were issued under the Employee Share Option Plan.

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 18 September 2017:

	Number of equity security holders	
Category	Ordinary Shares	Unlisted Share Options
1 – 1,000	102	-
1,001 – 5,000	14	-
5,001 – 10,000	13	-
10,001 – 100,000	354	-
100,001 and over	625	9
Total	**1,108**	**9**

The number of shareholders holding less than a marketable parcel at 18 September 2017 was 304.

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Liontown Resources Limited
ASX Additional Information

Twenty largest Ordinary Fully Paid Shareholders
as at 18 September 2017

Name	Number of ordinary shares held	Percentage of capital held %
Timothy R B Goyder	226,184,982	22.84
Lujeta Pty Ltd <The Margaret Account>	56,604,350	5.72
Graham Kluck Management & Investment Pty Ltd	42,463,332	4.29
Delta Resource Management	38,400,000	3.88
Ramelius Gold Pty Ltd	25,000,000	2.52
Bellarine Gold Pty Ltd	20,132,017	2.03
Clement Pty Ltd	17,620,856	1.78
Calm Holdings Pty Ltd	16,189,278	1.63
Craig Williams	14,663,122	1.48
Mr John Manson and Mrs Karen Manson	13,579,292	1.37
Albion Bay Pty Ltd	12,308,000	1.24
Gremar Holdings Pty Ltd	11,500,000	1.16
Hazardous Investments Pty Ltd	10,091,622	1.02
Dog Trap Investments Pty Ltd	10,000,000	1.01
Precision Opportunities Fund	9,500,000	0.96
DM Middletons Pty Ltd	7,500,000	0.76
P R Perry Nominees Pty Ltd	7,140,000	0.72
Botsis Holdings Pty Ltd	6,403,600	0.65
Anthony Cipriano	6,370,479	0.64
JP Morgan Nominees Australia Limited	6,270,849	0.63
Total	**557,921,779**	**56.33**

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