

# Quarterly Report

for the period ended 31 March 2008



## Revised and Upgraded Resource Estimate at Liontown Deposit

- A revised and upgraded JORC Compliant Resource estimate for the Liontown Deposit was received from independent consultants, McDonald Speijers of:

1.85Mt @ 7.5% zinc, 2.4% lead, 0.6% copper, 28 g/t silver and 0.6 g/t gold.

This equates to 137,000 tonnes in-situ zinc, 191,000 tonnes in-situ zinc-lead-copper.

The report confirms the previously announced JORC Compliant Resource (announced 12 December 2007), but upgrades approximately 40% to the Indicated category.

- The revised estimate does not include data from additional drilling completed subsequent to the resource estimate as detailed in the Company's December 2007 quarterly report.

## Step-out Drilling

- Final results were received from drilling conducted to the west of the Liontown Deposit Resource in 2007. This included an intercept from LTD038 of 9m @ 2.2 % Cu, 0.92 % Zn, 0.21 % Pb, 13.3 g/t Ag and 0.09 g/t Au from 254m within the lower part of the Liontown Lode.

## Mount Windsor Regional Exploration

- A review of historical exploration by previous explorers on the Company's tenements has identified the 4 km **Liontown Mineralised Corridor**, defined by contiguous geochemical and geophysical anomalism and bedrock mineralisation drilled by Liontown Resources and previous explorers.
- This, in turn, lies on the Liontown Horizon which is interpreted to extend for over 120 km across Liontown Resources' tenements. The tenements also feature substantial coverage of the Thalanga and Waterloo horizons, which also host major base metal mineralisation and past producing mines, elsewhere in the district.
- A major RAB/Air core program is planned to commence in early June 2008, targeting resource addition to the Liontown Deposit, potentially by way of identifying further non-outcropping mineralised deposits along strike. This is to be followed up by an RC/Diamond drilling program to test bedrock targets.

Similar 'blind' occurrences were previously identified through follow up of RAB/Air core drilling lead (Pb) anomalies at Kagara Ltd's Thalanga Mine, approximately 40 km to the west of the Liontown Deposit, and at Kagara Ltd's Waterloo Deposit approximately 5 km to the north east.

## Cowan Nickel

- An initial RC drilling program to test 10 geophysical/geochemical anomalies at the Cowan Nickel Project was completed for a total of 2,855 metres drilled (18 holes). Although no massive nickel sulphide mineralisation was intersected, a number of off-hole conductors were identified in follow-up Down Hole Electro-magnetic (DHEM) surveys and several new anomalies identified from surface Moving-loop Electro-magnetic (MLEM) surveys remain to be drilled.

## Fort Constantine South

- Liontown has entered into a joint venture agreement with Exco Resources Limited over the Company's Fort Constantine South (FCS) Project area, south-east of Xstrata's Ernest Henry Mine, in north-west Queensland, pursuant to which Exco can earn up to a 70% interest in the project by expending \$3.2 million over a 4½ year period.

A handwritten signature in black ink, appearing to read "Andrew Bantock".

Andrew Bantock  
Managing Director

29 April 2008

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## 1.0 MOUNT WINDSOR VOLCANICS PROJECT - LIONTOWN DEPOSIT (100% LIONTOWN RESOURCES LIMITED)

### 1.1 Liontown Resource Estimate

Liontown Resources Limited received a revised and upgraded JORC Compliant Resource estimation report for its Liontown Deposit from independent consultants McDonald Speijers. The new estimate totals:

**1.85Mt at 7.5% zinc, 2.4% lead, 0.6% copper, 28 g/t silver and 0.6 g/t gold**

The new estimate confirms the findings of the earlier work by McDonald Speijers (announced 12 December 2007) and equates to approximately 137,000 tonnes of in-situ zinc and 191,000 tonnes of in-situ zinc-lead-copper. Some 205,000 tonnes or approximately 11% of this material is oxidized mineralisation and may not be recoverable in a standard sulphide mining operation.

As foreshadowed in the 12 December 2007 announcement, the provision of additional information to McDonald Speijers has enabled a partial upgrading of the JORC categorization within the Resource, approximately 40% of which is now included within the Indicated category.

