

QUARTERLY REPORT

For the quarter ended 31 March 2011



Liontown Resources Limited ABN 39 118 153 825

HIGHLIGHTS

Panhandle Project (North Queensland)

- A review of historical stream sediment sampling results has identified extensive silver anomalism on the Panhandle Prospect. This is in addition to the strong silver results defined last Quarter at the Powerline prospect.
- Fieldwork will recommence in April 2011 with the initial focus being the northern part of the Powerline trend where soil sampling has defined a 1.5km wide, high order silver anomaly with values up to 2,940ppb.
- Approximately 70% of the Project area should be available for fieldwork in 2011 following the successful negotiation and execution of Native Title Access agreements for several EPM applications.

Jubilee Reef Joint Venture Project (Northern Tanzania)

- The planned 4 month review of previous exploration data is progressing well and initial results have confirmed the potential of a number of targets at Jubilee Reef to host significant gold mineralisation.

Mt Windsor Joint Venture Project (North Queensland)

- Ramelius Resources has confirmed that it will continue with a well funded and resourced exploration program at the Mt Windsor Joint Venture Project in 2011. Fieldwork is scheduled to re-commence in April 2011.
- In addition to follow up drilling at Mt Redan and Mosquito Hill, 11 other targets have been identified for follow up exploration.

Overview

Exploration advanced on all of Liontown's projects during the Quarter. The strengthening price for silver has led to a detailed review of all data for the 100% owned Panhandle Project where 2010 results included significant silver anomalism. While the region's gold pedigree is well established, future exploration will also include an assessment of the silver potential.

Due diligence work on the Jubilee Reef Project in northern Tanzania will be completed during the coming Quarter; however initial results are encouraging and confirm the prospectivity of the project.

Ramelius Resources has confirmed that it will continue with exploration on the Mt Windsor Joint Venture with a number of new targets identified for follow up. Ramelius will also undertake additional drilling on prospects where large alteration systems were partially outlined last year.



INVESTMENT HIGHLIGHTS

- Large land position (>5,000km²) in North Queensland precious metals province
- Extensive silver anomalies to be followed up on wholly owned tenure in 2011
- Advanced gold targets in northern Tanzania

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1. Panhandle Project (Liontown 100%)

The Panhandle Project is located in North Queensland and is considered prospective for high grade gold and silver deposits similar to those found elsewhere in the region such as Mt Carlton, Pajingo and Mt Wright.

The 100%-owned Panhandle Project covers approximately 1,260km² and is located 150 kilometres south-southeast of Townsville (Figure 1) in North Queensland. The Project consists of 7 contiguous EPMS including two granted tenements (EPMS 14762 and 16213) and five applications (EPMS 18269-18271, 18690 and 19138). Native Title access agreements have recently been executed for EPMS 18269-18271 meaning that most (~70%) of the Project area should be granted and accessible for exploration during the 2011 field season.

