

QUARTERLY ACTIVITIES REPORT

For the quarter ended 30 June 2011



Drilling programs scheduled to commenced August 2011

Liontown Resources Limited ABN 39 118 153 825

HIGHLIGHTS

Panhandle Project (North Queensland)

- Multiple bedrock zones with potential to host high-grade silver mineralisation and associated gold and lead identified by infill sampling and mapping at the Powerline prospect.
- New silver prospect (**Spade Dam**) defined with individual soil results up to **8,300ppb** silver, the highest ever recorded for the Project.
- 2,100m RC/Diamond core drilling program scheduled to commence in early August 2011 testing targets at 3 prospects.

Jubilee Reef Joint Venture Project (Northern Tanzania)

- Due diligence work completed validating previous exploration work and confirming the potential of the Project to host significant gold mineralisation.
- 2,500-3,000m RC/RAB drilling program scheduled to commence in early August 2011 to test a number of gold targets defined by previous explorers.

Mt Windsor Joint Venture Project (North Queensland)

- Critical EPM applications granted at Mt Windsor, triggering a clause in the JV Agreement that requires Ramelius Resources to increase its minimum exploration expenditure commitment to \$2.25million from \$1.25million prior to having the right to withdraw.
- 1,500-2,000m RC drilling program scheduled to commence in the September Quarter to test a number of targets defined by exploration in 2010.

Overview

Liontown is exploring for standalone precious metal deposits in northern Queensland and northern Tanzania, East Africa. In Australia, the Company's strategy is to acquire and explore 100%-owned, early-stage projects in under-explored but well endowed mineral provinces. Overseas, where acquisition costs are higher, Liontown's preference is to enter into joint ventures where drill targets have already been defined.

Fieldwork re-commenced on the Company's main projects during the June Quarter with the primary objective being to define targets for drilling. This work has successfully delineated a number of gold and silver-gold targets and drilling programs totalling 8,000-10,000metres are scheduled for three projects in the September Quarter.



INVESTMENT HIGHLIGHTS

- Large land position (>5,000km²) in North Queensland precious metals province
- Extensive silver anomalies with associated gold to be followed up on Panhandle Project
- Advanced gold targets in northern Tanzania
- Drilling programs scheduled for 3 projects in H2 2011

For further information, please contact:

Mr Tim Goyder, Executive Chairman

Mr David Richards, Managing Director

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Telephone +61 8 9322 7431

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 an area of approximately 1,260km² and is located 150 kilometres south-southeast of Townsville (Figure 1) in North Queensland.

