

QUARTERLY ACTIVITIES REPORT

For the Quarter ended 31 December 2014



1. Jubilee Reef Project/Northern Tanzania (Liontown 100%)

The Jubilee Reef Project is located approximately 850km northwest of Dar es Salaam within the Lake Victoria Goldfield of northern Tanzania (see Figures 1 and 2). This Archaean greenstone-granite terrain hosts several multimillion ounce gold deposits including Acacia Mining's Bulyanhulu deposit and AngloGold Ashanti's Geita deposit. Liontown originally entered the Project via a Joint Venture agreement with Currie Rose Resources Inc in 2011 and earned 66% by sole funding exploration.



RC drilling – Jubilee Reef Project



Figure 1: Tanzanian map showing location of Jubilee Reef

INVESTMENT HIGHLIGHTS

TANZANIA

- Multiple gold zones identified at Jubilee Reef with immediate drill targets awaiting testing.

AUSTRALIA

- High grade, drill ready, possible low sulphidation epithermal gold target defined at Allandale prospect in Charters Towers region of North Queensland



Quartz vein breccia – Allandale Prospect

For further information, please contact:

Mr Tim Goyder
Chairman
Mr David Richards
Managing Director
Liontown Resources Limited
Telephone +61 8 9322 7431

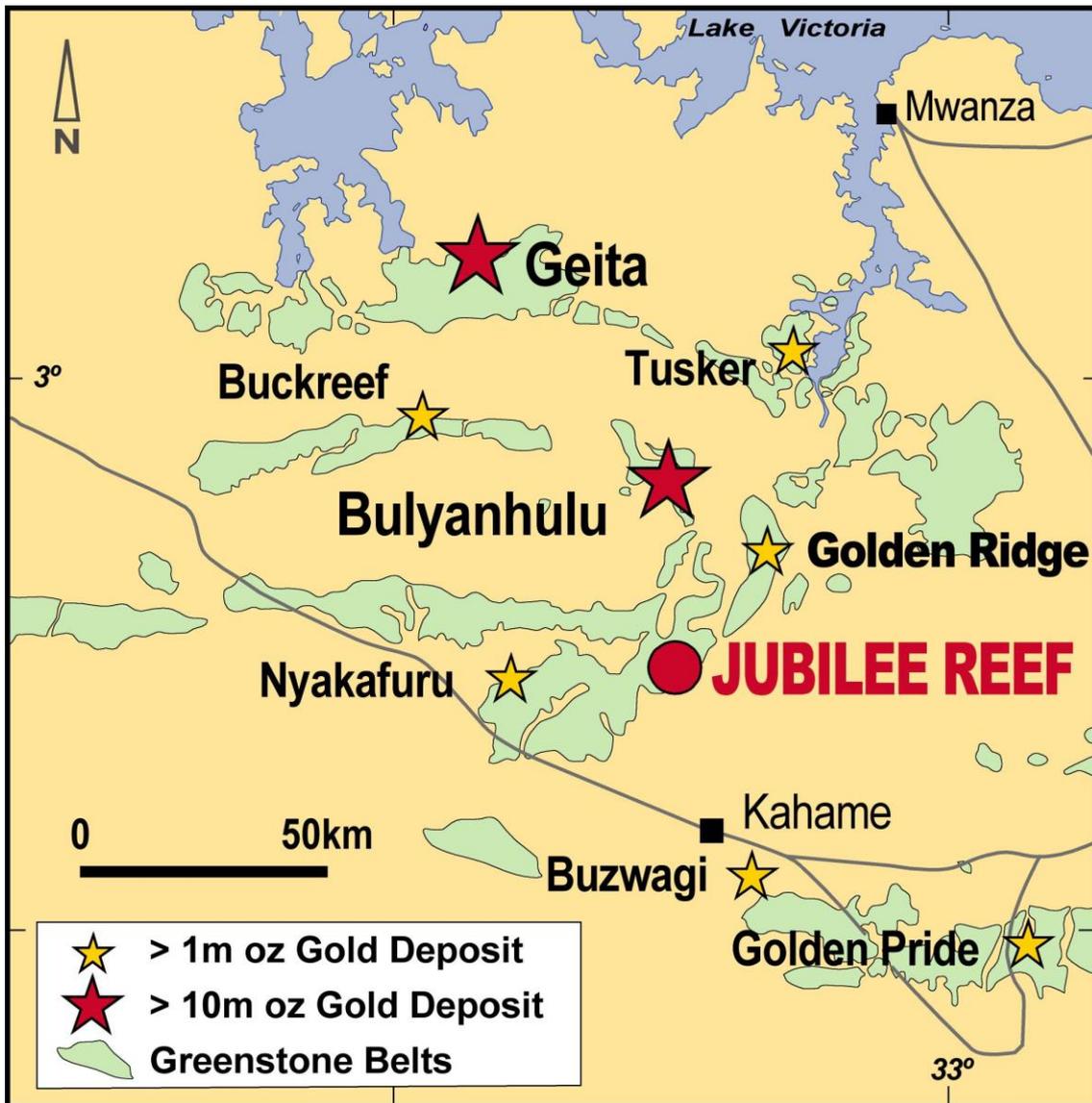


Figure 2: Lake Victoria Goldfield (northern Tanzania) showing location of Jubilee Reef and major gold deposits

During the Quarter, Liontown finalised the acquisition of the remaining 34% interest in the Jubilee Reef Gold Project in Tanzania, East Africa from joint venture partner Currie Rose Resources Inc, giving it 100% ownership of the project.

The Agreement to acquire Currie Rose's remaining equity was announced in 29 April 2013 and final settlement was dependent on formal transfer of key underlying tenure to Liontown. These transfers have now occurred.

In consideration for increasing its interest in the Jubilee Reef Project to 100%, Liontown issued 12 million shares to Currie Rose, which will be subject to a holding lock until 20 May 2015.

Previous exploration at Jubilee Reef has recorded significant gold values from a number of prospects (*Figure 3*) and work will now focus on planning the 2015 field program which commences in April/May after the cessation of the Tanzanian wet season.