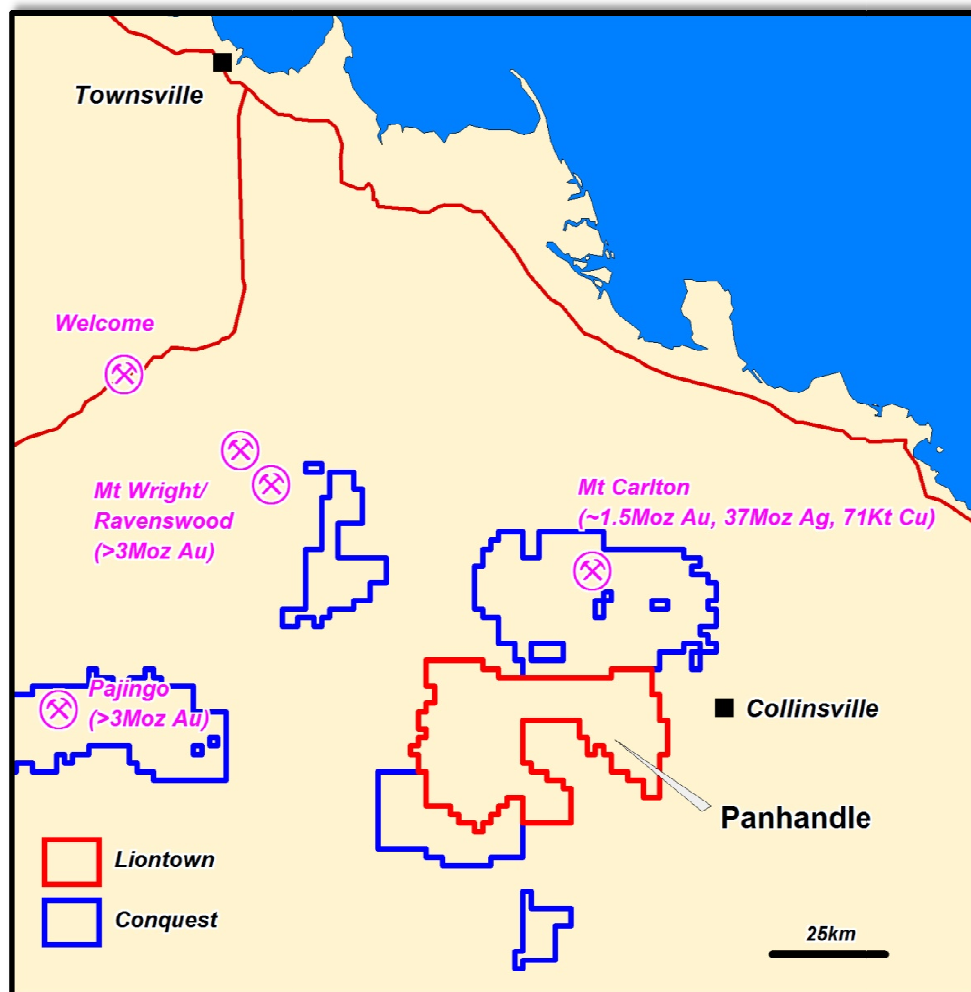


Figure 1 – Panhandle Project – Location Plan

During the Quarter, studies of regional geochemical (streams), geophysical (magnetics and radiometrics data) and satellite imagery (Aster) datasets were combined with results of exploration completed in late 2010. This work, together with the regional setting close to Conquest's Mt Carlton gold-silver-copper deposit (Figure 1), has highlighted the potential for the Project to host high grade silver mineralisation.

The Panhandle-Mt Carlton region has been extensively stream sampled by previous companies exploring for gold and base metals. Two large (>5x5km) areas of strong silver anomalism (see Figure 2), which have seen very little follow up and no drilling, have been defined within the Panhandle Project area.

