



# HIGHLIGHTS

## Quarterly Report - 31 March 2007

### Queensland

- Mt Windsor Volcanics Project
- Fort Constantine South Project

- ASX listed on 27 December 2006, drilling commenced 22 January 2007.
- 14 holes, 2903 metres drilled to date at Liontown, as part of an initial 11,000 metre program to prove a JORC standard resource.
- Encouraging results have been announced to date for the first 8 holes, including:
  - 1.2m @ 14.9% Zn, 11.0% Pb, 0.8% Cu, 30.8g/t Ag and 8.6 g/t Au (LTD0004 from 116.8m);
  - 11m @ 6.5% Zn, 3.6% Pb, 0.2% Cu, 25.6g/t Ag and 4.5g/t Au (LTD0004 from 120m);
  - 8m @ 6.9% zinc, 3.9% lead, 0.3% copper, 17.8 g/t silver, 0.1 g/t gold (LTD0007, from 145 m);
  - 2.6m @ 7.2% zinc, 3.7% lead, 0.3% copper, 88.9 g/t silver, 0.7 g/t gold (LTD0007, from 138.9m); and
  - 6m @ 4.9% zinc, 3.1% lead, 0.3% copper, 16.2 g/t silver, 4.4 g/t gold (LTD 0006, from 86m).

### Western Australia

- Cowan Nickel Project
- Logan's Find Project

- Drilling to date supports the Company's exploration target objective at Liontown.
- Two rigs are now operating at Liontown, one on double shift.
- An infill drilling program is underway. Step-out drilling is planned to commence shortly.
- The board has committed, subject to availability, to undertake extensive VTEM and IP geophysical programs to further define target areas on over 80km of strike in the Mount Windsor Volcanics, which host both Liontown and 28 regional exploration targets identified to date.
- Drilling is planned to commence within the next quarter at Cowan Nickel Project, south of Mincor Resources NL's nickel mines.

### CAPITAL STRUCTURE

#### Issued Capital:

Shares 79,000,009  
Options 7,225,000

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## 1.0 LIONTOWN PROSPECT, MOUNT WINDSOR VOLCANICS PROJECT (Zinc, Lead, Copper, Silver, Gold)

Liontown Resources Ltd received its first drilling results from the Liontown prospect at its Mount Windsor Volcanics Project during the quarter.

To date, 14 RC/Diamond drill holes - for 2,903 metres - have been completed, including eight (LTD0001 to LTD0008) aiming to validate historically reported mineralised intercepts from both the Liontown Horizon and underlying Carrington Lode Zn-Pb-Cu-Ag-Au mineralised systems, and four (LTD0009 to LTD0012) comprising the start of the infill drilling program.

Significant intercepts for holes LTD0001 to LTD0008 are reported in Table 1 below:

Table 1 : Significant Intersections, LTD0001 to LTD0008

Hole #	Lode	From	To	Interval	Recov %	Zn %	Pb %	Cu %	Ag ppm	Au ppm
LTD0001	CL	78	80	2	100	4.9	2.3	0.1	26.3	0.4
	U	115	116	1	100	3.6	<0.1	<0.1	1.8	0.1
	U	134	135	1	100	4.6	<0.1	0.2	5.8	0.3
	U	139	140	1	100	4.3	1.6	0.2	14.4	0.3
	Ag rich	84	92	8	99	0.7	0.4	<0.1	112.1	1.1
LTD0002	U **	75	76	1	100	3.7	<0.1	<0.1	0.3	<0.1
	LH - Upper*	84	89	5	60	13.6	1.0	0.2	23.1	0.1
	LH - Central*	99	108	9	45	20.2	2.9	0.3	16.8	0.1
LTD0003	U **	72	73	1	100	4.1	<0.1	<0.1	0.3	<0.1
	U - Upper**	85	86	1	100	3.3	0.3	0.3	24.5	<0.1
	LH - Central**	91	100	9	92	11.5	2.1	0.1	8.7	0.1
	LH - Lower	109.5	113	3.5	83	7.2	<0.1	<0.1	2.9	<0.1
	U	117	118	1	100	10.8	1.3	2.4	20.3	0.1
LTD0004	CL	116.8	118	1.2	100	14.9	11.00	0.7	30.8	8.6
	CL	120	131	11	100	6.5	3.6	0.2	25.6	4.5
	CL	136	140	4	100	5.6	0.7	0.2	5.8	0.2
LTD0005	CL	104	105	1	100	4.4	<0.1	0.3	1.2	0.1
LTD0006	CL	86	92	6	98	4.9	3.1	0.3	16.2	4.4
	CL	94	96	2	100	4.4	1.0	0.2	4.3	0.1
LTD0007	LH - Upper	138.9	141.5	2.6	100	7.2	3.7	0.3	88.9	0.7
	LH - Central	145	153	8	100	6.9	3.9	0.3	17.8	0.1
	LH - Lower	157.6	158.6	1	100	4.8	1.6	2.9	18.9	0.1
LTD0008	LH***	109.1	111	1.9	44	13.3	1.2	0.5	19.4	0.2
	CL	151.55	153.65	2.1	100	9.2	3.2	0.2	56.6	1.7

### Notes and Comments:

CL = Carrington Lode; LH = Liontown Horizon; U = Unassigned mineralisation

\* These intersections show poor sample recovery, and may not be representative of the downhole interval sampled. The intervals are oxidized and assays may be affected by supergene processes.

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All samples are of ½ NQ2 core, excluding hole LTD0003, which was drilled in HQ Triple Tube.

Base metal and silver assays were determined by aqua regia digest with AAS finish; gold assays by fire assay.

Significant intercepts are reported on a 3.5% Zn cut off, with intervals of up to 1m of internal waste included. No upper cuts have been applied.

Long sections for each system are plotted in Figures 1 (for the Liontown Horizon) and 2 (for the Carrington Lode).

