

QUARTERLY ACTIVITIES REPORT

For the Quarter ended 30 September 2014



Tanzania

1. Ibaga Project (Agreements to acquire 100%)

The Ibaga Project is located approximately 600km northwest of Dar es Salaam near the south eastern margin of the Lake Victoria Goldfield of northern Tanzania (see Figures 1 and 2). This is an Archaean greenstone-granite terrain better known for its gold endowment; however, the geological setting is similar to regions in Canada and Australia where there are a number of large volcanogenic massive sulphide (VMS) style base metal mines. Initial sampling by Liontown at Ibaga recorded high grade copper and zinc values which are interpreted to indicate potential for a similar style of mineralisation. Liontown has entered into two option agreements giving it the right to acquire 100% of the Ibaga Project.

Initial rock chip sampling at Ibaga (See Appendix 1) by Liontown recorded multiple high grade copper and zinc values with associated silver and gold hosted by two massive sulphide horizons exposed over 400m strike.

Better results included:

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

No drilling or other modern exploration had been completed at Ibaga prior to Liontown commencing work.

RC Drilling

RC drill holes designed to test beneath the mine workings which cover the central 400m of the known mineralised trend had been postponed due to access issues relating to active mining activities. Subsequent to the end of the Quarter, the access issue was resolved with the assistance of the Tanzanian Ministry of Mines and Energy and drilling has recommenced at Ibaga.

Assay results have been received for nine RC holes drilled last Quarter to test the western and eastern strike extremities of the mineralised trend. No significant massive sulphide horizons were intersected; however, assays confirmed the extension of the mineralised trend with moderately anomalous zinc (>500ppm) recorded in a number of holes.



High grade copper ore – Ibaga Project

INVESTMENT HIGHLIGHTS

TANZANIA

- High grade copper-zinc trend defined at Ibaga Project.
- Large gold systems identified at Jubilee Reef.
- High grade gold mineralisation confirmed at Rupa Suguti.

AUSTRALIA

- Strategic land position in North Queensland precious metals province with large multi-element anomalies defined.

For further information, please contact:

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Chairman
Mr David Richards
Managing Director
Liontown Resources Limited
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Figure 1: Liontown Projects in Tanzania