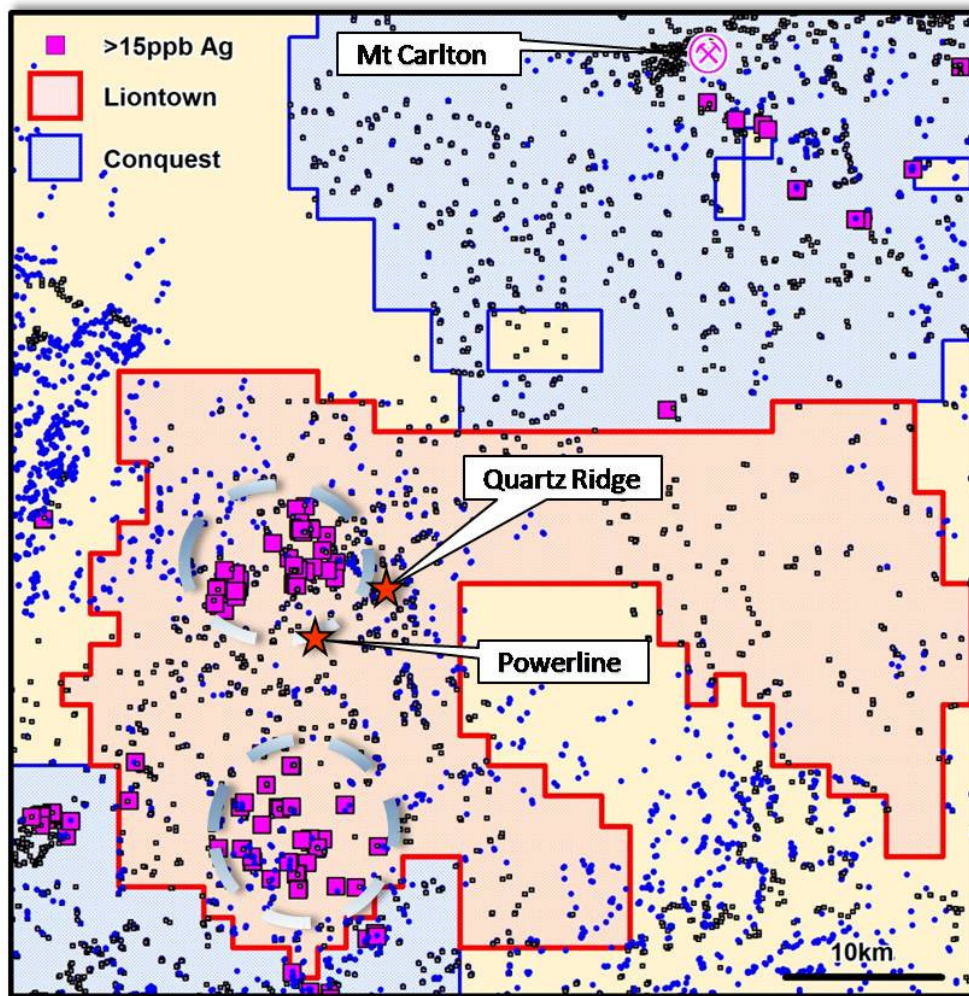


Figure 2 – Panhandle Project – Historic stream sediment sampling showing areas of significant silver anomalism defined by top 5% (>15ppb) of silver values

The regional silver-in-stream anomalies are coincident with targets defined by the geophysical data and Aster satellite imagery which have been used to identify zones of structural complexity and alteration that may be associated with precious metal mineralisation. The areas where there is overlap between targets defined by the 3 datasets will be a priority for follow up exploration.

The Powerline (see Figure 3) and Quartz Ridge prospects defined last year are on the southeast margins of one of the regional stream anomalies (see Figure 2) defined by the historic sampling. The Powerline prospect where anomalous silver values (up to 171g/t in rocks and 2,940ppb in soils) have been recorded over a 7.5km strike will be the focus of initial fieldwork in 2011.

A helicopter-supported rock chip sampling program will be undertaken across the main target areas during April 2011. Additional soil sampling to define specific targets for drill testing will be completed as soon as ground conditions dry out sufficiently.