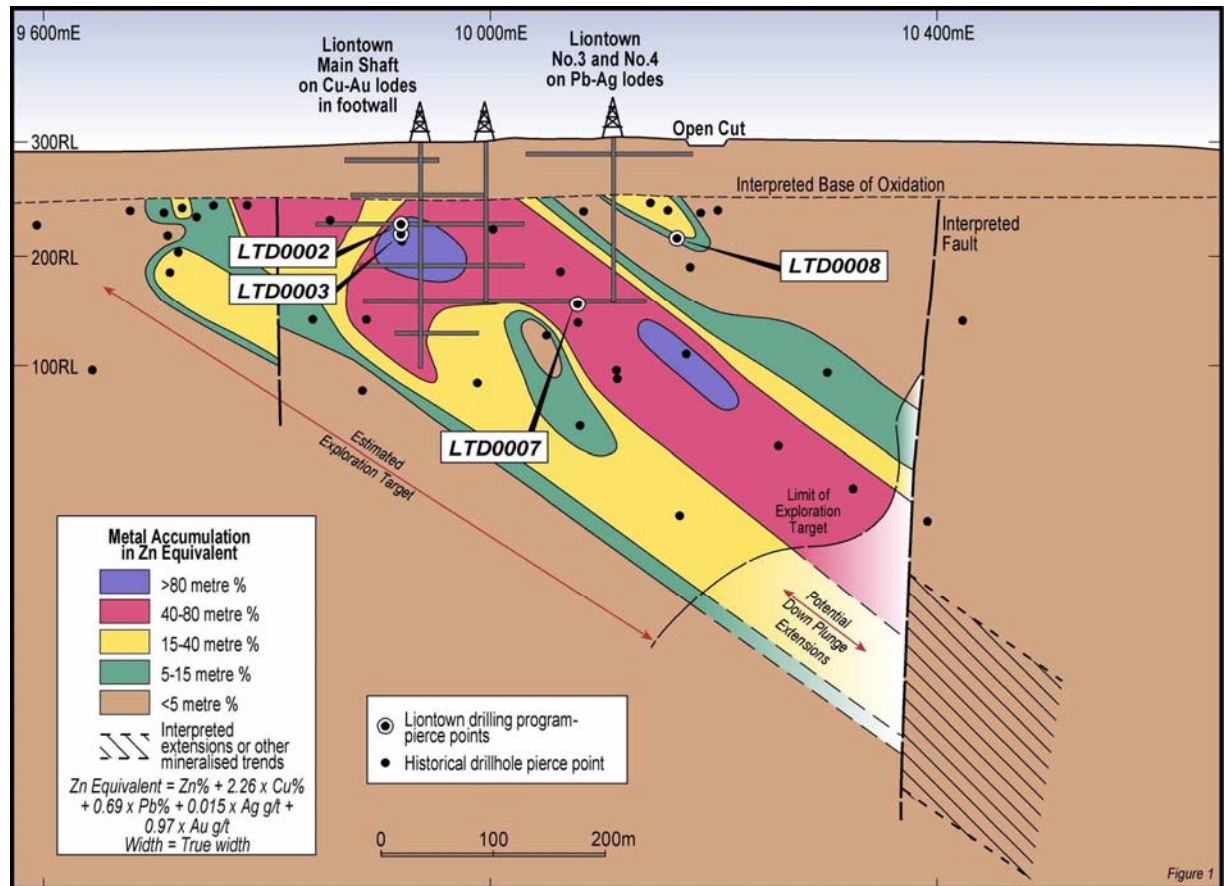


Figure 1: Long section along the Liontown Horizon

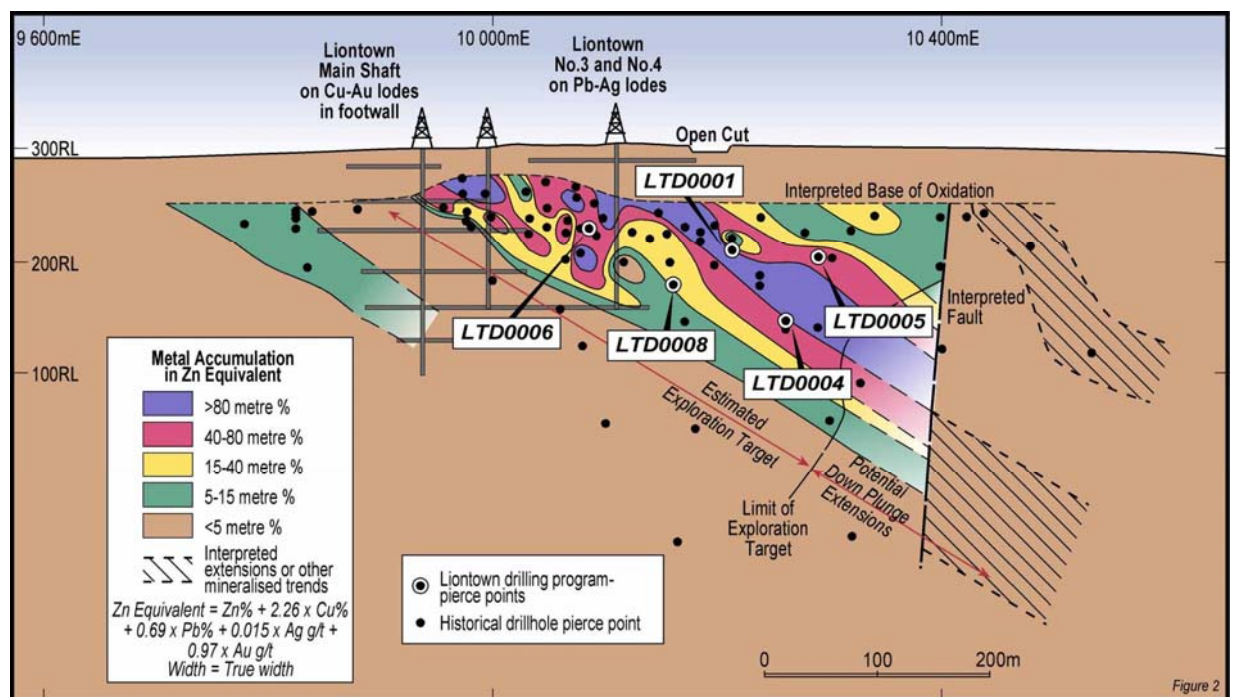


Figure 2: Long section along the Carrington Lode

LTD0001 (Figure 3) tested the Carrington Lode. The base metal assays are broadly consistent with the historical results. In addition to the Carrington Lode style Zn-Pb mineralisation, LTD0001 reported an 8 metre intersection of elevated gold and silver rich, but base metal poor mineralisation.