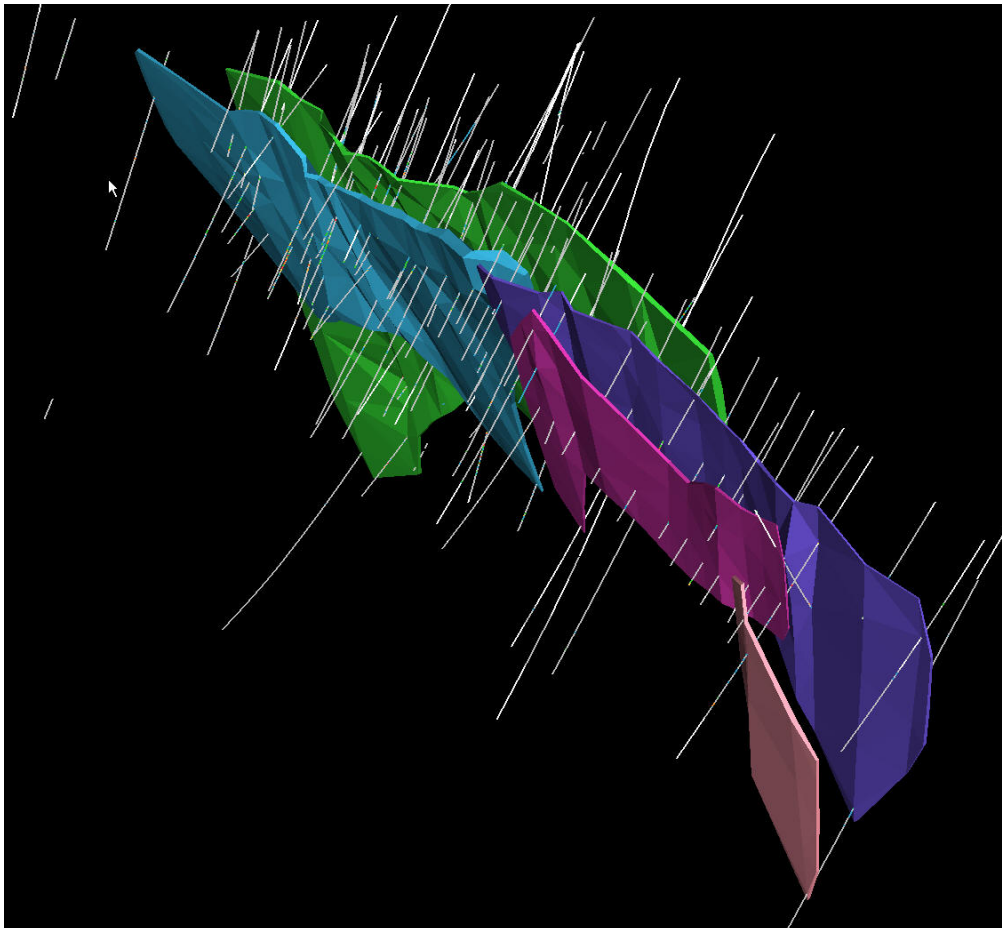


Figure 1: 3D image showing modelled mineralisation at Liontown, from the northeast. Liontown Lode shown in green, Carrington Lode in blue, with other colours representing footwall copper-gold stringer lodes

A table showing McDonald Speijers' Resource model estimates for the Liontown Deposit by Resource categorization, based on a 1.5 metre minimum horizontal width, is presented below.

Resource Class	Ore Tonnes	Zinc (%)	Lead (%)	Copper (%)	Gold (g/t)	Silver (g/t)
Primary sulphide resource						
Indicated	730,000	7.3	2.5	0.53	0.71	27
Inferred	910,000	7.6	2.2	0.46	0.33	28
Total	1,640,000	7.4	2.3	0.49	0.50	28
Oxidised mineralisation						
Inferred	205,000	7.4	3.1	1.12	0.96	31
Overall total	1,845,000	7.5	2.4	0.56	0.55	28

Table 1: Liontown Resource and Mineralisation Estimates, calculated based on a 4% zinc equivalent grade cutoff and 1.5m minimum horizontal width

This estimate does not include data from additional drilling completed subsequent to the resource estimate as detailed in Liontown Resources' December 2007 quarterly report.

For the purposes of resource estimation cutoffs, McDonald Speijers have used a nominal zinc equivalent calculation of  $Z_{neq} = Zn + Pb + 3.0 * Cu$ . This does not take account of differences in net smelter returns for the three metals but provides approximate equivalence in terms of current commodity prices.