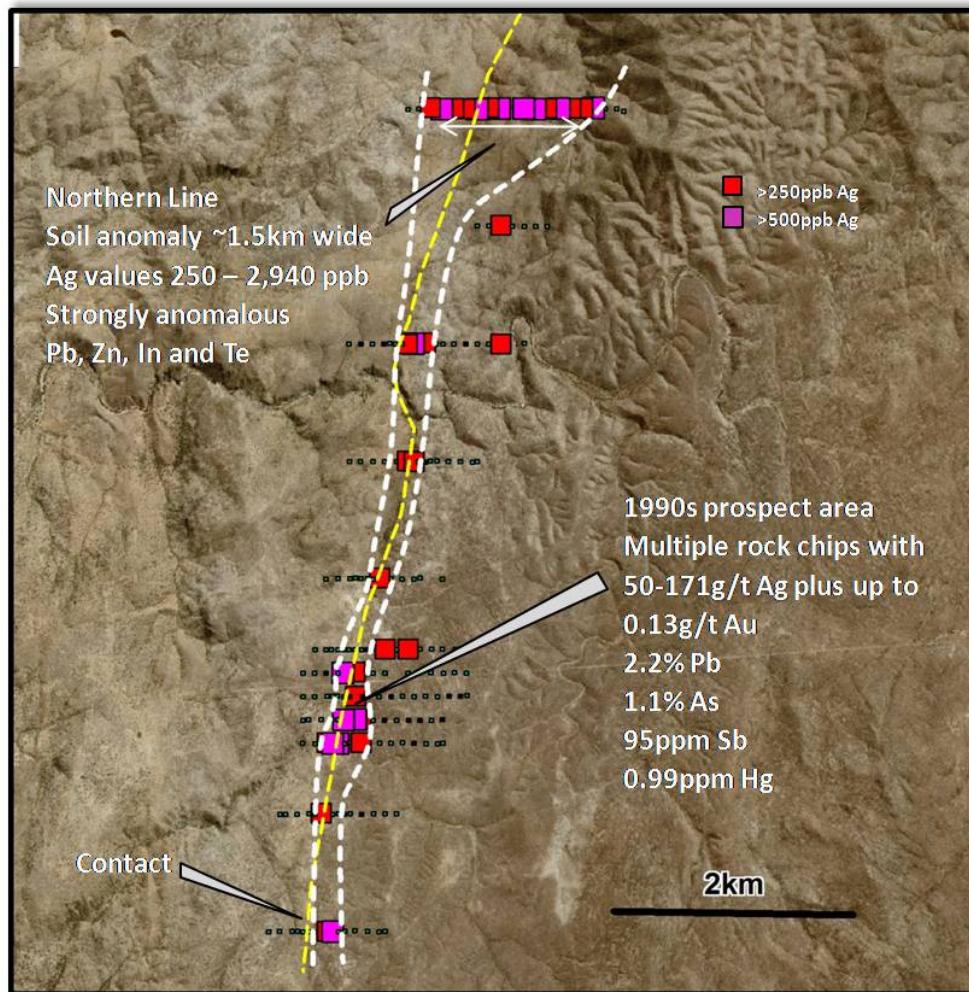


Figure 3: Powerline Trend - Silver-in-soil anomalism

2. Jubilee Reef Joint Venture Project (Liontown earning 75%)

The Jubilee Reef Joint Venture Project is located in the Lake Victoria Goldfield of northern Tanzania (see Figure 4) where there are several multimillion ounce gold deposits including Bulyanhulu and Geita. Liontown has entered into an agreement with Currie Rose Resources Inc to earn up to 75% equity in the Project in two stages and by advancing it through to completion of a Definitive Feasibility Study.

Liontown has agreed to a joint venture with Currie Rose Resources Inc (“Currie Rose”; TSXV:CUI) covering the Jubilee Reef Project which is located in the Lake Victoria Goldfield of northern Tanzania approximately 850km west-northwest of the capital, Dar es Salaam. The Lake Victoria Goldfield is an Archaean greenstone-granite terrain, similar to the Eastern Goldfields of WA, which hosts a number of world-class gold deposits, including African Barricks’ Bulyanhulu Mine and AngloGold Ashanti’s Geita Mine (see Figure 4).

The Agreement with Currie Rose includes a 4 month due diligence review period to validate and process previous exploration results prior to Liontown committing to significant drilling programs on the Project. The review is well advanced and has included a trip to Tanzania to inspect the JV area and to meet with government officials and industry contractors. The review has also included the reprocessing and reinterpretation of geophysical data collected by previous operators.