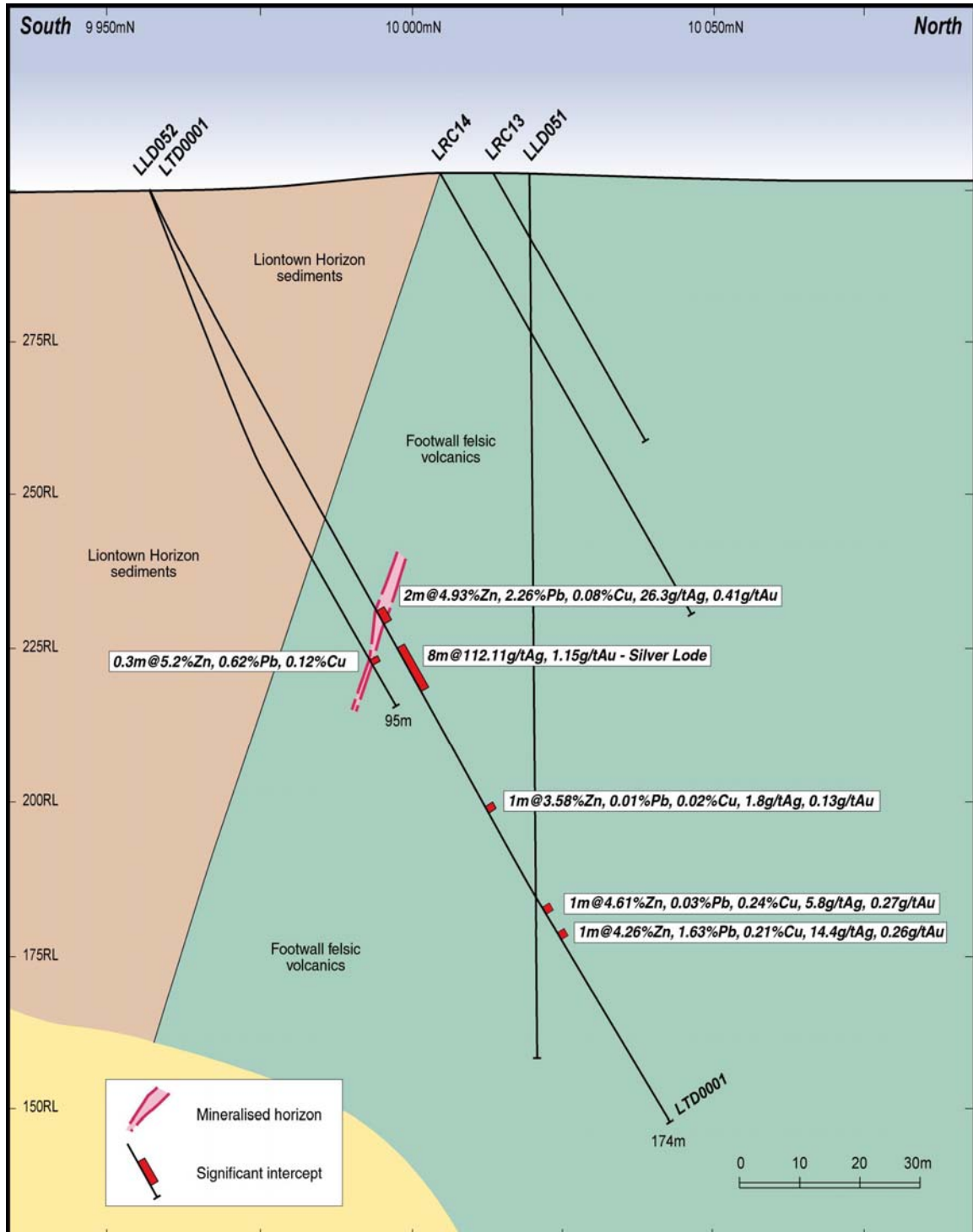


Figure 3 : Cross-section 10200m east

LTD0002 (Figure 4) was designed to test the Liontown Horizon style Zn-Pb mineralisation reported in historical drill hole LLD116. The hole has intersected strongly mineralised material, consistent with the historical assays, but in zones of poor recovery (45% to 60%) in strongly weathered material. Due to the poor core recovery, the assays were not considered representative of the interval sampled.

