

## Highlights

- Independent consultant advises initial JORC compliant **Inferred Resource** at the **Sheep Mountain** deposit in Arizona of **40.3 million tonnes** at a grade of **1.4% copper** and **0.035% molybdenum**.
- Equates to **564,200 tonnes** of contained copper metal, plus **14,100 tonnes** of molybdenum metal.
- Exploration at the **Mount Windsor Volcanics Project** in north Queensland recommences with a focus on gold.

### 1.0 Sheep Mountain Copper Molybdenum Project (Liontown option to acquire 100%)

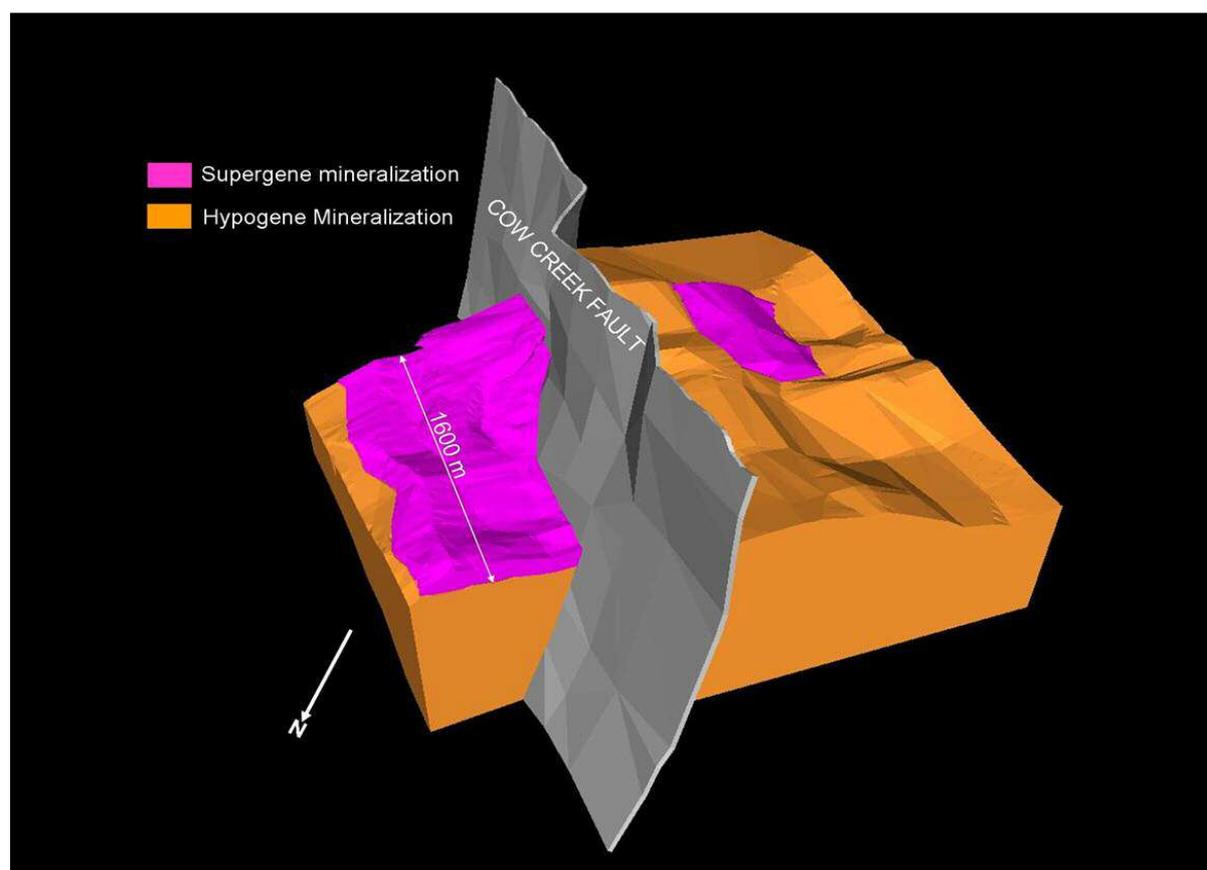
During the Quarter the Company announced an independent initial Mineral Resource estimate for its Sheep Mountain Project of 40,300,000 tonnes at an average copper grade of 1.4% and an average molybdenum grade of 0.035% above a cutoff grade of 0.8% copper equivalent (refer to our press release of January 23, 2009).

This equates to 564,200 tonnes of contained copper metal, plus 14,100 tonnes of molybdenum metal. Copper equivalent used for the resource estimate was calculated as  $CuEq \% = Cu \% + 5.29 X Mo \%$ .

