

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 September 2012

Consolidated statement of cash flows

	Current quarter \$A	Year to date (3 months) \$A
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(981,748)	(981,748)
(b) development	-	-
(c) production	-	-
(d) administration	(168,748)	(168,748)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7,279	7,279
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(1,143,217)	(1,143,217)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(920)	(920)
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	(920)	(920)
1.13 Total operating and investing cash flows (carried forward)	(1,144,137)	(1,144,137)

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1.13	Total operating and investing cash flows (brought forward)		
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,178,816	1,178,816
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	1,178,816	1,178,816
	Net increase (decrease) in cash held	34,679	34,679
1.20	Cash at beginning of quarter/year to date	1,489,378	1,489,378
1.21	Exchange rate adjustments to item 1.20	(1,564)	(1,564)
1.22	Cash at end of quarter	1,522,493	1,522,493

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	131,177
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 1.2 consists of legal fees paid to a director for the provision of legal services (\$9,000), the salary and superannuation paid to the Managing Director (\$48,662), non-executive director fees (\$28,898) and service charges paid to Chalice Gold Mines Ltd (a director related entity) for the provision of corporate services, office rent and technical personnel (\$44,617).

Item 1.4 relates to the partial receipt of funds from the fully underwritten non-renounceable entitlement issue discussed below in section 2.1.

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 20 August 2012, Liantown Resources Limited announced a fully underwritten entitlement issue ('Offer') to raise approximately \$3.43 million. The raising consisted of a 1-for-3 pro rata non-renounceable rights issue to existing shareholders at 3.5 cents per share. The Company also issued 1 free attaching new option for every 3 new shares subscribed. The new options have an exercise price of 5 cents and expire on 27 September 2015. The Offer was underwritten by Bell Potter Securities Limited.

Under the Offer, the Company raised a total of \$3,428,223 (before issue costs), with partial receipt of \$1,219,241 by 28 September 2012, and the remaining \$2,208,982 by 4 October 2012. 97,947,394 shares were allotted and issued on 4 October 2012.

+ See chapter 19 for defined terms.

- 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

In April 2010, Liontown entered into a joint venture agreement with Ramelius Resources Limited, under which Ramelius has the right to earn up to a 60% interest in the Mt Windsor Project by spending \$7 million over 4 years. Since April 2010, Ramelius have spent approximately \$5.3 million and approximately \$516,000 was spent from July to September 2012.

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	1,381,000
4.2 Development	-
4.3 Production	-
4.4 Administration	192,000
Total	1,573,000

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	Previous quarter \$A
5.1 Cash on hand and at bank	1,522,493	836,848
5.2 Deposits at call	-	652,530
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,522,493	1,489,378

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginni ng of quarter	Interest at end of quarter

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6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2	Interests in mining tenements acquired or increased	Tanzania: Jubilee Reef JV: PL4495/2007 PL6168/2009 PL8125/2012	Joint Venture Interest Joint Venture Interest Joint Venture Interest	0% 0% 0%	51% 51% 51%

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	N/A
7.2	Changes during quarter				
	(a) Increases through issues	Nil	Nil	N/A	N/A
	(b) Decreases through returns of capital, buy-backs, redemptions	Nil	Nil	N/A	N/A
7.3	+Ordinary securities	293,842,181	293,842,181	N/A	N/A
7.4	Changes during quarter				
	(a) Increases through issues	Nil	Nil	N/A	N/A
	(b) Decreases through returns of capital, buy-backs	Nil	Nil	N/A	N/A
7.5	+Convertible debt securities (description)	Nil	Nil	N/A	N/A
7.6	Changes during quarter				
	(a) Increases through issues	Nil	Nil	N/A	N/A
	(b) Decreases through securities matured, converted	Nil	Nil	N/A	N/A

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7.7	Options (description and conversion factor)	2,000,000 500,000 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 December 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 (totals only)	Nil	Nil		
7.12	Unsecured notes (totals only)	Nil	Nil		

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: 23 October 2012

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.

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- 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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