Table 2 presents a table showing McDonald Speijers' estimates of mineralisation at the Liontown Deposit, at varying grade cutoffs, based on a minimum horizontal width of 1.5 metre. (Note: estimates other than 4% zinc equivalent cutoff grade are not JORC Compliant Resource Estimates.)

Cutoff (Zneq%)	Tonnage (t)	Zinc (%)	(lead (%))	Copper (%)	Gold (g/t)	Silver (g/t)
0	4,072,054	4.18	1.28	0.32	0.43	21.3
1	3,567,640	4.71	1.45	0.36	0.41	22.7
2	2,922,438	5.47	1.70	0.41	0.44	23.8
3	2,247,612	6.56	2.09	0.49	0.54	28.2
4	1,840,593	7.45	2.39	0.56	0.55	28.1
5	1,563,530	8.16	2.67	0.60	0.62	30.5
6	1,288,116	9.07	2.99	0.69	0.68	35.8

Table 2: Estimates of Mineralisation at various zinc equivalent grade cutoffs and 1.5 metre minimum horizontal width (estimates other than 4% zinc equivalent cutoff grade are not JORC Compliant Resource Estimates)

## 1.2 Liontown Step-out Drilling

Step-out drilling to investigate the strike and plunge extensions of the Liontown mineralisation was completed at the end of November 2007. This included testing of a VTEM anomaly off the western end of the Liontown Deposit.

All results from this drilling have now been received. Best intercepts received during the last quarter came from LTD0036 which returned 9m @ 2.2 % Cu, 0.92 % Zn, 0.21 % Pb, 13.3 g/t Ag and 0.09 g/t Au from 254 metres depth within the lower part of the Liontown Lode.

Although results from the step-out holes on the immediate east and west fringes of the Liontown Deposit Resource area suggest that the known sulphide lenses pinch out along strike and down plunge, the lode positions are still strongly anomalous in base metals and there remains potential for further lenses of massive sulfides to develop at depth and along strike within the 4km Liontown Mineralised Corridor.

## 1.3 Liontown Regional Program

The Company has recently undertaken a review of exploration by previous explorers on the Company's tenements, in particular past geochemical sampling from both surface soil sampling and RAB drilling campaigns. This work has identified the 4 km Liontown Mineralised Corridor defined by contiguous geochemical and geophysical anomalism and bedrock mineralisation drilled by Liontown and others (figure 2).

The 4km Liontown Mineralised Corridor covers a short segment of the ‘Liontown Horizon’ which is interpreted to extend for over 120 km across the Company’s tenements. This horizon represents a favourable stratigraphic position for the development of volcanic hosted massive sulphide (VHMS) deposits within the host Mt Windsor Volcanics sequence as evidenced by the Liontown Deposit and other identified prospects.