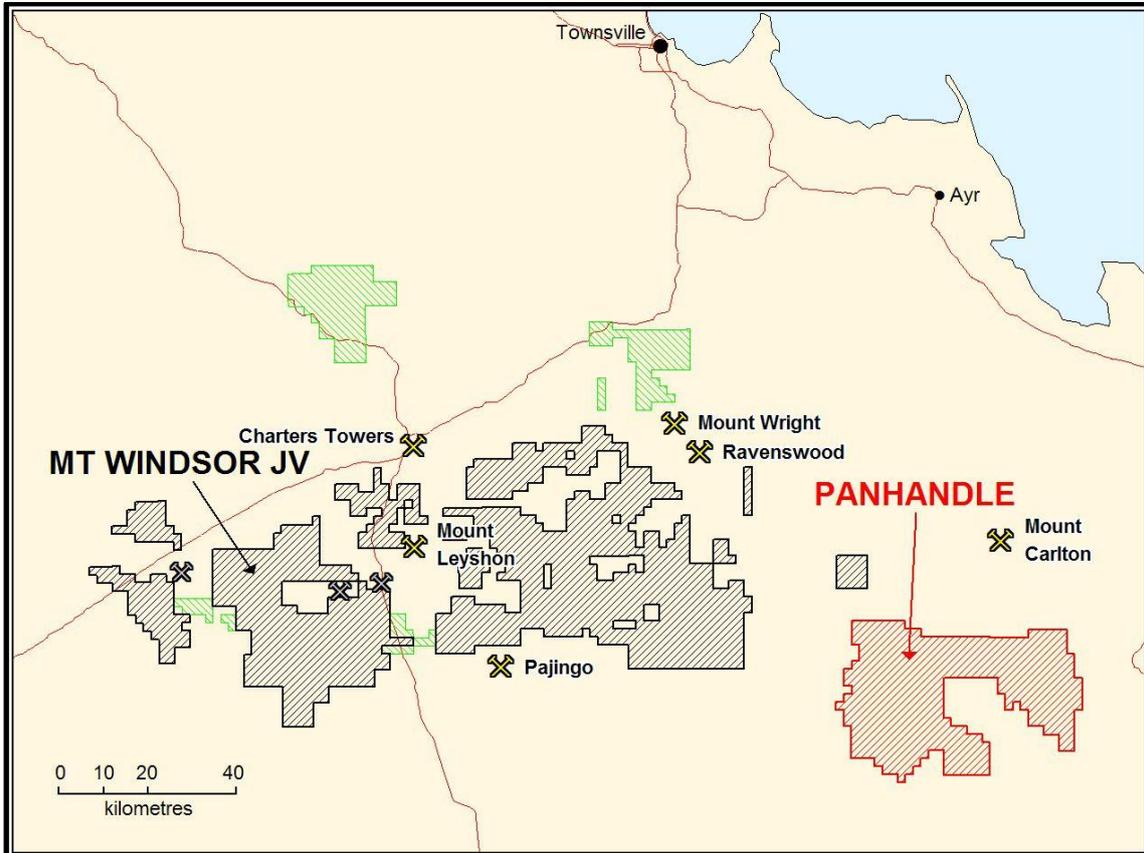


Figure 1 – Liontown Resource's tenure in North Queensland

Fieldwork re-commenced during the Quarter following the cessation of the prolonged North Queensland wet season. The primary objectives were to define specific targets for drill testing and to locate sources of the anomalous silver delineated by historic stream sampling (Figure 2). 736 soil and 284 rock samples were collected during the Quarter with a number of encouraging results recorded. Significant outcomes of the sampling included:

- confirmation of the continuity of high order silver anomalism at the main Powerline prospect with sampling and mapping indicating the presence of multiple zones of mineralisation;
- identification of a new prospect (Spade Dam) that warrants drill testing; and
- definition of a number of other anomalous areas where infill sampling is required.

A 2,100m RC/diamond core drill program is planned to commence in early August 2011 to test targets at Powerline, Spade Dam and Quartz Ridge. Formal site clearances have been completed by representatives of the Native Title claimants clearing the way for drilling to commence.