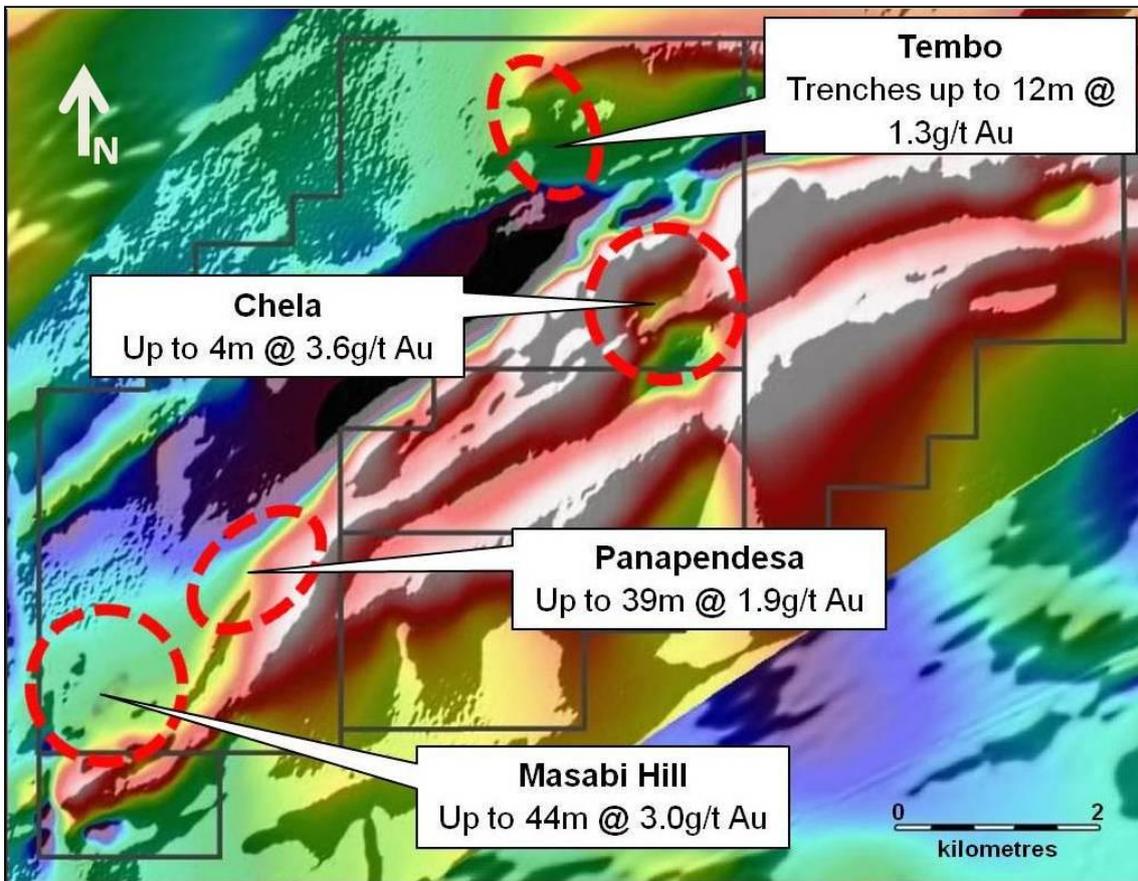


Figure 3: Jubilee Reef Project - Tenure and prospects on magnetic image

2. Mount Windsor Project/Northern Queensland, Australia (Liontown 100%)

The Mount Windsor Project is located in the Charters Towers goldfield (Figure 4) of North Queensland which has yielded over 15 million ounces of gold from world-class mines such as Charters Towers (+7Moz), Kidston (+4Moz), Pajingo (+3Moz), Ravenswood (+2Moz) and Mt Leyshon (2.7Moz).

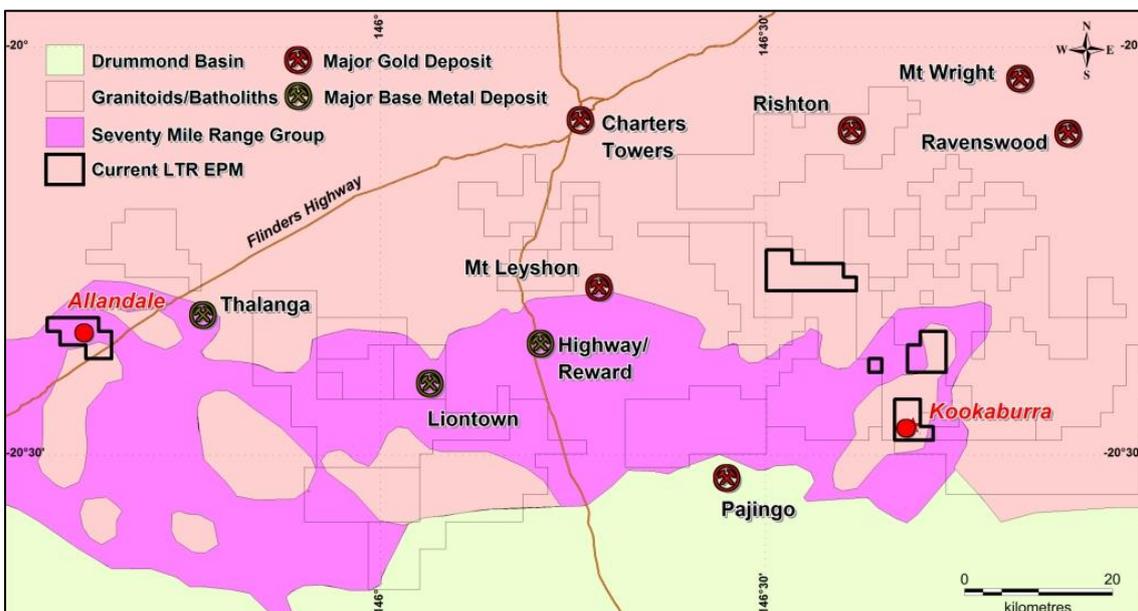


Figure 4: Mt Windsor Project - Plan showing existing tenure, previous areas held and major metal deposits in region

The Mount Windsor Project was established in 2007 and has comprised up to 23 EPMs covering a total area >4,000km² (see Figure 4); however, the number of tenements and total area has varied with time as

ongoing exploration and data reviews have resulted in the relinquishment and acquisition of different areas.

The Liantown base metal deposit (see Figure 4) and surrounding EPM, which were part of the original land package, was sold to Kagara Limited in 2009 with the consideration comprising two tranches; i.e.

- Tranche 1 - Immediate issue of KZL shares to the value of \$2,250,000; and
- Tranche 2 - A cash payment of \$2,250,000 on either a formal decision to mine the Liantown deposit or if the deposit was sold to a third party.