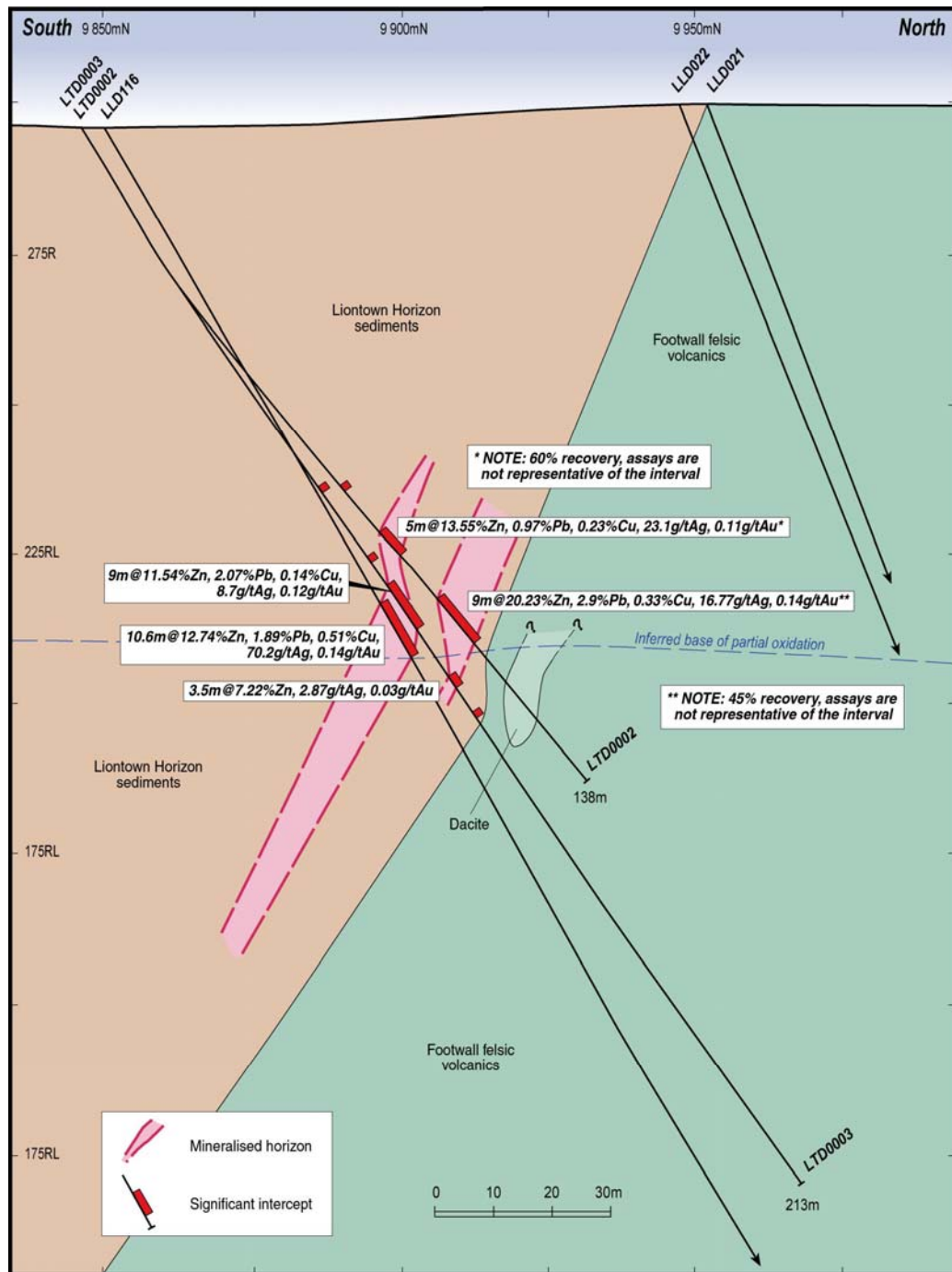


Figure 4 : Cross-section 9920m east

LTD0003 (Figure 4) was designed to repeat LTD0002, but in HQ triple tube core, to improve core recovery. The hole reported several significant intercepts, including 9m @ 11.54% Zn, 2.07% Pb, 0.14% Cu, 8.71g/t Ag and 0.12 g/t Au, broadly consistent with historical results. Sample recoveries were between 83 and 92%. The mineralisation was in oxidised material, with the potential for supergene enrichment processes to affect the assays. The weathering profile indicates the base of partial oxidation is locally lower than indicated in the long section in Figure 1.

LTD0004 (Figure 5) was drilled to test the Carrington Lode position adjacent to LLD135. Significant intercepts reported include 1.2m @ 14.92% Zn, 10.98% Pb, 0.75% Cu, 30.75g/t Ag and 8.64 g/t Au from 116.8m, and 11m @ 6.5% Zn, 3.61% Pb, 0.23% Cu, 25.6g/t Ag and 4.48g/t Au from 120m. These are consistent with historical results.

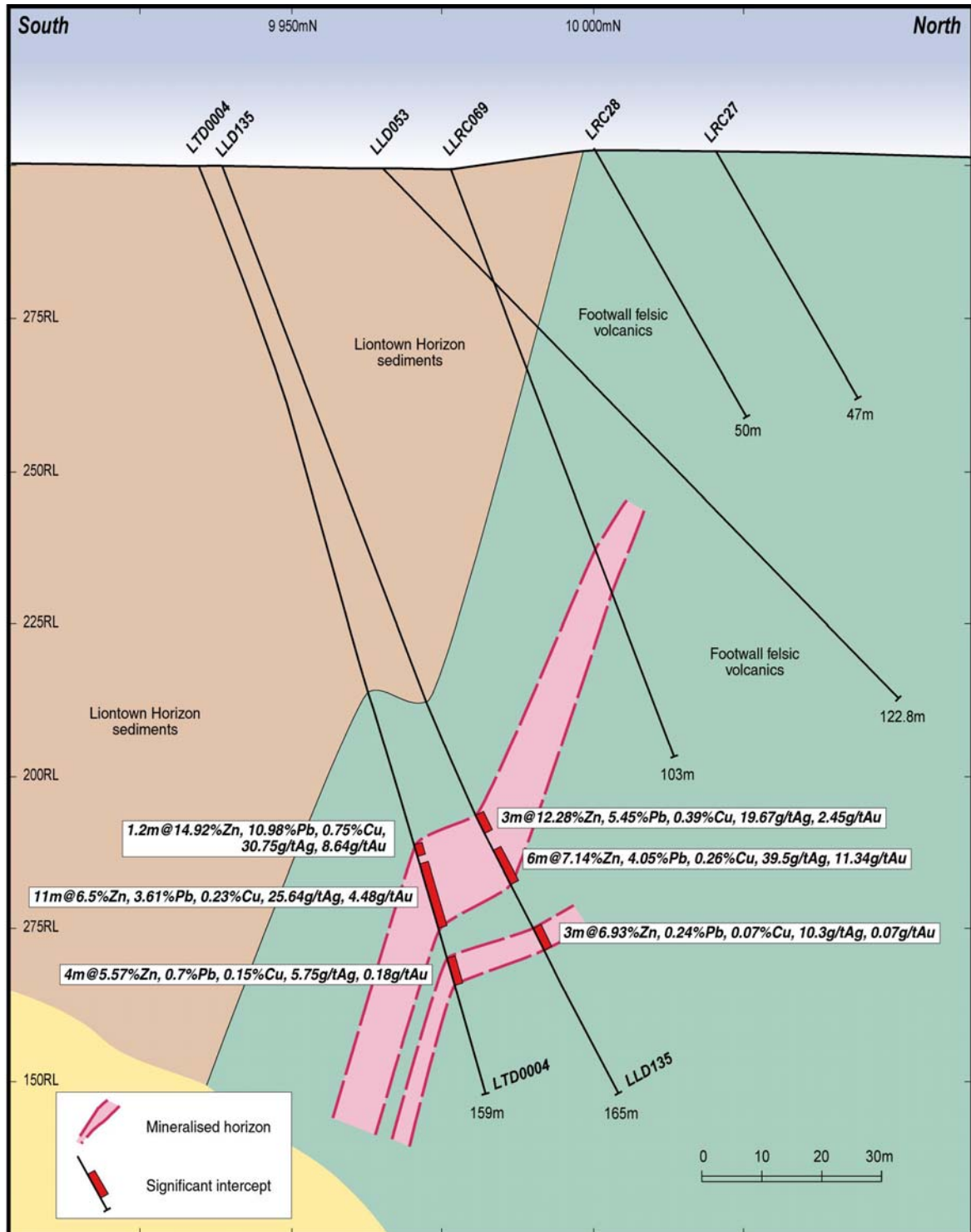


Figure 5 : Cross-section 10240m east

LTD0005 (Figure 6) targeted a series of broad, high grade Carrington Lode intersections. The hole intersected the Carrington Lode position. The poor correlation between LTD0005 and the mineralised packages reported in historical hole LLD005 (and surrounding holes (LLD101, LLD111 and LRC072)) requires further interpretation.