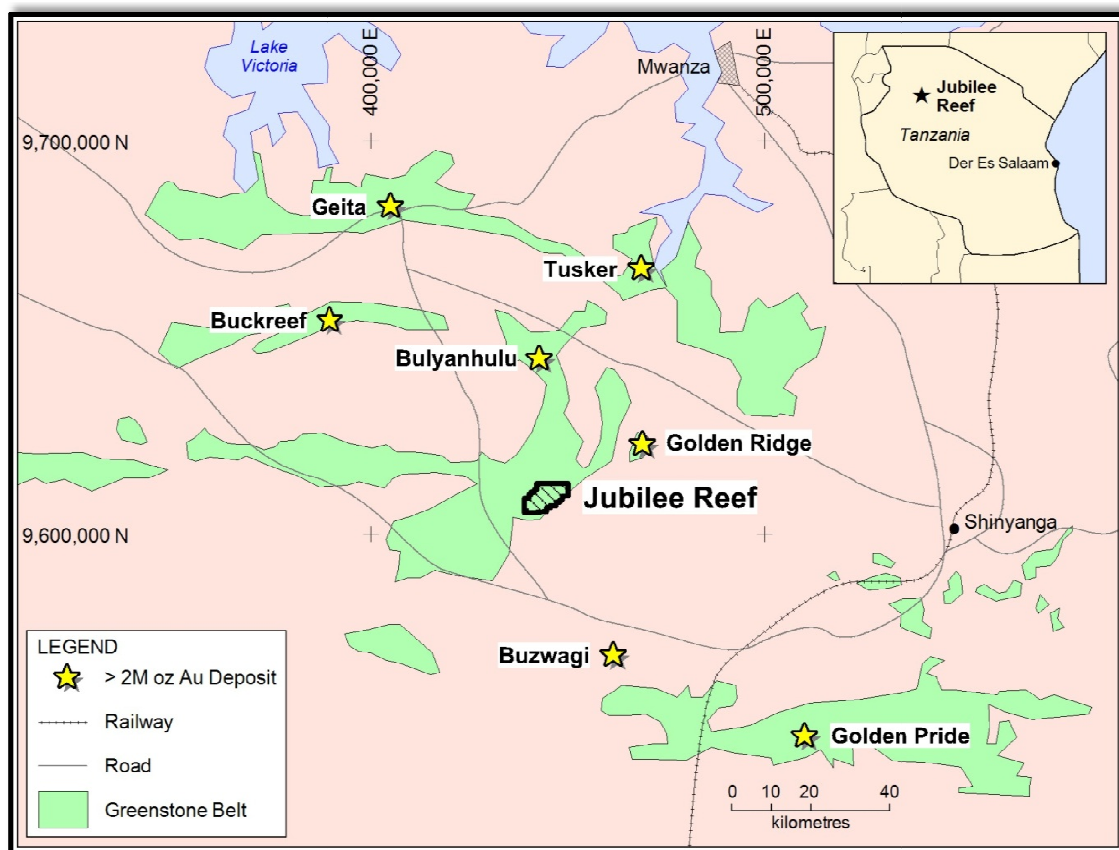


Figure 4: Jubilee Reef Project - Regional Setting

The data review and other due diligence work will be completed during the next Quarter. Results will be used to plan detailed follow up including drill testing of number of the targets partially delineated by previous exploration.

3. Mount Windsor Joint Venture Project (Liontown 100%, Ramelius earning 60%)

The Mount Windsor Joint Venture Project (MWJV) comprises an extensive tenement package located in the prolific Charters Towers gold field of North Queensland (see Figure 3) 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.

Following a detailed review of data for the MWJV, Ramelius Resources has confirmed that it intends to continue with a significant exploration program in 2011. The proposed work program, which will be finalised in the coming Quarter, will include additional drilling at the Mt Redan and Mosquito Hill targets as well as first pass exploration across a number of new targets (see Figure 5).

At Mt Redan and Mosquito Hill, IP surveys and drilling completed in 2010 indicated potential for large alteration systems and further drilling is planned to test for gold mineralised parts of the systems. The drilling is scheduled for mid 2011, weather and ground access conditions permitting.

