

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

LIONTOWN RESOURCES LIMITED

ABN

39 118 153 825

Quarter ended ("current quarter")

31 DECEMBER 2006

Consolidated statement of cash flows

	Current quarter \$A	Year to date (6 months) \$A
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) administration	(59,529)	(59,719)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	16,604	16,604
1.5 Interest and other costs of finance paid	(197)	(197)
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(43,122)	(43,312)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	(38,605)	(38,605)
(b)equity investments	-	-
(c)other fixed assets	(8,603)	(8,603)
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	(47,208)	(47,208)
1.13 Total operating and investing cash flows (carried forward)	(90,330)	(90,520)

+ See chapter 19 for defined terms.

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc. (net)	6,840,346	6,840,346
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	266,190	266,190
1.17	Repayment of borrowings	(285,812)	(285,812)
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	6,820,724	6,820,724
Net increase (decrease) in cash held		6,730,394	6,730,204
1.20	Cash at beginning of quarter/year to date	1,588	1,778
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	6,731,982	6,731,982

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	5,748
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 legal fees paid to a director on normal terms and conditions.

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

<p>The Company issued 8,000,000 ordinary shares to Uranium Equities Limited in consideration of completion of a Letter Agreement dated 22 March 2006 (refer to Note 1 of section 6.2 below). The Company issued 9,000,000 ordinary shares to Equinox Resources Limited in consideration of completion of a Deed of Variation, Termination and Release and an Asset Sale Agreement, both dated 14 November 2006 (refer to Notes 2 and 3 of section 6.2 below). The Company entered into a sale and purchase agreement for the sale of the Strelley River Project on 13 November 2006 with CBH Resources Ltd (along with other parties). Consideration to be received upon completion will be fully paid ordinary shares in CBH Resources Ltd to the value of \$620,000. This agreement is still subject to conditions precedent (refer to Note 1 of section 6.1 below).</p>
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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

N/A

+ 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	\$1,125,000
4.2 Development	Nil
Total	\$1,125,000

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	6,731,982	6,731,982
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (Bank Guarantee)	-	-
Total: cash at end of quarter (item 1.22)	6,731,982	6,731,982

Changes in interests in mining tenements

6.1 Interests in mining tenements relinquished, reduced or lapsed	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
	Strelley River Project			
	E45/2393	Strelley Deed (1)	0%	100%
	E45/2474	Strelley Deed (1)	0%	100%
	E45/2556	Strelley Deed (1)	0%	100%

(1) On 13 November 2006, the Company entered into a deed for the sale of these tenements with CBH Panorama Pty Ltd, SIPA Resources (1987) Pty Ltd, Ashling Resources NL, CBH Resources Ltd, Uranium Equities Ltd and GE Resources Pty Ltd. Completion under this deed is conditional upon ministerial consent, which had not yet been obtained at 31 December 2006.

+ See chapter 19 for defined terms.

6.2 Interests in mining tenements acquired or increased

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
Mount Windsor Volcanics Project			
EPM14161	Letter Agreement with Uranium Equities Limited (“UEQ Agreement”) (1)	0%	100%
EPM14162	UEQ Agreement (1)	0%	100%
EPM15100	UEQ Agreement (1)	0%	100%
EPM15102	UEQ Agreement (1)	0%	100%
ML10277	UEQ Agreement (1)	0%	100%
EPM15192	UEQ Agreement (1)	0%	100%
EPM15197	UEQ Agreement (1)	0%	100%
Strelley River Project			
E45/2393	UEQ Agreement (1)	0%	100%
E45/2474	UEQ Agreement (1)	0%	100%
E45/2556	UEQ Agreement (1)	0%	100%
Cowan Nickel Project			
P15/4597	UEQ Agreement (1) Deed of Variation, Termination and Release with Equinox Minerals Limited (“EQR Deed”) (2)	0%	100% interest in Nickel rights
P15/4598	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4599	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4600	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4619	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
E15/0821	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
E15/0822	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
E63/873	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4594	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4595	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4596	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4602	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights

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P15/4605	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4606	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4607	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4608	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4609	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4612	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4613	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4614	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4671	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P63/1251	UEQ Agreement (1) EQR Deed (2))	0%	100% interest in Nickel rights
P63/1252	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P63/1253	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P63/1257	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P63/1258	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P63/1259	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P63/1260	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P63/1261	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P63/1262	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P63/1263	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P63/1264	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P63/1265	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P63/1267	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P63/1268	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P63/1269	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P63/1270	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0786	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4627	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4628	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
E15/0828	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights

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E15/0829	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
E15/838	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4615	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4618	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4626	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4629	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4630	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4632	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4633	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P63/1271	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P63/1272	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P63/1274	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P63/1275	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P63/1276	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4644	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4646	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4647	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
P15/4648	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
E15/740	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
E15/860	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0031	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0225	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0289	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0325	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0351	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0506	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0528	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0597	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0616	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights

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M15/0665	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0684	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0685	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
E15/0160	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0338	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0352	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0375	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0507	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0580	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0581	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0620	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0629	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0639	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0640	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0642	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0680	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0681	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0682	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0683	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0815	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0817	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0820	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0976	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0977	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
E15/0148	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0654	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/0655	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
M15/1052	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights
E15/914	UEQ Agreement (1) EQR Deed (2)	0%	100% interest in Nickel rights

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Logan's Find Project			
E15/849	UEQ Agreement (1)	0%	100%
Fort Constantine South Project			
EPM15004	Asset Sale Agreement with Equinox Resources Limited (3)	0%	100%
EPM10601	Asset Sale Agreement with Equinox Resources Limited (3)	0%	100%

- (1) On 22 March 2006, the Company and Uranium Equities Limited entered into an agreement pursuant to which Uranium Equities Limited agreed to transfer all of its legal and equitable interests in the above named tenements.
- (2) On 14 November 2006, the Company, Equinox Resources Limited, Equinox Minerals Limited and Uranium Equities Limited entered into an agreement pursuant to which Equinox Resources Limited agreed to be relieved of its obligations in relation to the Cowan Nickel Joint Venture, and forfeited its right to earn an equity interest in the Project.
- (3) On 14 November 2006, the Company and Equinox Resources Limited entered into an agreement pursuant to which Equinox Resources Limited agreed to transfer all of its legal and equitable interests in the above named tenements to the Company.

(4) 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>	Nil	Nil	Nil	Nil
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs.	N/A	N/A	N/A	N/A
7.3 +Ordinary securities	79,000,009	61,815,298	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital.	79,000,007 Nil	61,815,298 Nil	N/A N/A	N/A N/A
7.5 +Convertible debt securities <i>(description)</i>	Nil	Nil	N/A	N/A
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured.	Nil	Nil	N/A	N/A
7.7 Options Share Options	5,475,000 1,500,000	Nil Nil	Exercise price \$0.25 \$0.25	Expiry date 18.12.2009 31.12.2009
7.8 Issued during quarter Share Options	 5,475,000 1,500,000	 Nil Nil	 \$0.25 \$0.25	 18.12.2009 31.12.2009
7.9 Exercised during quarter	Nil	Nil	Nil	Nil
7.10 Expired during quarter	Nil	Nil	N/A	N/A
7.11 Debentures <i>(totals only)</i>	Nil	Nil		
7.12 Unsecured notes <i>(totals only)</i>	Nil	Nil		

+ See chapter 19 for defined terms.

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 4).

- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 31 January 2007

Managing Director

Print name: Andrew Bantock

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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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