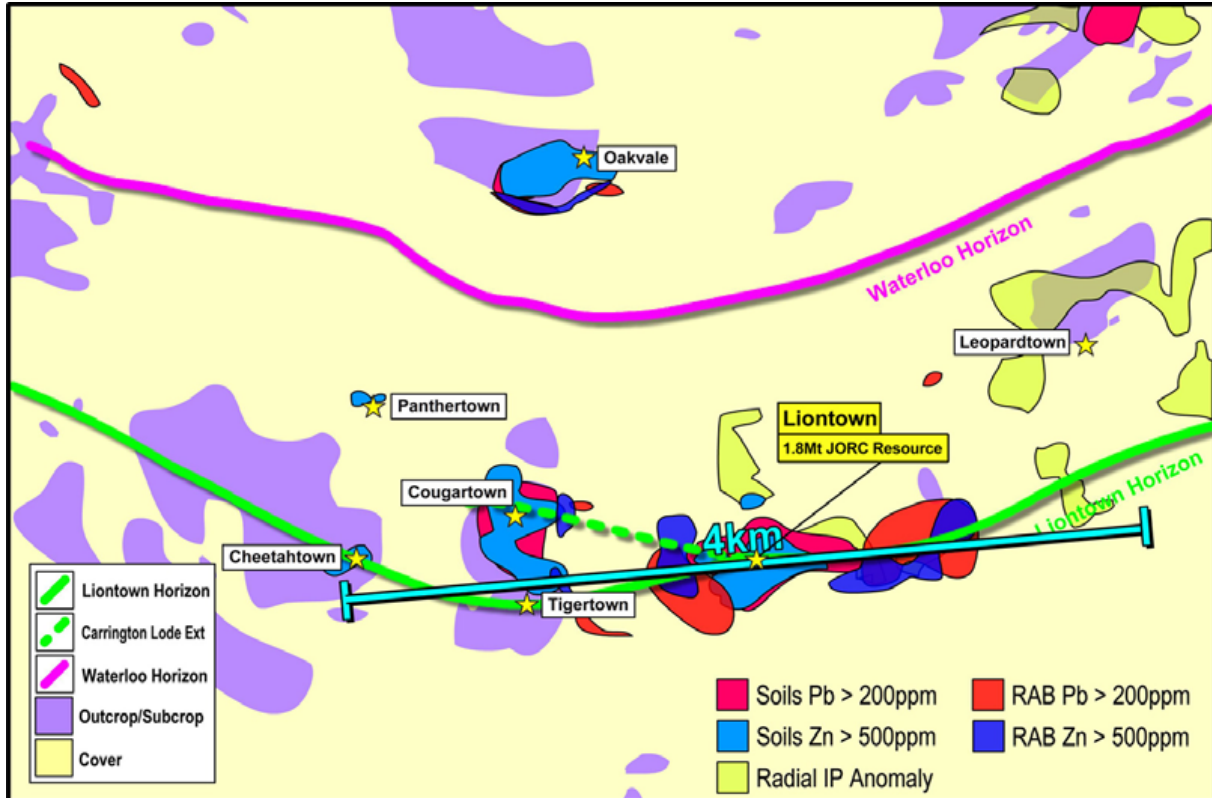


Figure 2: 4 km Liontown Mineralised Corridor, defined by contiguous geochemical and geophysical anomalism and bedrock mineralisation drilled by Liontown Resources and previous explorers, lying within over 120 km of the Liontown Horizon which is interpreted to traverse Liontown Resources’ tenements

Liontown Resources’ tenements also feature substantial coverage of the Thalanga and Waterloo horizons, which also host major base metal mineralisation and past producing mines elsewhere in the district.

Several of these, including Waterloo and some of the Thalanga satellite deposits, were discovered by systematic RAB drilling to locate geochemical anomalies, particularly anomalous lead (Pb), beneath or within the extensive surficial cover that blankets much of the Mount Windsor Volcanics.

Figure 3 below compares lead (Pb) values in RAB drilling across the Liontown Horizon (where testing of the underlying bedrock potential has been largely non-existent to date) with lead (Pb) anomalies overlying some of the Thalanga ore bodies.