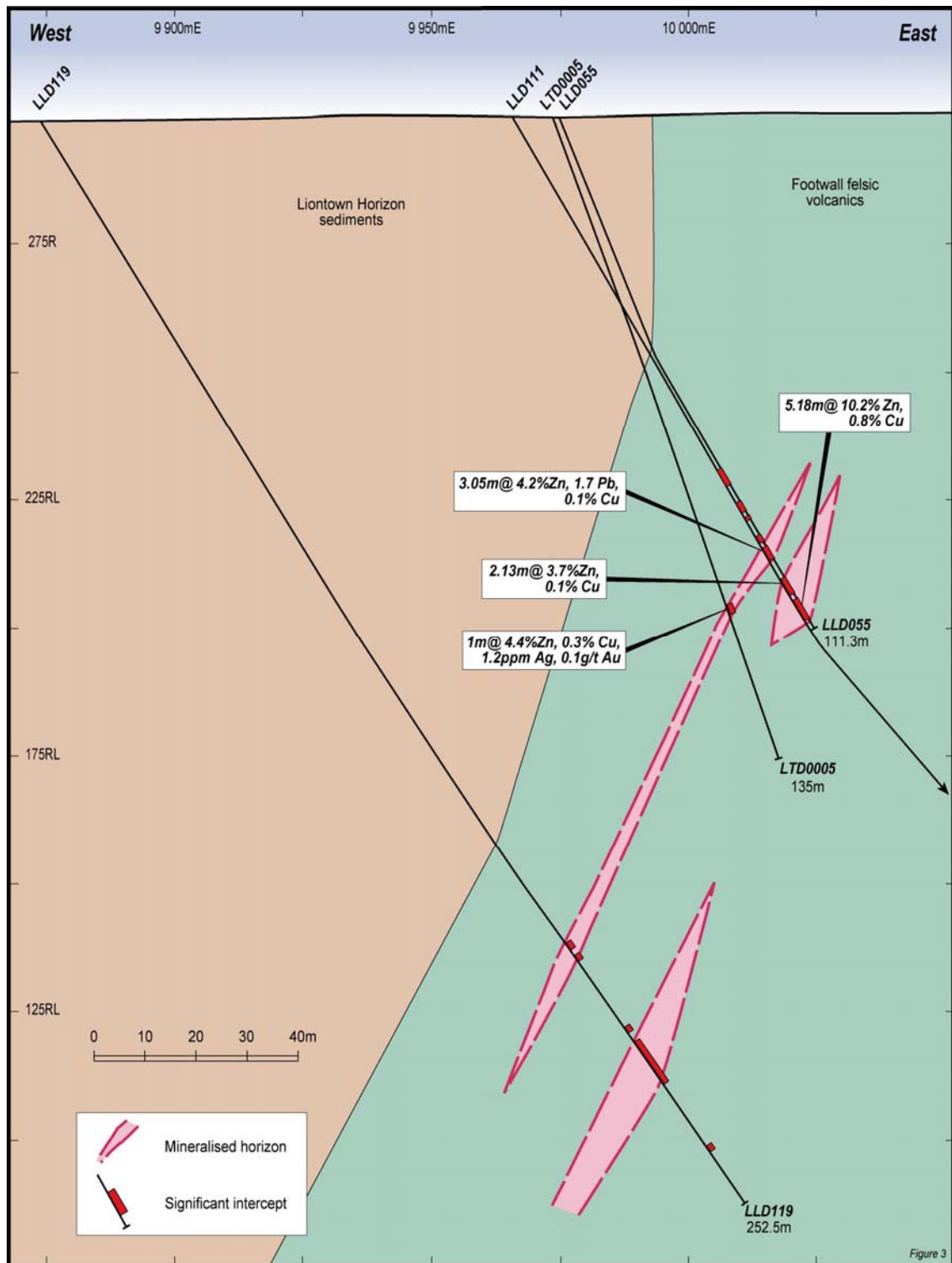


Figure 6 : Cross-section 10290m east

LTD0006 (Figure 7) was drilled to test LLD036, a Nickel Mines hole (previous explorer) in the Carrington Lode. The target position is located within a few metres of the test hole. The mineralised intervals match well in location between the test and target holes. LTD0006 reported an interval of 6m @ 4.9% Zn, 3.1% Pb, 0.3% Cu, 16.2 g/t Ag and 4.4 g/t Au.

Note that the strong gold intercept reported in LTD0006 is consistent with that in LLRC091, located 25 metres down dip, which reported 8m @ 397 g/t Ag, 5.0 g/t Au, 1.5% Zn and 0.5% Pb from the Carrington Lode position.