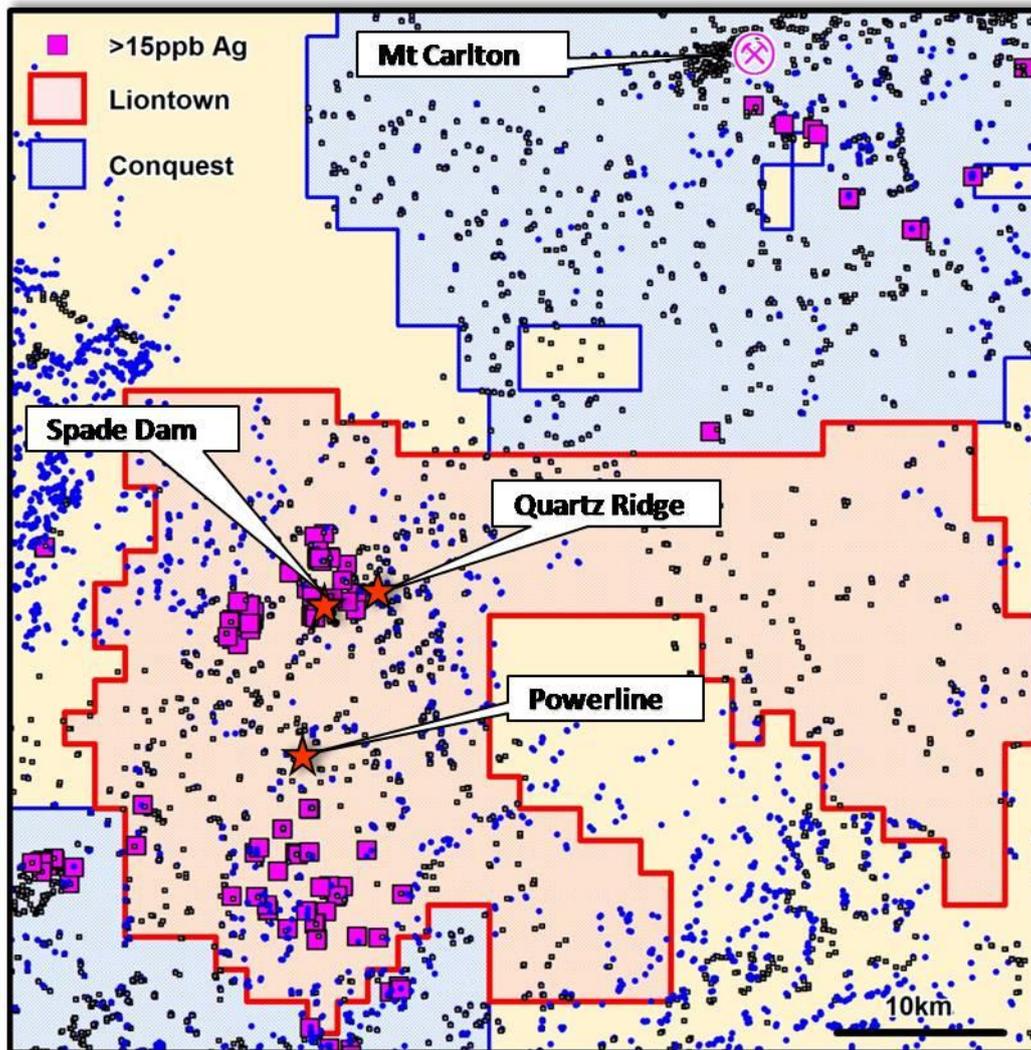


Figure 2 – Panhandle Project – Historic stream sediment sampling showing areas of significant silver anomalism defined by top 5% (>15ppb) of silver values and prospects to be drilled.

Powerline Prospect

The Powerline prospect is located on a regional, north-south silver trend which has been defined over at least 7.5km strike. Infill sampling and mapping has defined multiple zones of strong silver anomalism >1km long which remain open along strike (*Figure 3*).

Soil sampling has recorded results up to 1,820ppb silver and follow-up rock sampling has identified at least three mineralised horizons containing high-grade silver (50-202g/t) with associated gold (up to 0.21g/t) and lead (up to 3.6%). Liontown's sampling has validated the results of previous explorers who recorded rock chip values up to 350g/t silver, 1g/t gold and 3.8% lead.

A drilling program comprising six 100-400metre deep holes is planned to test the Powerline prospect.

Spade Dam

The Spade Dam area is located approximately 10km north and 4km west respectively of the previously defined Powerline and Quartz Ridge prospects (*Figure 2*). Historic stream sediment sampling recorded results up to 55ppb silver in the area and soil sampling by Liontown has defined an anomaly which is 1.5km long and up to 200m wide, with anomalous values >500ppb silver (up to 8,300ppb) coincident with a NE/SW trending fault zone (*Figure 4*).

The prospect is largely covered by scree and residual soils and limited rock chip sampling has not yet located a source for the silver anomalism.

A drilling program comprising two 150-175m deep RC holes is planned to test the prospect.

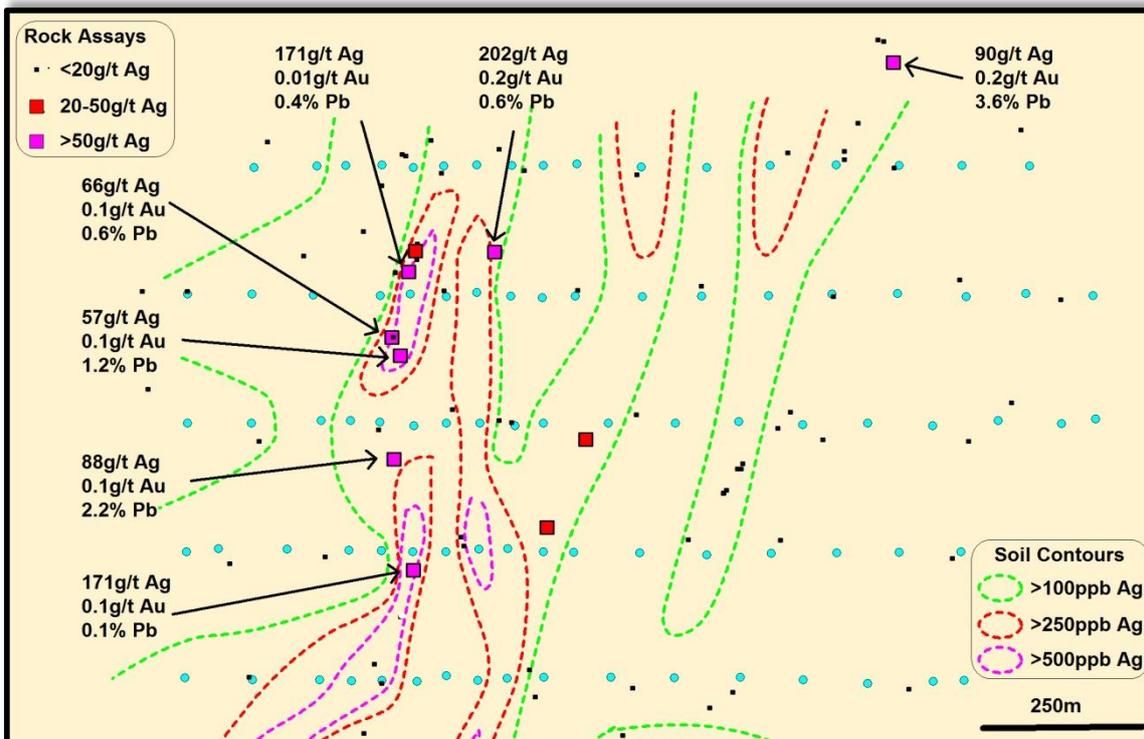


Figure 3 –Powerline prospect – silver geochemistry showing soil (blue dots) and rock chip sample results.