The estimate lies wholly within the Inferred Resource category due to deficiencies in the historical drill and assay data that provided the basis for the estimate. These deficiencies include uncertainties in the precise location of the holes used in the estimates, lack of downhole surveys, uncertainties in the assay techniques used, lack of SG data and an apparent absence of any QA/QC procedures. Despite these deficiencies by current standards, the historical work was conducted by Phelps Dodge and Utah International were both major participants in the exploration and mining of porphyry copper deposits at that time and it can be confidently assumed that their exploration methodologies were consistent with standard industry practice.

The resource is completely contained within a buried supergene blanket and comprises secondary copper sulphides such as chalcocite and covellite with minor relict chalcopyrite and molybdenite (Figure 1).

Based on the encouraging indications of the Independent Consultant's report Liontown believes Sheep Mountain warrants a concerted campaign of exploration directed towards expanding the resource base, confirming ore-body continuity, improving the resource categorization and providing samples for metallurgical test-work and geotechnical studies.



**Figure 1: 3D model of the Sheep Mountain deposit.**

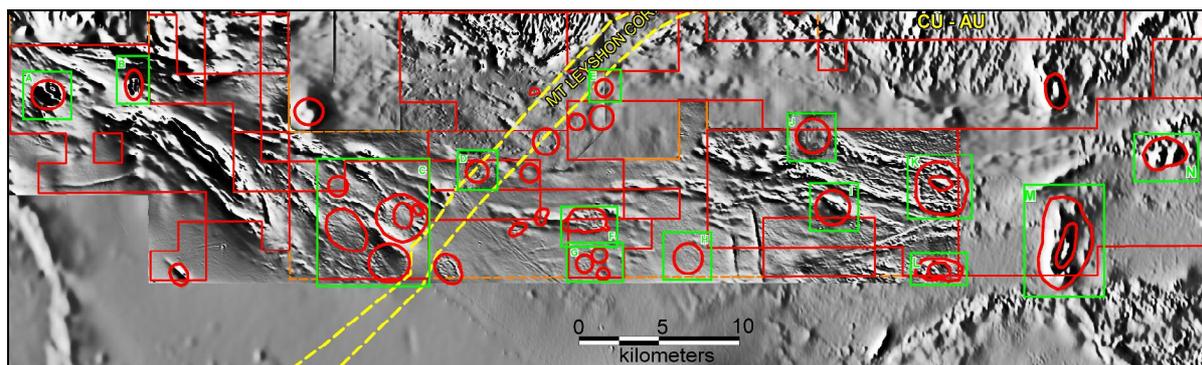
Subsequent to the release of the Independent Consultant’s report a diamond core hole drilled by a previous explorer was located at the Arizona Geological Survey facility in Tucson. The hole, DDH CC01, was drilled in 1992 and was targeted on the supergene mineralisation described above. However it was apparently not sampled at that time nor have any geological logs been preserved. The Company’s consulting geologists have now logged and sampled this hole applying current QA/QC protocols. Assays are currently pending but supergene copper mineralization has been logged as well as molybdenite-rich stockworking in the underlying porphyry intrusive.

The Company is also actively staking additional ground in the Sheep Mountain district to consolidate our tenure in the area.

## **2.0 Mount Windsor Volcanics Project (Liontown 100%)**

Exploration on the MWV project during the quarter has continued to focus on the gold potential of the area.

As noted in our previous Quarterly report, processing and interpretation of aeromagnetics flown by the Company in 2008 revealed numerous circular magnetic anomalies within the Company’s tenement package, possibly indicative of Kidston- or Mt Leyshon-style intrusive/breccia complexes (figure 2). Several of these are clustered along or close to the ‘Mt Leyshon Corridor’, a north-easterly structural trend that hosts the 3 million ounce Mt Leyshon breccia gold deposit.



**Figure 2: Interpreted gold targets (red circles) and Mt Leyshon Gold Corridor (yellow) over RTP magnetics. LTR tenements in red and applications in orange. Green outlines indicate target zones for future follow-up.**

Most of these anomalies are covered by later ‘Campaspe’ sediments and hence have not been explored by previous explorers. The Company has now completed detailed ground magnetic surveys over several of these anomalies to provide greater detail on their internal structure and is currently undertaking a comprehensive interpretation of both the regional and detailed aeromagnetics to rank targets for further follow-up.

In line with this redirection of the Company’s exploration focus we have also begun rationalizing our land position in the project area, shedding tenements that have limited potential for gold mineralisation whilst retaining our core base metal prospects.

### 3.0 Corporate

During the Quarter, Lontown Resources announced that a fully underwritten non-renounceable pro-rata rights issue of fully paid ordinary shares in Lontown Resources will be undertaken to raise approximately \$936,000 before issue costs. The rights issue is fully underwritten by Patersons Securities Limited.

