

## Highlights

### *Mount Windsor Joint Venture Project (North Queensland)*

- Initial \$1M gold exploration program commenced by Ramelius Resources under the recently concluded \$7M farm-in joint venture.
- Planning and preparations completed for IP surveys over a number of prospects where extensive pathfinder geochemical anomalies have been defined.

### *Burdekin Project (North Queensland)*

- Liontown's strategic footprint in the Charters Towers goldfield expanded with the acquisition of a prospective 58 km<sup>2</sup> tenement from Newmont Exploration Pty Ltd.
- Acquisition consolidates the newly established +1,000 km<sup>2</sup> Burdekin Project area, which is considered highly prospective for low-sulphidation epithermal gold mineralisation and related breccia systems.
- +150m long, undrilled, gold-silver mineralised trend defined at Quartz Ridge prospect with additional geophysical surveys planned to define extent of the zone prior to drill testing.

### *Regional (North Queensland)*

- Liontown's land position at Charters Towers increased to ~5,000km<sup>2</sup> as a result of project generation work making it the largest tenement holder in this world-class gold province.

## 1.0 Overview

During the Quarter, a major \$1 million field program commenced at the Mt Windsor Project (MWJVP) under the recently concluded joint venture with Ramelius Resources. Initial drilling was undertaken at the G5 target and preparations were completed to conduct IP surveys over a number of other priority gold prospects. Exploration is targeting large-scale breccia hosted and low sulphidation epithermal gold systems similar to those already discovered and mined in the region.

The Company has identified North Queensland as being highly prospective and believes it has a competitive advantage due to its established position in the region. This has resulted in acquisition of the 100% owned Burdekin Project, where a number of gold targets have been defined for immediate follow up.

In North Queensland, Liontown's granted and exclusive EPM applications cover approximately 5,000km<sup>2</sup> making it the largest tenement holder in the region.

## 2.0 Mount Windsor Joint Venture Project (Liontown 100%, Ramelius earning 60%)

*The Mount Windsor Joint Venture Project comprises an extensive tenement package located in the prolific Charters Towers gold field of North Queensland (see Figure 1) which has yielded over 15 million ounces of gold from world-class mines such as Charters Towers (+6Moz), Kidston (+4Moz), Pajingo (+3Moz), Ravenswood (+2Moz) and Mt Leyshon (2.7Moz). In April 2010, Liontown entered into a Joint Venture agreement with ASX-listed gold company Ramelius Resources Limited (Ramelius; ASX: RMS) under which Ramelius can earn up to a 60% interest in the Mt Windsor Project by spending \$7 million over 4 years with a minimum commitment of \$1.25 million in the first year.*

Ramelius assumed management of the Mt Windsor Joint Venture Project (MWJVP) during the Quarter and commenced a major exploration program. Activities undertaken during the Quarter included:

- Drill testing of the G5 target (Figure 1), which was identified by previous work by Liontown;
- Planning and preparing for Induced Polarisation (IP) surveys at the G14, G20 and G22 targets (Figure 1) where work by Liontown had defined extensive pathfinder geochemical anomalies. The IP surveys commenced subsequent to the end of the Quarter and should be completed by mid August;
- Reviewing other targets (Figure 1) defined by Liontown and planning of follow-up work and;
- Establishing a permanently manned base in Charters Towers.

### Target G-5

Four RC percussion holes for a total of 954 metres were drilled at the G5 target. The drilling tested an IP anomaly which had been defined over an area of 600 metres by 300 metre, 100 to 200 metres immediately below mineralised vein float (up to 3.6g/t Au, 701g/t Ag, 0.4% As and 2.1% Pb).

No significant intersections were recorded by the drilling and the cause of the IP anomaly was not explained. While the data requires further review, no further field work is planned at the prospect.

## 3.0 Burdekin Project (Liontown 100%)

*The Burdekin Project is located in North Queensland and is considered prospective for a number of different styles of gold deposits similar to those found elsewhere in the region at Pajingo, Mt Leyshon, Mt Wright and Mt Carlton.*

The Burdekin Project is a newly established, 100% owned project located in North Queensland approximately 150 kilometres south-southeast of Townsville and 40 kilometres east of the MWJVP (Figure 2). The Project consists of 5 EPMS covering an area of ~1,100km<sup>2</sup> including four 100% owned Liontown applications (EPMS 18269-18271, 18690) and the granted EPM14762, which was recently acquired from Newmont Exploration Pty Ltd in return for a 2% NSR on future mine production.