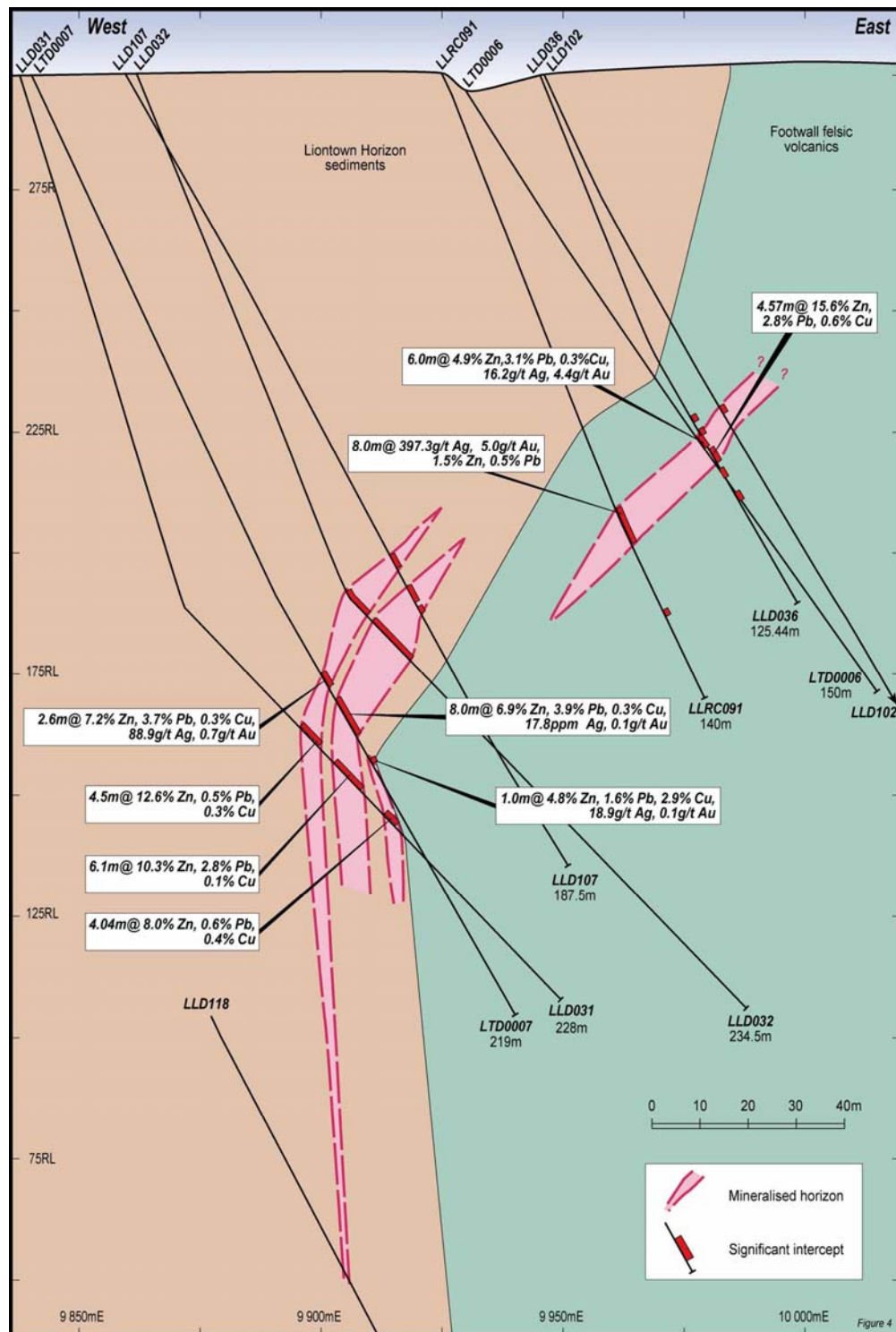


Figure 7 : Cross-section 10070m east

LTD0007 (Figure 7) was designed to test LLD031, a Nickel Mines hole in the Lione town Horizon. Surveys indicate the hole lifted 5° in the precollar, but remained on azimuth. The hole is estimated to be 8 metres from the targeted pierce point.

LTD0007 reported three significant Zn-Pb-Cu-Ag-Au intersections, corresponding with the Upper, Central and Lower Zones of the Liontown Horizon (Table 1).

The results from LTD0006 and LTD0007 correlate well in position and profile with the Nickel Mines target holes, although zinc grades were consistently lower and lead grades consistently higher than the target holes. Further validation of Nickel Mines historical results is required and will occur as part of the infill drilling program.

LTD0008 (Figure 8) was drilled adjacent to LLD114, an Esso drill hole testing the Liontown Horizon. The hole lifted significantly and eventuated approximately midway between LLD114 and LLRC093, a Pancontinental RC hole testing the Carrington Lode. As a result of this deviation from target LTD0008 can only be considered an infill hole, testing a position of overlap between the Liontown Horizon and the Carrington Lodes.

Two significant base metal intersections are reported in LTD0008.

A zone of massive sulphide mineralisation hosted in sediments reported 1.9m @ 13.3 % Zn, 1.2% Pb, 0.5% Cu, 19.4 g/t Ag and 0.2 g/t Au, although with significant core loss. This assay is therefore considered to probably not be representative of the interval. This interval represents the updip extension of Liontown Horizon mineralisation.

A second zone of massive sulphide mineralisation in LTD0008 from 151.55m reported 2.1m @ 9.2% Zn, 3.2% Pb, 0.2% Cu, 56.6 g/t Ag and 1.7 g/t Au. This is located in the Carrington Lode position.