New shares will be offered at an issue price of 1 cent per share on the basis of 1 share for every 1 share held at the record date of 25 March 2009 and the offering has a closing date of 17 April 2009.

The Prospectus is available on the ASX website ([www.asx.com.au](http://www.asx.com.au)) and also on the Company’s website ([www.ltresources.com.au](http://www.ltresources.com.au)) and was mailed to all Eligible Shareholders on 31 March 2009.

Please also refer to the attached quarterly cash flow for the quarter ended 31 December 2008.

Yours faithfully

Dr Douglas A Jones  
Managing Director  
16 April 2009

*The information in this report that relates to Exploration Results is based on information compiled by Dr Douglas A 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 Chartered 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 quoted herein for the Sheep Mountain Project has been carried out by Denver, Colorado based Geological Consultant, William F Tanaka. Mr Tanaka is a Member of the Australasian Institute of Mining and Metallurgy and has extensive experience in the area of porphyry copper deposits from both a consulting and operational perspective. As such he is qualified to be considered a Competent Person as defined in the December 2004 edition of the JORC Code. Mr Tanaka consents to the release of the information in the form and context in which it appears here.*

# 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 MARCH 2009

### Consolidated statement of cash flows

	Current quarter \$A	Year to date (9 months) \$A
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(128,529)	(1,605,503)
(b) development	-	-
(c) production	-	-
(d) administration	(88,676)	(668,604)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3,727	40,498
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Goods and Services Tax (net)	5,905	33,800
<b>Net Operating Cash Flows</b>	<b>(207,573)</b>	<b>(2,199,809)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	(12,498)
1.9 Proceeds from sale of:		
(a)prospects	-	1,582,500
(b)equity investments	-	-
(c)other fixed assets	(7,764)	102,237
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(7,764)</b>	<b>1,672,239</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(215,337)</b>	<b>(527,570)</b>

+ See chapter 19 for defined terms.

<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc. (net)	-	316,250
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(25,829)	(157,632)
1.18	Dividends paid	-	-
1.19	Other	2,214	(3,879)
<b>Net financing cash flows</b>		<b>(23,615)</b>	<b>154,739</b>
<b>Net increase (decrease) in cash held</b>		<b>(238,952)</b>	<b>(372,831)</b>
1.20	Cash at beginning of quarter/year to date	<b>601,497</b>	<b>735,376</b>
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>362,545</b>	<b>362,545</b>

**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	114,763
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 1.9a is the proceeds for the sale of the Cowan Nickel project tenements to Pindan Exploration Company Pty Ltd.

Item 1.9c is the proceeds for the sale of motor vehicles.

Item 1.23 consists of legal fees paid to a director related entity, directors fees, salaries and wages and superannuation paid to directors and a service charge paid to a related entity for the provision of corporate services. All transactions are on commercial 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

N/A

- 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	80,000
4.2 Development	Nil
<b>Total</b>	<b>\$80,000</b>

### 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	362,545	601,497
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (Bank Guarantee)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>362,545</b>	<b>601,497</b>

### 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
	EPM16412 EPM16838	Surrendered Application withdrawn	100% 0%	0% 0%

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

+ See chapter 19 for defined terms.

**(1) 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 <b>Preference securities</b> <i>(description)</i>	Nil	Nil	N/A	N/A
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 <b>+Ordinary securities</b>	93,600,009	93,600,009	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital.	Nil	Nil	N/A	N/A
	Nil	Nil	N/A	N/A
7.5 <b>+Convertible debt securities</b> <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 <b>Options</b> Share Options	4,825,000	Nil	Exercise price \$0.25	Expiry date 18.12.2009
	1,500,000	Nil	\$0.25	31.12.2009
	250,000	Nil	\$0.35	6.8.2010
	310,000	Nil	\$0.35	1.11.2010
	4,000,000	Nil	\$0.35	1.12.2012
	1,250,000	Nil	\$0.225	14.07.2010
	500,000	Nil	\$0.20	31.07.2013
	3,000,000	Nil	\$0.20	02.12.2013
7.8 Issued during quarter  Share Options	Nil	Nil	N/A	N/A
7.9 Exercised during quarter	Nil	Nil	N/A	N/A
7.10 Expired/Forfeited during quarter	Nil	Nil	N/A	N/A
7.11 <b>Debentures</b> <i>(totals only)</i>	Nil	Nil		
7.12 <b>Unsecured notes</b> <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.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:   
Company Secretary

Date: 16<sup>th</sup> April 2009

Print name: Richard Hacker

## 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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