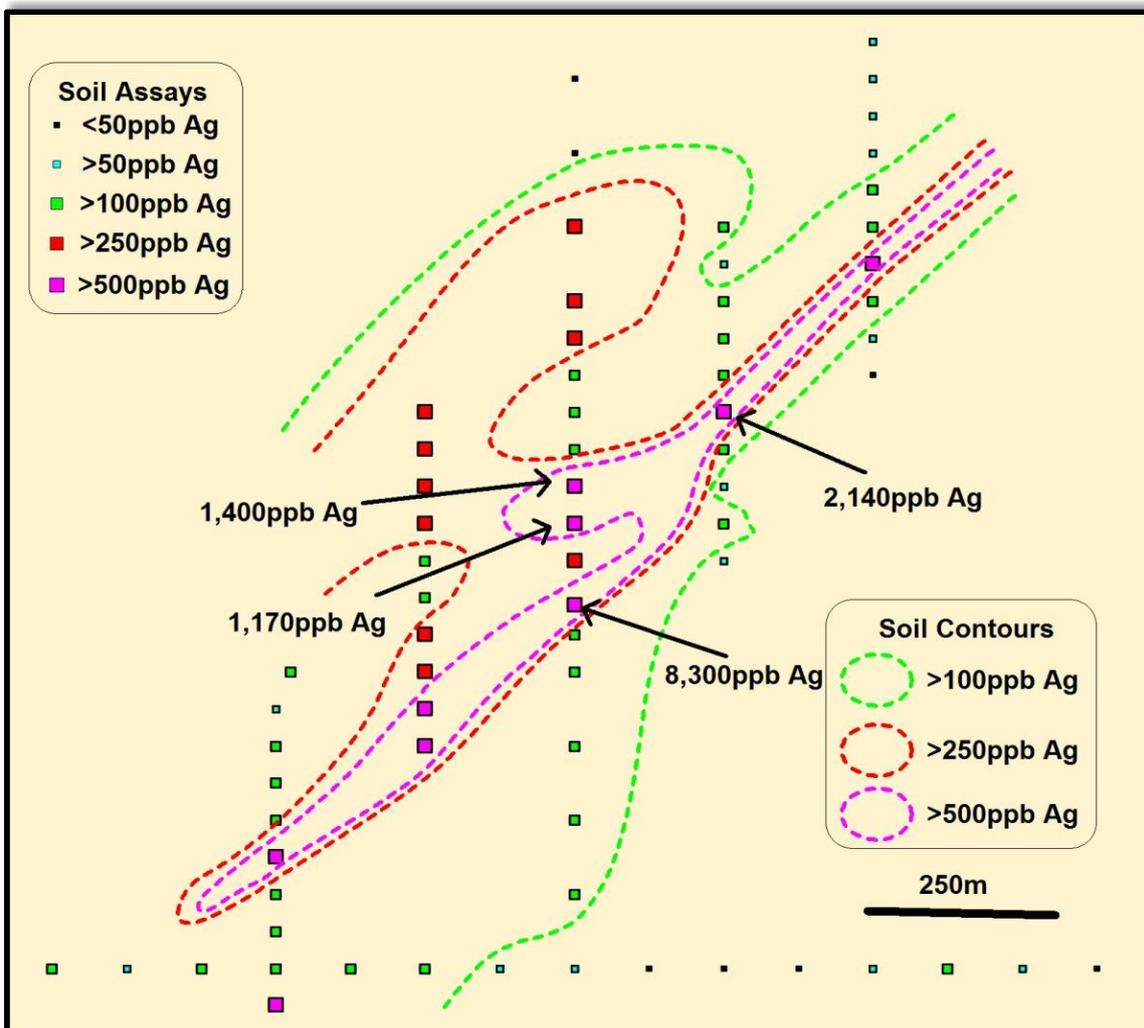


Figure 4 – Spade Dam prospect – silver-in-soil geochemistry.