Subsequent to the Liantown sale, Kagara was placed in liquidation.

The sale during the Quarter of Kagara’s Thalanga Operations, which included the Liantown Deposit, to Red River Resources Limited triggered Tranche 2.

Liantown agreed to accept the sum of \$465,500 as full and final settlement of the outstanding consideration and this sum was received in November 2014.

Liantown’s existing Mt Windsor Project tenure cover approximately 130km² (Figure 4) and future work will focus on the Allandale and Kookaburra prospects where large, high order geochemical anomalies have been defined.

Allandale Prospect

The Allandale prospect is a plus 4km long mineralised system and exploration results indicate potential for the discovery of a high grade gold zone 150-300m below the surface (see Figure 5). Geochemical data for gold and associated pathfinder elements (arsenic, antimony and mercury) show lateral and vertical trends (see Figure 6) that maybe consistent with upper part of a low sulphidation, epithermal gold system analogous to the Vera Nancy lodes at Pajingo located approximately 90km to the ESE (Figure 4).

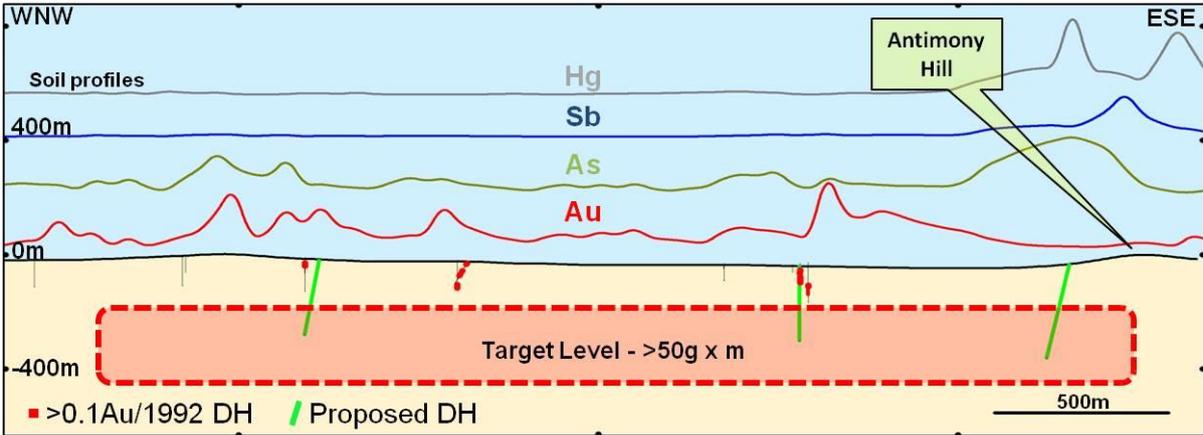


Figure 5: Allandale Prospect - Long section (looking NNE) showing previous and proposed drill holes, soil profiles and zone to be tested by deeper drilling.

Limited RC Drilling by CRA in 1992 (10 holes/925m) intersected broad zones of low grade mineralisation (Figure 7) and there has been no drilling since. Liantown plans to drill beneath the better CRA intersections and historic stibnite workings on Antimony Hill, which have never been tested at depth.

As reported last Quarter, the Company has been successful in qualifying for up to \$65,750 funding under Round 8 of the Queensland government’s Future Resources Program - Collaborative Drilling Initiative to complete this proposed drilling.



Figure 6: Allandale Prospect - Photo (looking NNE) showing Antimony Hill and nearby Water Rat zone. Note marked decrease in gold and increase in pathfinder elements with topography.