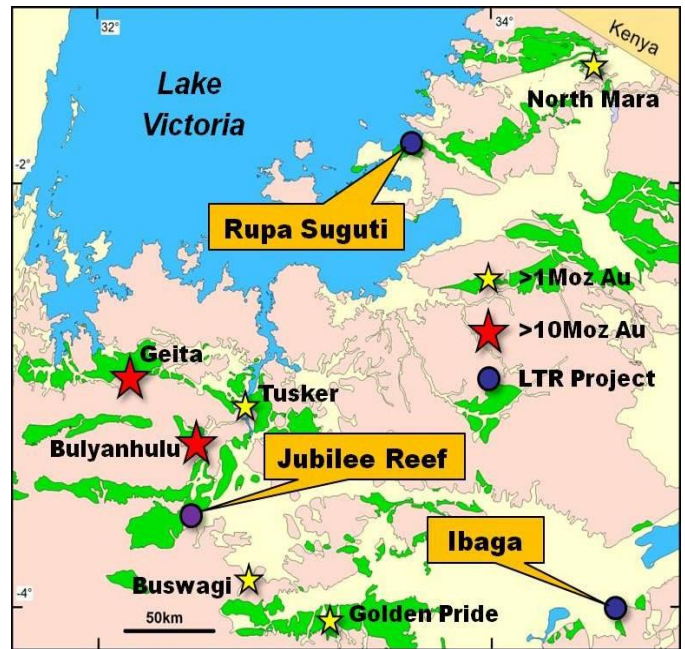


Figure 2: Lake Victoria Goldfield - Regional Geology and Liontown Projects

2. Jubilee Reef Project (Agreement to acquire 100%)

The Jubilee Reef Project is located approximately 850km northwest of Dar es Salaam within the Lake Victoria Goldfield of northern Tanzania (see Figures 1 and 2). This Archaean greenstone-granite terrain hosts several multimillion ounce gold deposits including African Barrick's Bulyanhulu deposit and AngloGold Ashanti's Geita deposit. Liontown originally entered the Project via a Joint Venture agreement with Currie Rose Resources Inc in 2011 and earned 66% by sole funding exploration. In April 2013, Liontown agreed to acquire the remaining equity in the property. All transfer applications have been lodged with Tanzanian Ministry of Mines and Energy during the 2013 financial year but processing of the transfer has been delayed, pending Currie Rose receiving a tax clearance certificate from the Tanzanian Revenue Authority.

Further work was undertaken at the Tembo prospect (see Figure 3) with two trenches excavated for a cumulative length of 260m.

The work was largely ineffective in detecting the strike extension of previously exposed gold mineralisation with deep soil cover meaning that prospective bedrock was exposed in only 50% of the completed trenching. Limited sampling did confirm a large alteration system with strongly anomalous arsenic up to 719ppm recorded from the exposed parts of the trenches.