Quartz Ridge

An Induced Polarisation (IP) geophysical survey completed last year at Quartz Ridge defined a possible alteration zone 100-150m vertically below a mineralised trend defined by epithermal vein float (i.e. Beta Zone).

The vein float, which was sampled over 150m strike recorded values up to 9g/t gold and 205 g/t silver and is interpreted to represent leakage from a deeper mineralised system that is possibly being defined by the IP survey. A single, 500m deep RC/diamond core hole is planned to test this target.

Other Targets

A number of other plus 500ppb silver anomalies have been defined by wide spaced (800x100m) soil sampling (Figure 5). Infill sampling and mapping is planned to determine whether any of these areas can be upgraded to drill targets.

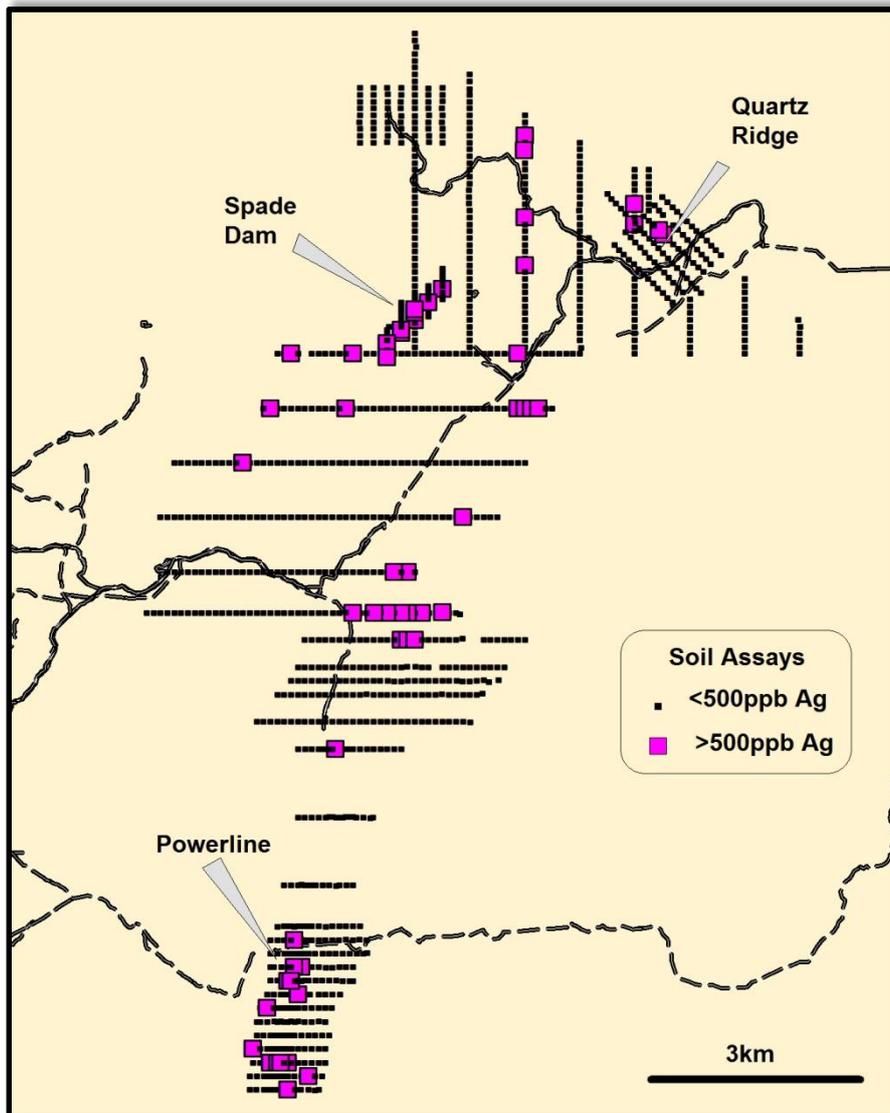


Figure 5: Panhandle Project - Liontown soil sampling showing high order silver-in-soil anomalies

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 6) 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 including advancing it through to completion of a Definitive Feasibility Study.

The Jubilee Reef Project is located in the Lake Victoria Goldfield of northern Tanzania approximately 850km west-northwest of Dar es Salaam. The Lake Victoria Goldfield is an Archaean greenstone-granite terrain, which hosts a number of world-class gold deposits including African Barricks' Bulyanhulu Mine and AngloGold Ashanti's Geita Mine (see Figure 6).

Liontown completed its due diligence work during the Quarter which has confirmed the potential of the Jubilee Reef Project to host significant gold mineralisation. The formal Joint Venture documentation has been finalised and field activities have commenced.