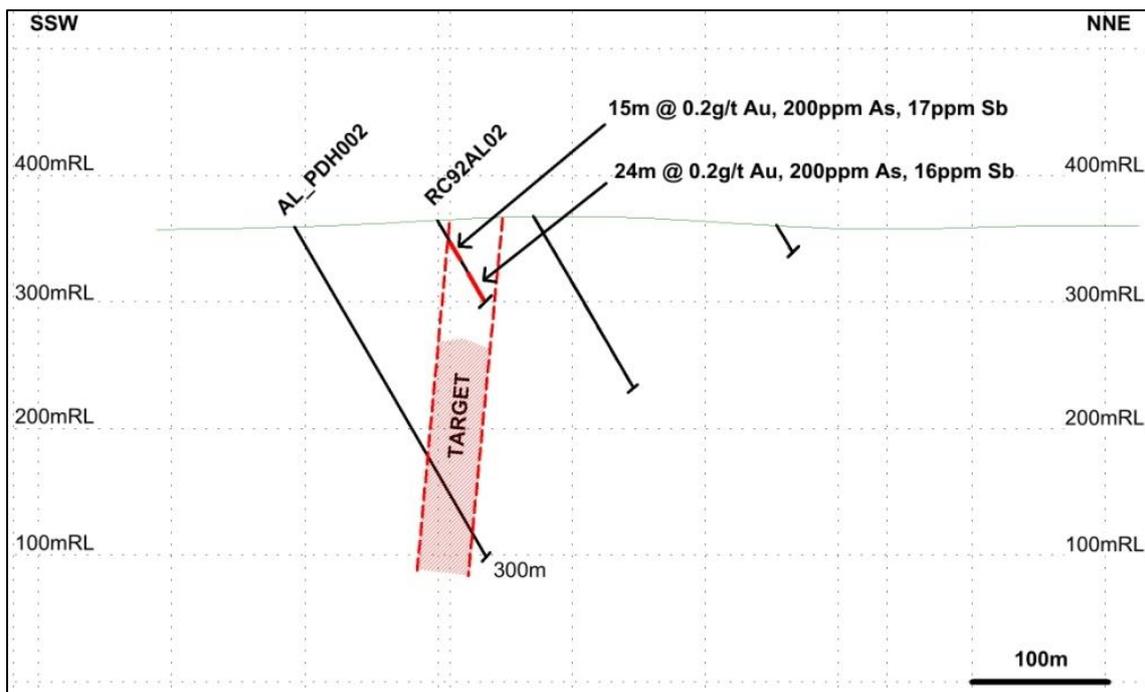


Figure 7: Allandale Prospect - Drill section showing previous CRA drill hole (RC92AL02) and proposed follow up hole (AL_PDH002).

3. *Ibaga Project/Northern Tanzania (Option to acquire 100% terminated)*

Following drill testing which failed to intersect any significant mineralisation, Liontown has terminated all agreements with the relevant parties that gave the Company the rights to acquire 100% of the Project.

4. *Rupa Suguti Project/Northern Tanzania (Option to acquire 100% terminated)*

During the Quarter, Liontown terminated the option agreement with the underlying tenement owner that gave the Company the right to acquire 100% of the Project.

5. Tenement schedules and expenditures

In accordance with ASX Listing Rule 5.3, please refer to Appendix 1 for listing of tenements. In addition, during the quarter the Company has spent \$282,070 on exploration and evaluation activities (YTD: \$616,088) and \$131,048 on administration costs (YTD \$233,047).

6. Corporate

Cash Balance

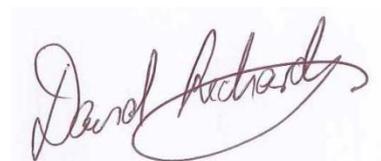
At the end of the Quarter, Liontown's cash balance was approximately \$0.6 million. Please refer to the attached Appendix 5B for further details.

Unmarketable Share Parcels

In December 2014, the Board of Liontown Resources Limited announced that it had established a share sale facility for holders of small parcels of the company's shares.

The Record Date for the purposes of establishing holders of parcels with a market value of less than \$500 (Small Shareholding) was set at the close of trade on Thursday 4 December 2014 and the facility closed on Friday 23rd January 2015.

The Company will update the market further as soon as all figures have been compiled.



DAVID RICHARDS
Managing Director

27 January 2015

The Information in this report that relates to the Exploration Results for the Jubilee Reef and Mt Windsor Projects is extracted from the ASX announcement entitled "Quarterly Activities Report for the quarter ended 31st December 2013" released on 30 January 2014 and is available on www.ltresources.com.au.