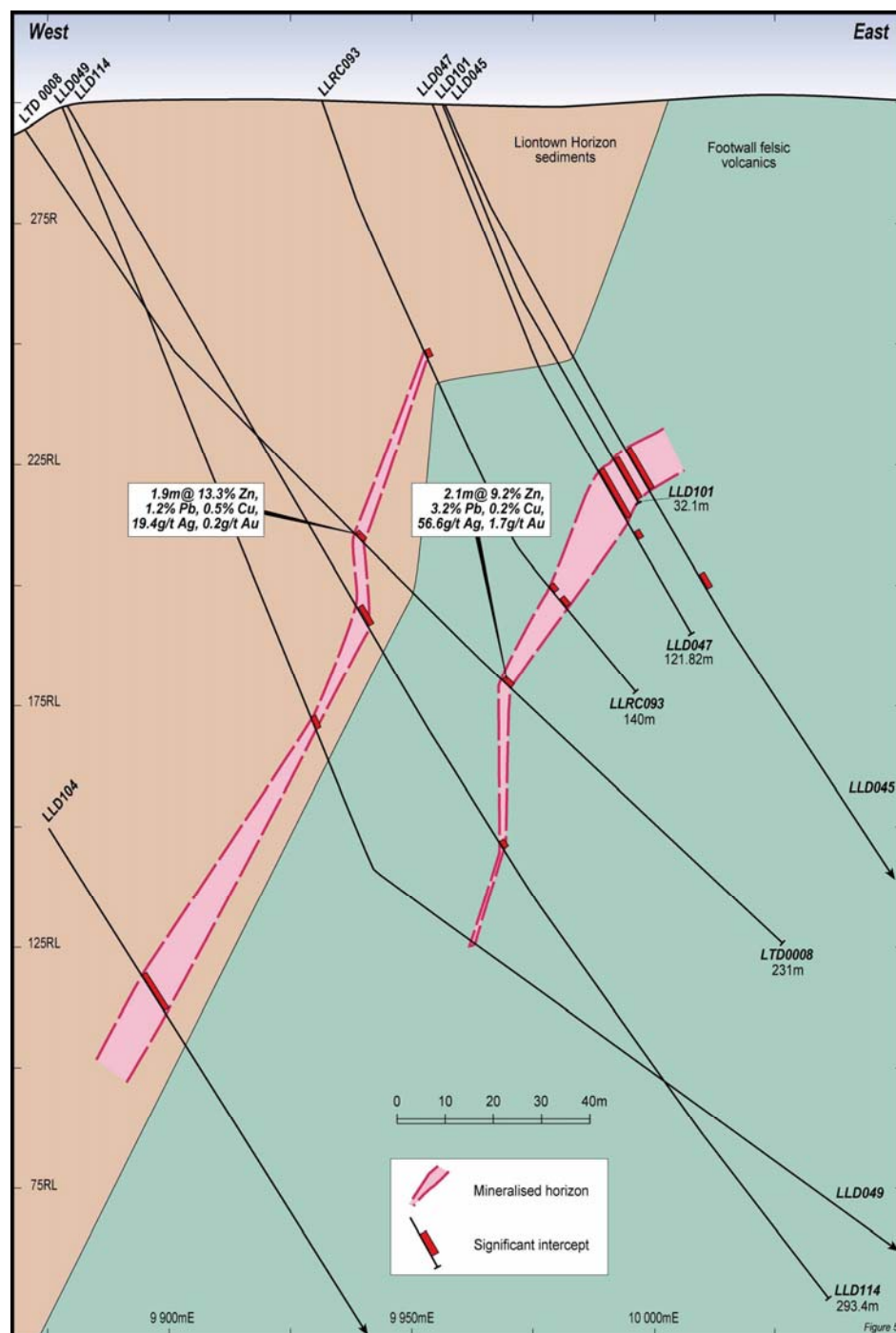


Figure 8 : Cross-section 10160m east

## 2.0 COWAN NICKEL PROJECT (Nickel)

The Cowan Nickel Project comprises over 490 km<sup>2</sup> of tenements south of the nickel mining town of Kambalda, which are interpreted by the Company to include 180 strike kilometres of komatiitic stratigraphy, host rocks for potential nickel sulphide mineralisation (Figure 9).

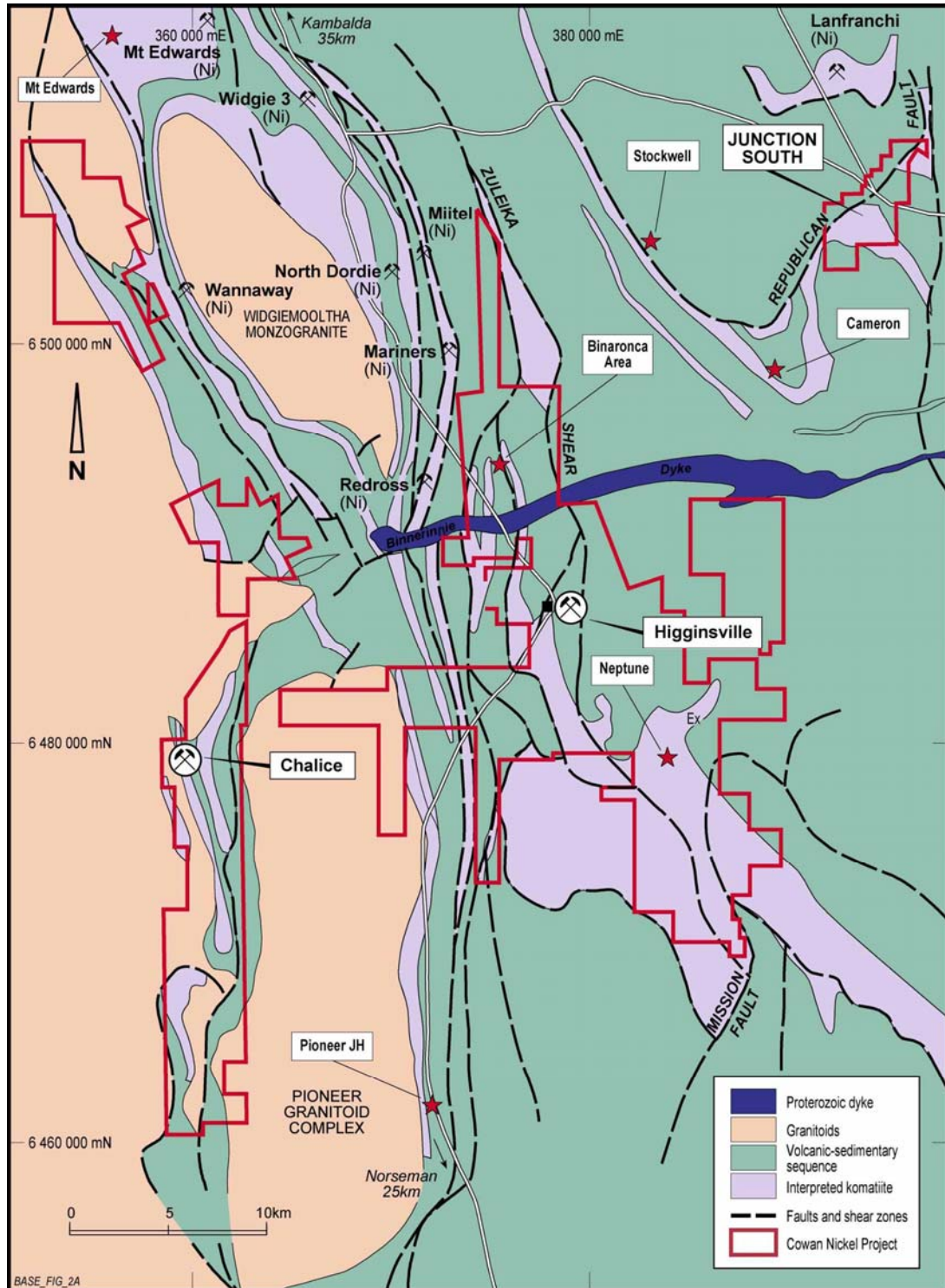


Figure 9 : Cowan Nickel Project - tenement outline and regional nickel mineral endowment

A number of target areas have been generated from electromagnetic and geochemical surveys. In particular the Binaronca prospect (Figure 10) and Neptune (Figure 11) contain multiple chargeability anomalies that present immediate drill targets.