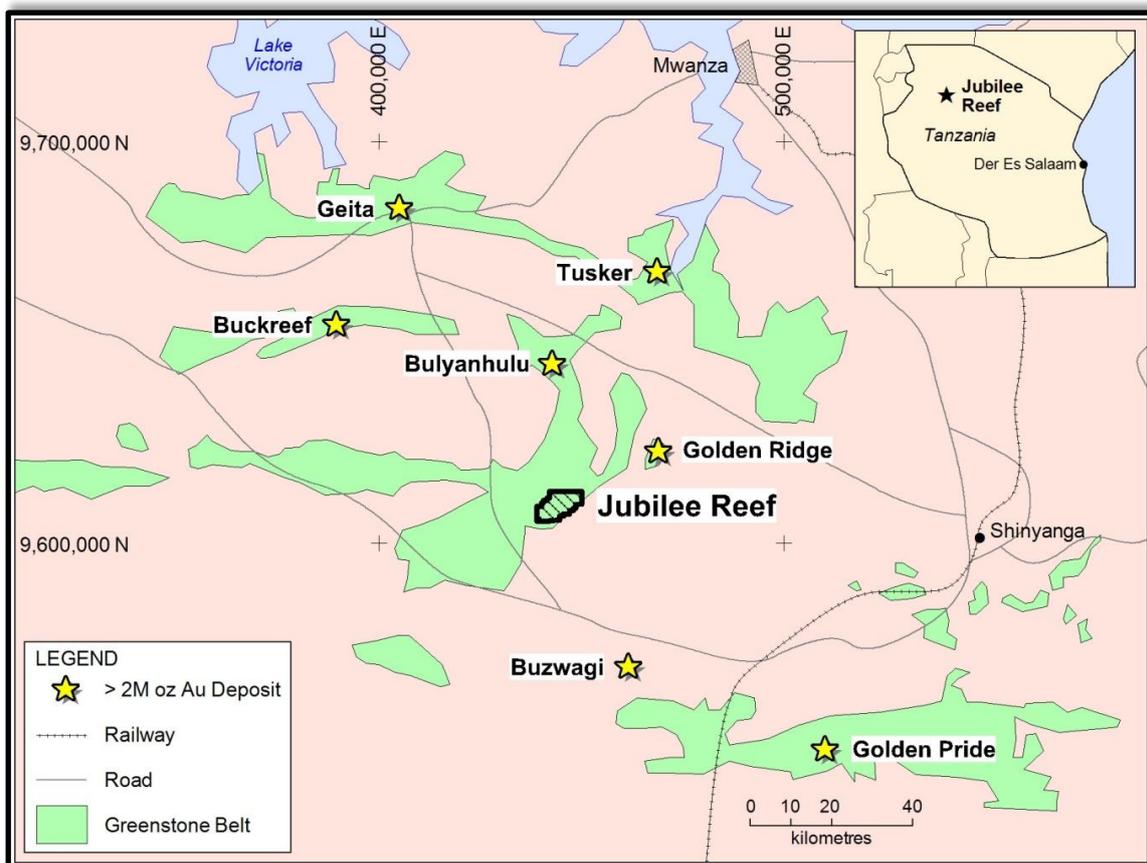


Figure 6: Jubilee Reef Project - Regional Setting

Work undertaken during the June Quarter included rock chip sampling, modelling of geophysical data and preparation for drilling. A 2,500-3,000m RC/RAB drilling program designed to test a number of gold targets is scheduled to commence in early August 2011.

Iron Potential

The Jubilee Reef Project contains extensive strike lengths and thicknesses of banded iron formation (BIF) and previous drilling for gold has recorded intersections up to 121metres @ 32% iron. Only 16 of the 551 holes drilled previously at Jubilee Reef prior to Liontown's entry to the Project (see Appendix 1) have been assayed for iron and there has been no previous exploration for the commodity.

Liontown is undertaking a review to assess the Project's potential to host economic iron mineralisation. Systematic rock chip sampling has been completed across the BIF horizons, which are clearly defined by aeromagnetic imagery (Figure 7), with a total of 143 rock chip samples collected from 10 traverses. Assay results are pending.