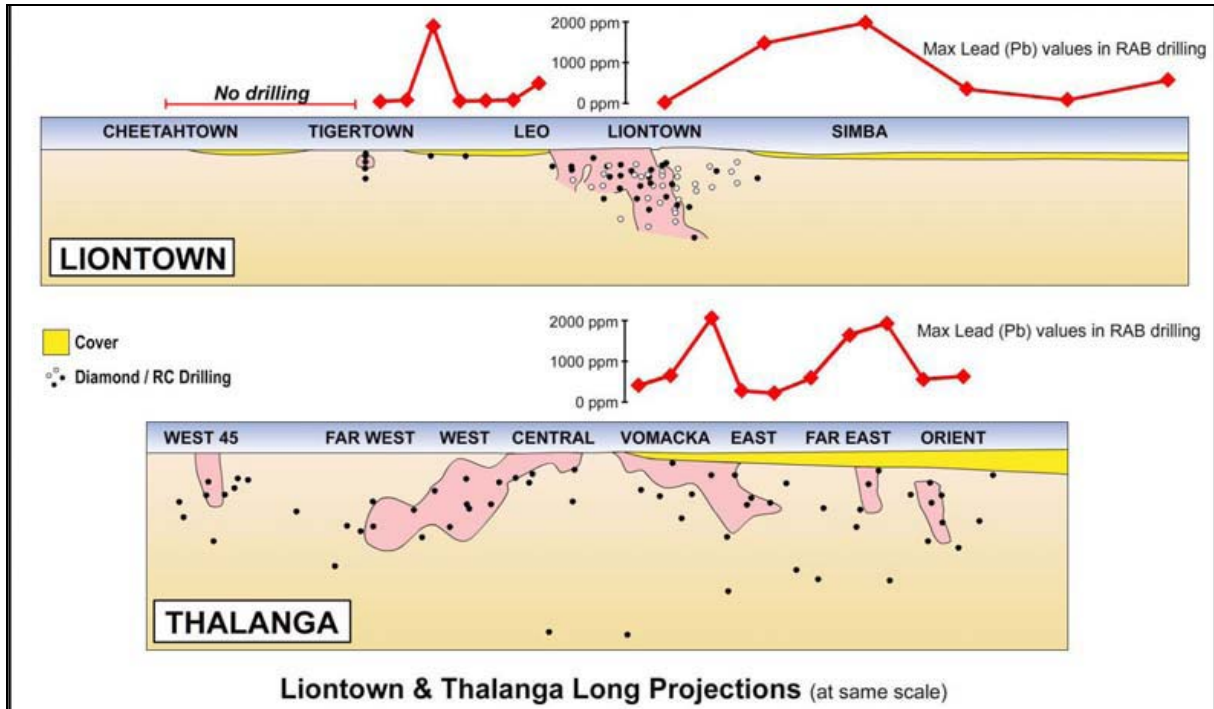


Figure 3: Same scale comparison of the Liontown Deposit and Kagara Ltd’s nearby relative Thalanga Mine, highlighting lead (Pb) values in RAB Drilling and relative lack of drilling of bedrock targets adjacent the Liontown Deposit

Liontown Resources plans to commence a major RAB/Air core and follow up RC drilling program in early June 2008, targeting extensions to the 1.85Mt resource at the Liontown Deposit by identifying further non-outcropping mineralisation along strike.

## 2.0 COWAN NICKEL PROJECT - NICKEL (100% LIONTOWN RESOURCES LIMITED)

Drilling at the Cowan Nickel Project commenced in mid-January following completion of a significant work program undertaken in 2007 for Liontown Resources by geological consultants Newexco Services Pty Ltd ('Newexco') to identify the prospective basal contacts of the ultramafic stratigraphy.

In total eighteen RC holes were drilled for 2,855 metres to test ten geophysical/geochemical anomalies as outlined in the Company’s 31 December 2007 Quarterly Report to ASX. Sixteen of these holes were subsequently surveyed with DHEM.

Although no massive nickel sulphide mineralisation was intersected in the drilling a number of off-hole conductors were identified in the DHEM surveys. In addition, further MLEM surveys were completed during the quarter which further added to the inventory of geophysical anomalies at the project identified as being associated with basal contact positions. These remain to be tested by future drilling.

## 3.0 FORT CONSTANTINE SOUTH PROJECT - COPPER-GOLD (100% LIONTOWN RESOURCES LIMITED)

Liontown has entered into a joint venture agreement with Exco Resources Limited over the Company’s Fort Constantine South (FCS) Project area in north-west Queensland, pursuant to which Exco can earn up to a 70% interest in the project. The Project area encompasses two tenements; EPM 10601 and EPM 15004.

The key terms of the arrangement are as follows;

1. Liontown has granted Exco a 12-month option period during which Exco will commit to spend a minimum of \$200,000 on the tenements in order to identify and test prospective exploration anomalies.

2. Upon exercise of its option Exco may elect to commit to spend a further \$1,000,000 on the tenements over the next 18 months in order to earn a 51% interest.
3. Exco may elect to commit to an additional \$2,000,000 in the subsequent 2 years to go to 70%.

Previous exploration on the FCS tenements has identified a number of prospective geophysical anomalies, which have been the subject of only limited drill testing. Given the residual potential which exists, and the strategic location of the tenements, adjacent to Exco's flagship E1 Camp, and Xstrata's Ernest Henry Mine, Exco intends carrying out further drill testing as part of its ongoing exploration and resource development programs.

*The information in this report that relates to Exploration Results is based on information compiled by Dr Doug Jones, a full-time employee and Director of Liontown Resources Limited, who is a Member of the Australian Institute of Mining and Metallurgy and is a Registered Professional Geologist. Dr Jones 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.*

*The resource estimation and associated work described above has been carried out by Diederik Speijers of McDonald Speijers. Diederik is a Fellow of the Australasian Institute of Mining and Metallurgy and has the necessary experience in deposits of similar style to Liontown to be considered as a Competent Person under the December 2004 edition of the JORC Code and consents to the release of information in the form and context in which is appears here.*