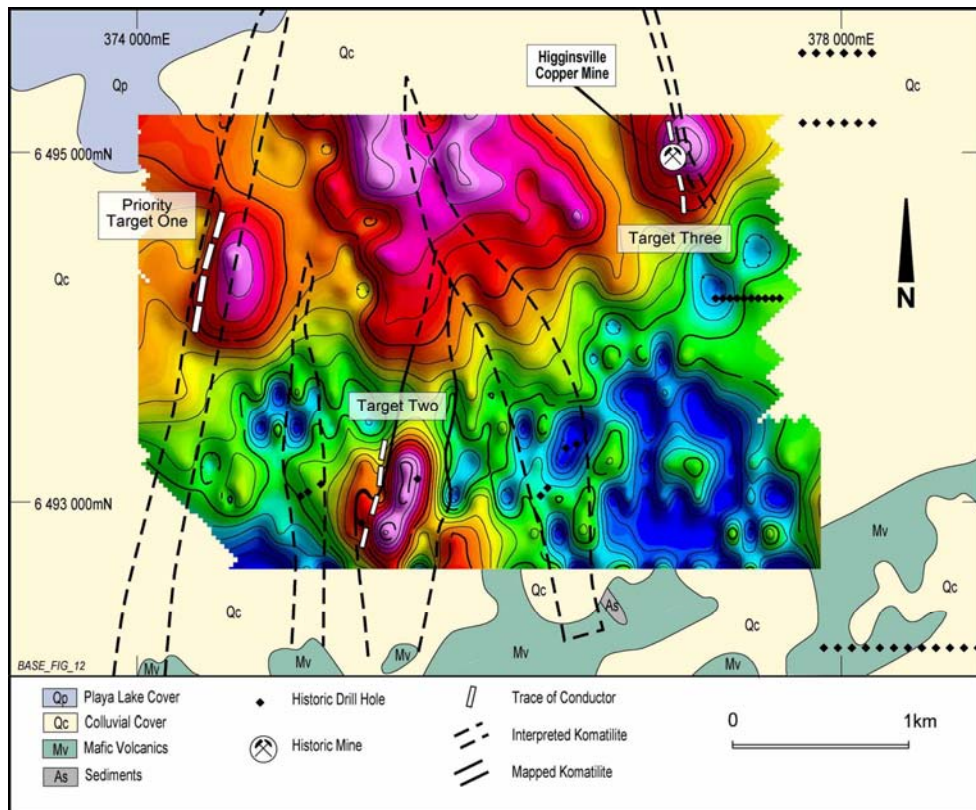


Figure 10 : Binaronca Prospect - image of TEM data, channel 36, showing target conductors

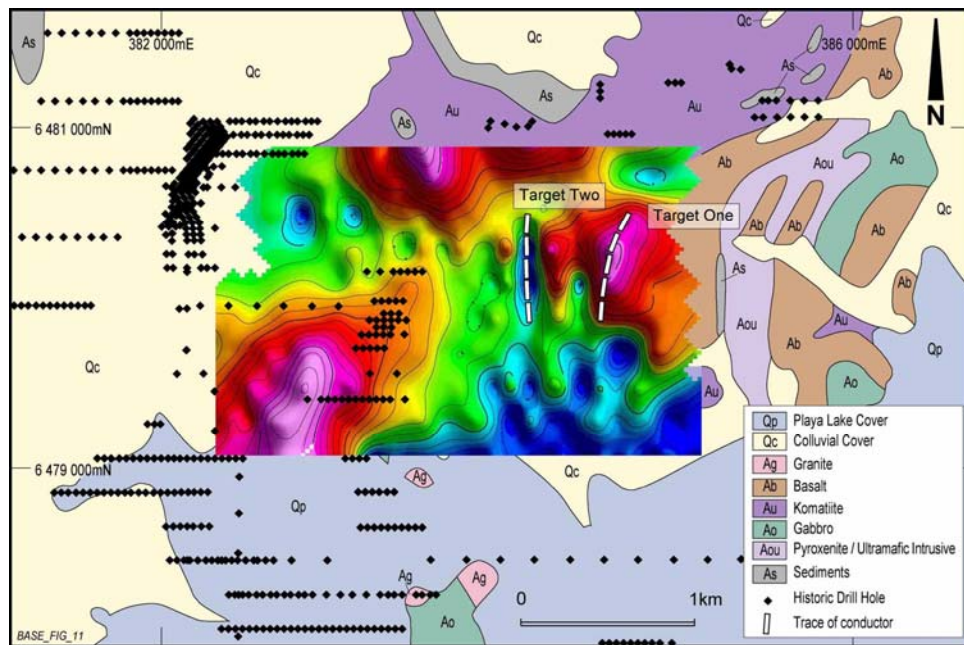


Figure 11 : Neptune Prospect - image of TEM data, channel 36, showing target conductors

Newexco, who has extensive nickel exploration experience in the Kambalda region, has been appointed by Liontown Resources Ltd as a key advisor for exploration at the Cowan Nickel Project.

Following Newexco's further delineation of targets at Binaronca and Neptune, drilling is planned during the next quarter.

### 3. JUNCTION SOUTH

Liontown earned its 60% equity in the Junction South Joint Venture during the quarter.

The Joint Venture covers 16km<sup>2</sup> of tenements located 10km to the south of the Lanfranchi Nickel Mine, and including 6km of strike of ultramafic rocks.

Processing of ground TEM data collected in January has outlined one small conductor. The source of the anomaly has been interpreted to be a small (50m x 50M) body of high conductance material hosted in ultramafic rocks.

The conductor will be ranked alongside other targets in the Cowan Nickel Joint Venture with an aim to drill testing in the June quarter.

The information in this report that relates to Exploration Results is based on information compiled by Mr John McIntyre, a full-time employee of Liontown Resources Limited, who is a Member of the Australian Institute of Geoscientists. Mr McIntyre has sufficient experience in the field of activity being reported to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves, and consents to the release of information in the form and context in which it appears here.

#### Historical exploration results - presentation parameters

Metal accumulation in Figures 1 and 2 are based on a 5% zinc equivalent cut off, 1m internal waste.

Drill hole intersections presented in Figures 3 to 8 are calculated on a 3.5% Zn lower cut, 1m intervals of internal waste, with no upper cuts applied. The significant interval in LLRC091 (Figure 7) is calculated on a 1g/t Au cut off, with no upper cuts applied.

Hole prefixes in Figures 3 to 8 indicate the following drill method, operating company and era:

LLD001 to LLD060	Diamond Drill Holes	Nickel Mines	1970-1971
LLD101 to LLD127	Diamond Drill Holes	Esso	1982-1984
LLRC001 to LLRC050	Reverse Circulation Holes	Great Mines	1987
LLD128 to LLD137	Diamond Drill Holes	Pancontinental	1994-1995