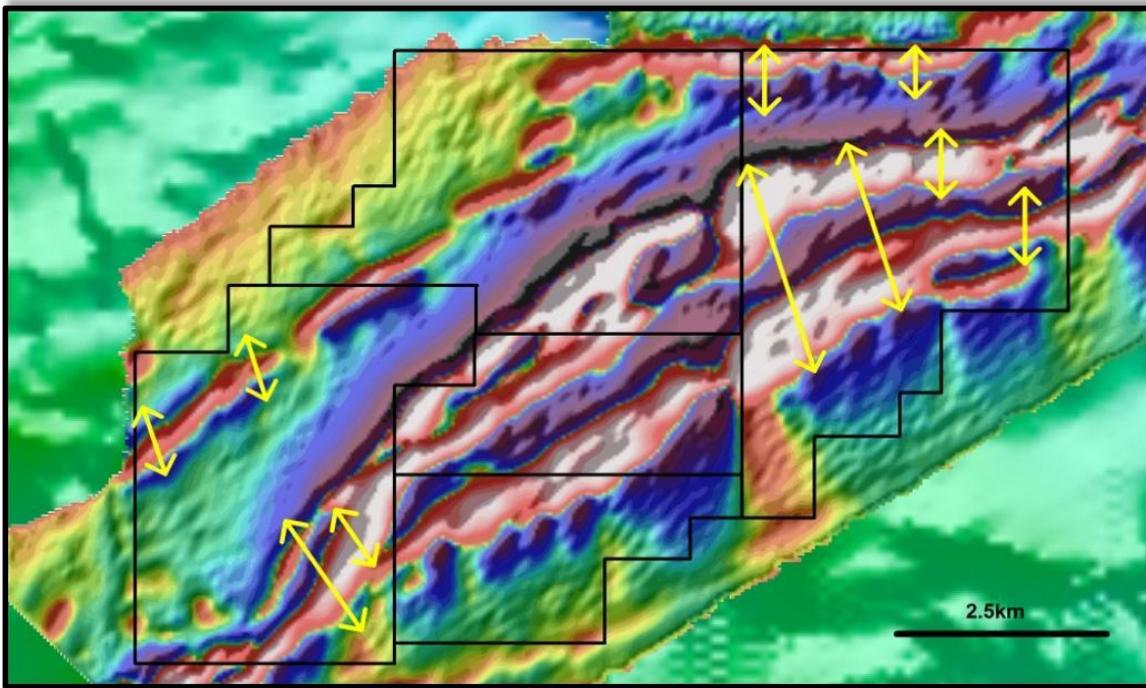


Figure 7: Jubilee Reef Project - Magnetic image showing rock chip traverses (yellow lines). Hot colours define zones of strong magnetism caused by BIF units.

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 2) 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) (see Figure 8). 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.

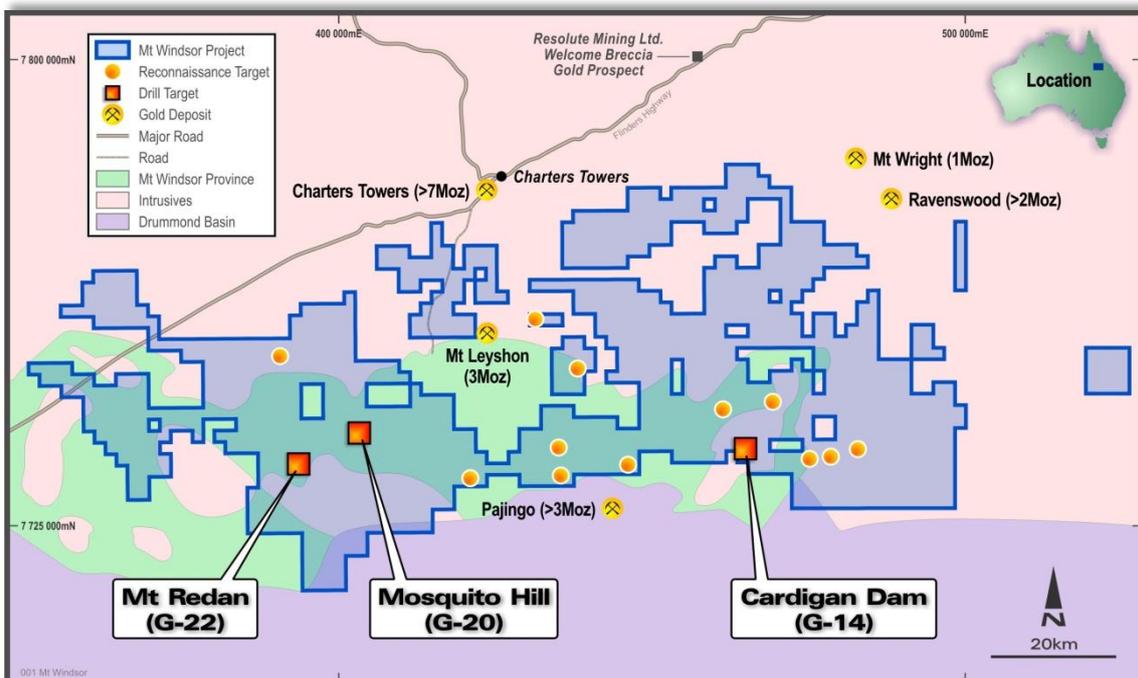


Figure 8: Mt Windsor Project - Regional geology, major deposits, tenure and targets.