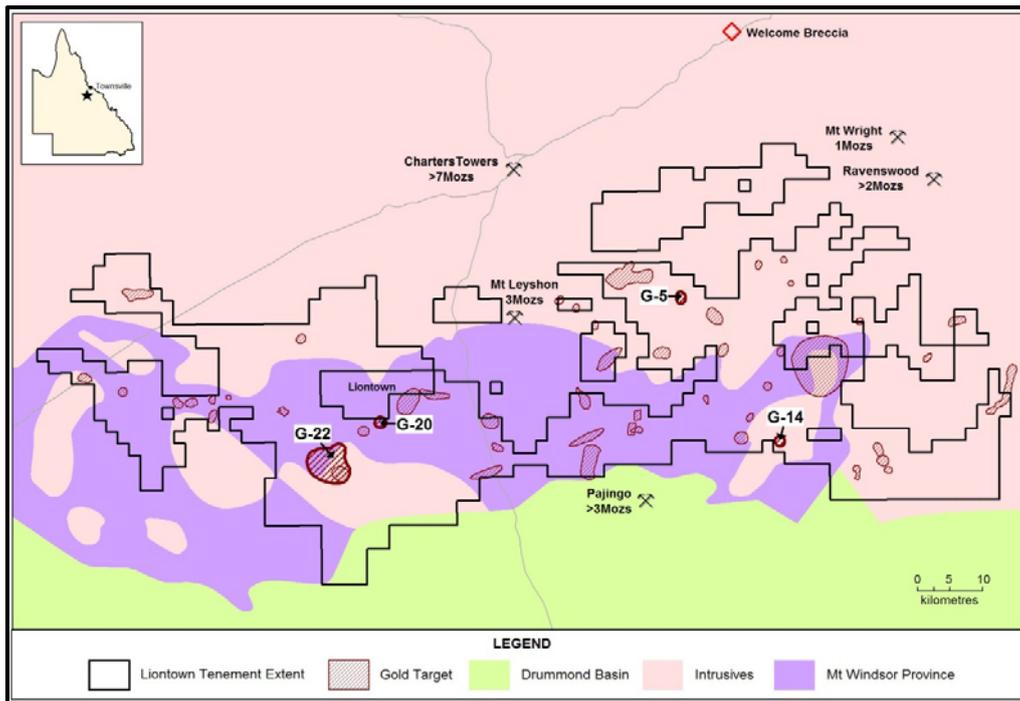


Figure 1: Mt Windsor Gold Project - Regional Geology and Gold Targets

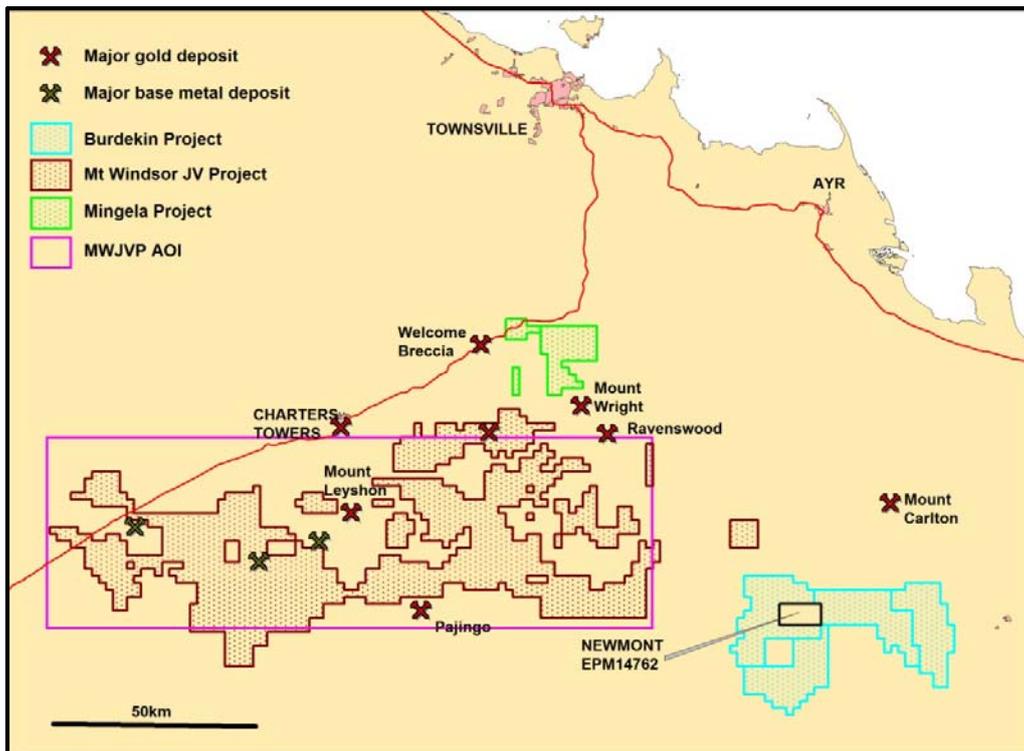


Figure 2: Lontown tenure in North Queensland.