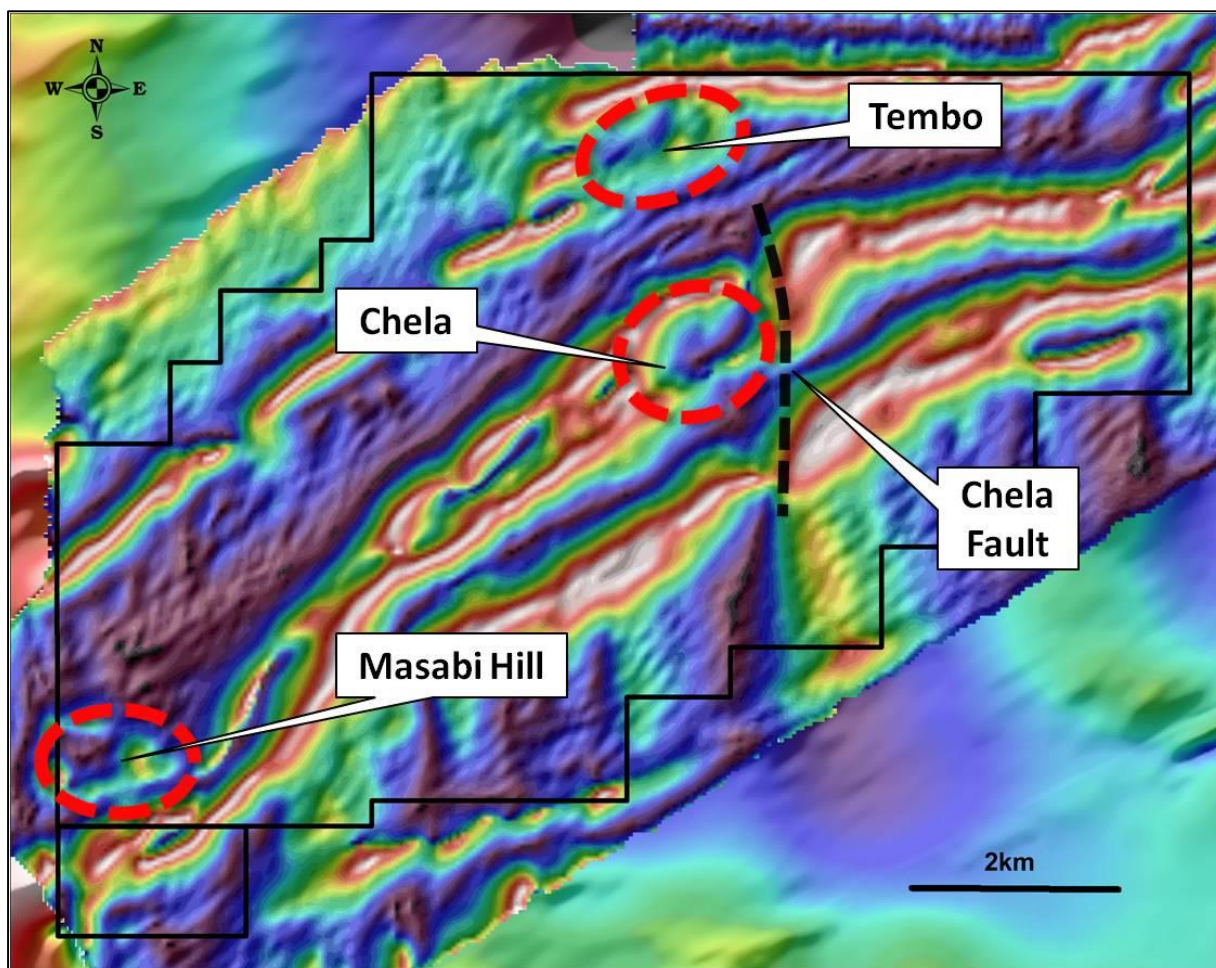


Figure 3: Jubilee Reef Project - Magnetic image showing main gold projects.

3. Rupa Suguti Project (Liontown - Option to earn 100%)

In April 2013, Liontown executed an Option Agreement giving the Company the right to earn 100% in Rupa Suguti Project which is located in the northern part of the Lake Victoria Goldfield approximately 200km north of Jubilee Reef and 100km WSW of African Barrick's North Mara gold mine (see Figure 2). The Project is considered prospective for lode style, Archaean gold deposits.

No work undertaken during the Quarter.

4. Mount Windsor Project (Liontown 100%)

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

The Company was advised at the start of the Quarter that it had been successful in qualifying for up to \$65,750 funding under Round 8 of the Queensland government's Future Resources Program - Collaborative Drilling Initiative.

The funds will be directed towards research-based drilling to gather geochemical, textural and geological data which will assist in planning exploration work at the Allandale prospect where previous exploration results indicated potential for the discovery of a high grade low sulphidation epithermal gold system 150-300m below the surface.

A field inspection of proposed drill sites has confirmed extensive veining, silicification and brecciation (see Figure 4) that are consistent with the upper parts of a low sulphidation epithermal system.



Figure 4A: Allandale prospect- veining



Figure 4B: Allandale prospect- silica breccia

5. Tenement schedules and expenditures

In accordance with ASX Listing Rule 5.3, please refer to Appendix 2 for listing of tenements. In addition, during the quarter the Company has spent \$334,018 on exploration and evaluation activities (YTD: \$334,018) and \$101,999 on administration costs (YTD \$101,999).

6. Corporate

At the end of the Quarter, Lione Town's cash balance was approximately \$0.5 million. Please refer to the attached Appendix 5B for further details.

DAVID RICHARDS
Managing Director

17 October 2014

The Information in this report that relates to the Exploration Results for the Ibaga Project is extracted from ASX announcement entitled "Lione Town Secures High-Grade Copper-Zinc Project in Tanzania" released on 2 April 2014 and is available on www.lioneresources.com.au.

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

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

This announcement 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.

APPENDIX 1: Ibaga Project – Lontown Rock Chip Results

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

APPENDIX 2

The following information is provided in accordance with ASX Listing Rule 5.3 for the quarter ended 30 September 2014:

1. Listing of tenements held:

Location	Project	Tenement No.	Registered Holder	Nature of interests
Tanzania	Jubilee Reef	PL4495/2007	Currie Rose Resources (T) Limited	100% direct - pending transfer
		PL6168/2009	Currie Rose Resources (T) Limited	100% direct - pending transfer
		PL8125/2012	Liontown Resources (Tanzania) Limited	100%
		PL8304/2012	Liontown Resources (Tanzania) Limited	100%
		PL9711/204	Currie Rose Resources (T) Limited	100% direct - pending transfer
		PL9973/2014	Liontown Resources (Tanzania) Limited	100%
		HQ-P24810	Currie Rose Resources (T) Limited	Application recommended
	Rupa Suguti	PL4497/2007	Bismark Hotel Company	0% - option to acquire 100%
		PL7865/2012	Twigg Gold	0% - option to acquire 100%
		PL8183/2012	WG Exploration	0% - option to acquire 100%
		PL8659/2012	WG Exploration	0% - option to acquire 100%
Australia	Mt Windsor	EPM14161	Liontown Resources Limited	100% direct (subject to agreement with Kagara Ltd)
		EPM16920	Liontown Resources Limited	100% direct
		EPM16227	Liontown Resources Limited	100% direct

2. Listing of tenements acquired (directly or beneficially) during the quarter:

There were no tenements acquired during the quarter.

3. Tenements relinquished, reduced or lapsed (directly or beneficially) during the quarter:

There were no tenements relinquished, reduced or lapsed during the quarter.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Liontown Resources Limited

ABN

39 118 153 825

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

		Current quarter \$A	Year to date (3 months) \$A
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(334,018)	(334,018)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(101,999)	(101,999)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	4,884	4,884
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(431,133)	(431,133)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)	(431,133)	(431,133)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(431,133)	(431,133)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(431,133)	(431,133)
1.20	Cash at beginning of quarter/year to date	976,735	976,735
1.21	Exchange rate adjustments to item 1.20	2,402	2,402
1.22	Cash at end of quarter	548,004	548,004

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A
1.23 Aggregate amount of payments to the parties included in item 1.2	86,276
1.24 Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 consists of, the salary and superannuation paid to the Managing Director (\$57,846), and service charges paid to Chalice Gold Mines Ltd (a director related entity) for the provision of corporate services, office rent and technical personnel (\$18,000).

Apart from the compulsory superannuation contributions and PAYG payable (\$10,430), current non-executive directors did not receive director fees during the period.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A	Amount used \$A
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A
4.1 Exploration and evaluation	270,000
4.2 Development	-
4.3 Production	-
4.4 Administration	90,000
Total	360,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A	Previous quarter \$A
5.1 Cash on hand and at bank	293,541	476,735
5.2 Deposits at call	254,463	500,000
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	548,004	976,735

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2 Interests in mining tenements acquired or increased	Nil			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter				
(a) Increases through issues	Nil	Nil	N/A	N/A
(b) Decreases through returns of capital, buy-backs, redemptions	Nil	Nil	N/A	N/A
7.3 +Ordinary securities	446,161,370	446,161,370	N/A	N/A
7.4 Changes during quarter				
(a) Increases through issues	Nil	Nil	N/A	N/A
(b) Decreases through returns of capital, buy-backs	Nil	Nil	N/A	N/A
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter				
(a) Increases through issues	Nil	Nil	N/A	N/A
(b) Decreases through securities matured, converted	Nil	Nil	N/A	N/A
7.7 Options (description and conversion factor)				
Listed options	32,649,048	Nil	<i>Exercise price</i> \$0.05	<i>Expiry date</i> 27 September 2015
Unlisted options				
	2,000,000	Nil	<i>Exercise price</i> \$0.01727	<i>Expiry date</i> 30 November 2016
	2,000,000	Nil	\$0.02302	30 November 2016
	1,850,000	Nil	\$0.05000	30 June 2017
7.8 Issued during quarter	Nil	Nil	N/A	N/A
7.9 Exercised during quarter	Nil	Nil	N/A	N/A

+ See chapter 19 for defined terms.

7.10	Expired during quarter	Nil	Nil	N/A	N/A
7.11	Debentures (totals only)	Nil	Nil		
7.12	Unsecured notes (totals only)	Nil	Nil		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 17 October 2014

Print name:

(Company secretary)
Leanne Stevens

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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