Ramelius has completed reconnaissance mapping and geochemical sampling across 20 new targets in 2011. A total of 242 soil and 156 rock chip samples have been collected as part of this work. Six of the targets have been selected for further mapping and infill geochemical sampling, with this work in progress.

Ramelius has also designed a 1,500m RC drilling program to test targets at Mt Redan (G22), Mosquito Hill (G20) and Cardigan Dam (G14) where exploration last year defined strong alteration zones that maybe proximal to mineralised systems. The drilling is scheduled for August/September but the exact timing is dependent on sourcing a suitable drill rig.

The Mt Windsor JV Agreement included reference to six key EPM applications which, if granted by 30 June 2011, would require Ramelius to spend an additional \$1.0 million for a total minimum commitment of \$2.25 million. All of the critical applications were granted prior to the cut-off date.



DAVID RICHARDS
Managing Director

28 July 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 Liantown 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.

Appendix 1 - Summary iron results for previous drill holes assayed for iron

Hole ID	East	North	Depth (m)	Azimuth	Dip	From (m)	To (m)	Significant* Iron Intersection
JBRR01	443996	9612721	187	315	-60	30	96	66m @ 26.1%
JBRR02	444197	9612743	22	315	-60	56	229	173m @ 25.3%
JBRR03	444280	9612811	233	315	-60			NSI
JBRR05	443841	9612108	151	315	-60	0	130	130m @ 28.1%
JBRR06	440912	9607264	211	335	-60	38	113	75m @ 25.3%
						121	175	54m @ 25.6%
JBRR07	441187	9607804	172	135	-60	0	121	121m @ 31.7%
JBRR08	441387	9607936	139	135	-60	0	93	93m @ 24.1%
JBRR09	442082	9610330	84	315	-60			NSI
JBRR10	442057	9610355	109	315	-60			NSI
JBRR11	440137	9609300	109	135	-60			NSI
JBRR12	440169	9609268	109	135	-60			NSI
JBRR13	444642	961570	193	315	-60			NSI
JBRR14	444908	9611456	109	315	-60			NSI
JBRR15	444772	9611432	173	315	-60			NSI
JBRR16	444709	9611380	181	315	-60			NSI
JBRR17	444085	9608320	126	315	-60	0	126	126m @ 27.3%

* Significant intersection = >50m @ >15% iron

NSI = No significant intersections recorded in hole

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")

30 JUNE 2011

Consolidated statement of cash flows

	Current quarter \$A	Year to date (12 Months) \$A
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration & evaluation	(247,512)	(901,082)
(b) development	-	-
(c) production	-	-
(d) administration	(191,148)	(809,482)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	11,958	97,639
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (GST)	(1,401)	-
Net Operating Cash Flows	(428,103)	(1,612,925)
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)	(428,103)	(1,615,782)

+ 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	(428,103)	(1,615,782)
1.20	Cash at beginning of quarter/year to date	1,930,331	3,118,760
1.21	Exchange rate adjustments to item 1.20	(1,299)	(2,049)
1.22	Cash at end of quarter	1,500,929	1,500,929

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	173,169
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 (\$8,400), 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 (\$45,956).

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	922,000
4.2 Development	Nil
4.3 Production	Nil
4.4 Administration	192,000
Total	1,114,000

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	489,541	381,933
5.2 Deposits at call	1,011,388	1,548,398
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,500,929	1,930,331

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: - EPM18352 - EPM18376 - EPM18235 - EPM18231 - EPM18236 - EPM17971	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 (description)	Nil	Nil	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
7.3	⁺ Ordinary securities	211,073,581	211,073,581	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
7.5	⁺ Convertible debt securities (description)			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil Nil	Nil Nil	N/A N/A
7.7	Options (description and conversion factor)	4,000,000 500,000 3,000,000 3,000,000 1,150,000	Nil Nil Nil Nil Nil	Exercise price \$0.35 \$0.20 \$0.20 \$0.10 \$0.20 Expiry date 1 December 2012 31 July 2013 2 February 2013 1 May 2013 1 November 2013
7.8	Issued during quarter	Nil	Nil	N/A
7.9	Exercised during quarter	Nil	Nil	N/A
7.10	Expired during quarter	Nil	Nil	N/A
7.11	Debentures (totals only)	Nil	Nil	
7.12	Unsecured notes (totals only)	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: 28 July 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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