The Burdekin Project covers the southern strike extension of the NW striking Ravenswood-Mt Wright-Welcome Breccia trend and a NE trending structural zone which includes the Mt Carlton gold deposit (Figure 2). Previous exploration has identified the Quartz Ridge prospect and a number of other areas which will be the focus of initial exploration by Liontown.

At Quartz Ridge, a 150 metre long, northeast trending zone of low-sulphidation epithermal quartz veining has been defined with multiple rock chip samples returning plus 1g/t gold values (up to 9.5g/t) and strongly anomalous silver (up to 201g/t). This zone, which is open along strike and coincident with a northeast trending fault, has not been effectively tested by previous drilling.

Two other prospects (Sinter and NW Sinter) are located west of Quartz Ridge and have textural and geochemical characteristics typical of the upper parts of epithermal vein systems. The sinters are associated with weak to moderate gold, silver and antimony anomalism and have not yet been tested by drilling.

Follow-up work including additional geophysics is planned to commence on these prospects, which are located on EPM14672, during the September quarter.

Previous regional stream sampling has also identified several areas of extensive alteration and coincident strongly anomalous silver on the pending EPM applications. These areas have received no detailed follow up by past explorers and Liontown will undertake infill sampling once the tenements are granted (probably late 2010).

#### 4.0 Fort Constantine South (Liontown 100%)

*The Fort Constantine South Project is located in the Mt Isa region of western Queensland and is subject to a Farm-in Agreement with Exco Resources Limited, which is exploring for IOCG mineralisation similar to the nearby Ernest Henry deposit.*

No activity was reported during the Quarter.

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

*Sheep Mountain is a large scale copper-molybdenum project located in a world-class copper province in Arizona, USA. The Project contains an Inferred Resource of 40.3Mt @ 1.4% copper and 0.04% molybdenum above a cut-off grade of 0.8% copper equivalent.*

No activity was reported during the Quarter.

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## 5.0 Corporate

Please refer to the attached Form 5B for details of cash flow for the Quarter ended 30 June 2010.

DAVID RICHARDS  
Managing Director

23 July 2010

*The information in this report that relates to Exploration Results is based on information compiled by Mr David Richards, a full time employee of Liontown Resources Limited, who is a Member of the Australian Institute of Geoscientists. Mr Richards 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*

# 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")

30 JUNE 2010

### Consolidated statement of cash flows

	Current quarter \$A	Year to date (12 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	(167,048)	(1,046,793)
(b) development	-	-
(c) production	-	-
(d) administration	(170,087)	(568,309)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	33,939	69,134
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Goods and Services Tax (net)	17,654	(657)
<b>Net Operating Cash Flows</b>	<b>(285,542)</b>	<b>(1,546,625)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	(3,531)	(4,036)
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)	-	-
<b>Net investing cash flows</b>	<b>(3,531)</b>	<b>(4,036)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(289,073)</b>	<b>(1,550,661)</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)	-	950,000
1.15	Proceeds from sale of shares	-	2,681,481
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	18,167	18,167
<b>Net financing cash flows</b>		<b>18,167</b>	<b>3,649,648</b>
<b>Net increase (decrease) in cash held</b>		<b>(270,906)</b>	<b>2,098,987</b>
1.20	Cash at beginning of quarter/year to date	<b>3,389,666</b>	<b>1,019,773</b>
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>3,118,760</b>	<b>3,118,760</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	124,038
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 for the provision of legal services (\$4,200), the net salary and superannuation paid to the Managing Director (\$17,622), non-executive directors fees (\$48,750) and service charges paid to a director related entity (Chalice Gold Mines Limited) for the provision of corporate services, office rent and technical personnel (\$53,466). 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

On 30 December 2009, the Company agreed to sell its Liontown base metal deposit to Kagara Ltd for \$2.25m in Kagara Ltd shares and a further \$2.25m on a decision to mine or sale by Kagara Ltd. All the shares in Kagara were sold for approximately \$2.7 million in the March 2010 quarter.

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

### 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	150,000
4.2 Development	Nil
4.3 Production	Nil
4.4 Administration	145,000
<b>Total</b>	<b>295,000</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	3,108,126	3,379,032
5.2 Deposits at call	10,634	10,634
5.3 Bank overdraft	-	-
5.4 Other (Bank Guarantee)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>3,118,760</b>	<b>3,389,666</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

+ 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
	EPM17804	Granted	0%	100%
	EPM14762	Acquired	0%	100%
	EPM18642	Application	0%	0%
	EPM18674	Application	0%	0%
	EPM18675	Application	0%	0%
	EPM18690	Application	0%	0%
	EPM18730	Application	0%	0%

**(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>	210,073,581	210,073,581	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

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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			Exercise price	Expiry date
		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
		1,000,000	Nil	\$0.10	31.01.2014
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: 23 July 2010

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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