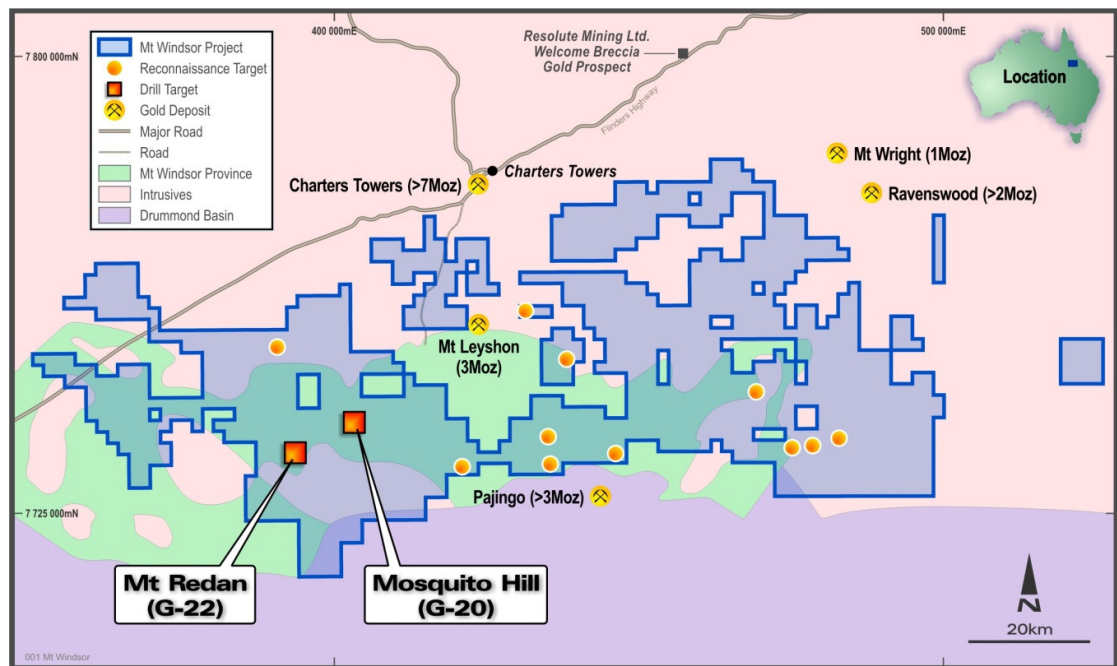


Figure 5: Mt Windsor Joint Venture – 2011 targets

Prior to the Joint Venture with Ramelius, Lontown geologists identified approximately 45 potential breccia hosted or epithermal gold targets. Ramelius has selected 11 of these as a priority for follow up geological and geochemical surveys in 2011 with the intention of undertaking drill testing on the most prospective later in the year.

DAVID RICHARDS
Managing Director

7 April 2011

The information in this report that relates to Exploration Results is based on information compiled by Mr David Richards, a full time employee of Lontown 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 quality 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 an context in which is appears here.

For further information, please contact:

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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")

31 MARCH 2011

Consolidated statement of cash flows

		Current quarter	Year to date
		\$A	(9 Months)
		\$A	\$A
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(162,768)	(653,570)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(155,291)	(618,334)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	43,346	85,681
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (GST)	26,313	1,401
Net Operating Cash Flows		(248,400)	(1,184,822)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	(2,857)
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		-	(2,857)
1.13	Total operating and investing cash flows (carried forward)	(248,400)	(1,187,679)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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		(248,400)	(1,187,679)
1.20	Cash at beginning of quarter/year to date	2,179,201	3,118,760
1.21	Exchange rate adjustments to item 1.20	(470)	(750)
1.22	Cash at end of quarter	1,930,331	1,930,331

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	165,293
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 (\$5,000), the salary and superannuation paid to the Managing Director (\$61,313) and service charges paid to the director related entity (Chalice Gold Mines Ltd) for the provision for corporate services, office rent and technical personnel (\$41,481).

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'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	488,000
4.2 Development	Nil
4.3 Production	Nil
4.4 Administration	127,000
Total	615,000

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'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	381,933	667,997
5.2 Deposits at call	1,548,398	1,511,004
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,930,331	2,179,001

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			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2	Interests in mining tenements acquired or increased	Queensland - EPM 18233	Acquired	0%	100%
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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	N/A	N/A
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A	N/A	N/A	N/A
7.3	*Ordinary securities	211,073,581	211,073,581	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil Nil	Nil Nil	N/A N/A	N/A N/A
7.5	*Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil Nil	Nil Nil	N/A N/A	N/A N/A
7.7	Options <i>(description and conversion factor)</i>	4,000,000 500,000 3,000,000 3,000,000 1,150,000	Nil Nil Nil Nil Nil	<i>Exercise price</i> \$0.35 \$0.20 \$0.20 \$0.10 \$0.20	<i>Expiry date</i> 1 December 2012 31 July 2013 2 February 2013 1 May 2013 1 November 2013
7.8	Issued during quarter	Nil	Nil	N/A	N/A
7.9	Exercised during quarter	Nil	Nil	N/A	N/A
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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Company Secretary

Date: 7 April 2011

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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this 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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