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

This announcement contains forward-looking statements which involve a number of risks and uncertainties. These forward looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

APPENDIX 1

The following information is provided in accordance with ASX Listing Rule 5.3 for the quarter ended 31 December 2014:

1. Listing of tenements held:

Location	Project	Tenement No.	Registered Holder	Nature of interests
Tanzania	Jubilee Reef	PL4495/2007	Liontown Resources (T) Limited	100%
		PL6168/2009	Liontown Resources (T) Limited	100%
		PL8125/2012	Liontown Resources (Tanzania) Limited	100%
		PL8304/2012	Liontown Resources (Tanzania) Limited	100%
		PL9711/2014	Currie Rose Resources (T) Limited	100% - pending transfer
		PL9973/2014	Liontown Resources (Tanzania) Limited	100%
		HQ-P24810	Currie Rose Resources (T) Limited	Application recommended - to be transferred on following grant
Australia	Mt Windsor	EPM16920	Liontown Resources Limited	100% direct
		EPM16227	Liontown Resources Limited	100% direct

2. Listing of tenements acquired (directly or beneficially) during the quarter:

There were no tenements acquired during the quarter.

3. Tenements relinquished, reduced or lapsed (directly or beneficially) during the quarter:

Location	Project	Tenement No.	Registered Holder	Nature of interests
Tanzania	Rupa Suguti	PL4497/2007	Bismark Hotel Company	Option terminated
		PL7865/2012	Twigg Gold	
		PL8183/2012	WG Exploration	
		PL8659/2012	WG Exploration	
	Ibaga	PML002041CZ-PML002050CZ	Robert Mboma and Nurdin Ramadhani	Option terminated
Ibaga North	PML002247CZ-PML002260CZ	Nassoro F. Nassoro		
Australia	Mt Windsor	EPM14161	Liontown Resources Limited	Sale executed

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 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A	Year to date (6 months) \$A
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(282,070)	(616,088)
(b) development	-	-
(c) production	-	-
(d) administration	(131,048)	(233,047)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4,512	9,396
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	(408,606)	(839,739)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	465,500	465,500
(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	465,500	465,500
1.13 Total operating and investing cash flows (carried forward)	56,894	(374,239)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	56,894	(374,239)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	(4,167)	(4,167)
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	(4,167)	(4,167)
	Net increase (decrease) in cash held	52,727	(378,406)
1.20	Cash at beginning of quarter/year to date	548,004	976,735
1.21	Exchange rate adjustments to item 1.20	12,628	15,030
1.22	Cash at end of quarter	613,359	613,359

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	76,325
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, the salary and superannuation paid to the Managing Director (\$41,062), PAYG and superannuation for non executive directors (\$10,513), and service charges paid to Chalice Gold Mines Ltd (a director related entity) for the provision of corporate services, office rent and technical personnel (\$24,750).

Item 1.9 represents the full and final settlement of the outstanding consideration owing from the sale of the Liofntown Deposit to Kagara Limited.

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

At the Company's Annual General Meeting held in November 2014, Shareholders approved the issue of 2,604,800 shares to directors, at an issue price of 3 cents per share, in lieu of directors' fees outstanding up to September 2014.

On 18 December 2014, 12 million shares were issued to Currie Rose Inc in consideration for the acquisition of the remaining 34% interest in the Jubilee Reef Gold Project in Tanzania.

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

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	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	100,000
4.2 Development	-
4.3 Production	-
4.4 Administration	90,000
Total	190,000

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	356,537	293,541
5.2 Deposits at call	256,822	254,463
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	613,359	548,004

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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	<p>QLD EPM 14161 Rupa Suguti PL4497/2007 PL7865/2012 PL8183/2012 PL8659/2012</p> <p>Ibaga PML002041CZ- PML002050CZ Ibaga North PML002247CZ – PML002260CZ</p>	<p>Owned</p> <p>Option Agreement</p> <p>The interest in Ibaga and Ibaga North are independent of each other and come through an agreement it has with a Tanzanian incorporated entity.</p>	<p>100%</p> <p>0% - Option to earn 100%</p> <p>0% - Option to earn 100%</p>	<p>0%</p> <p>0%</p> <p>0%</p>
6.2	Interests in mining tenements acquired or increased	N/A			

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>			
7.2	Changes during quarter			
	(a) Increases through issues	Nil	Nil	N/A
	(b) Decreases through returns of capital, buy-backs, redemptions	Nil	Nil	N/A
7.3	+Ordinary securities	460,766,170	460,766,170	N/A
7.4	Changes during quarter			
	(a) Increases through issues	14,604,800	14,604,800	0
	(b) Decreases through returns of capital, buy-backs	Nil	Nil	N/A

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.5	+Convertible debt securities <i>(description)</i>				
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
7.7	Options <i>(description and conversion factor)</i>				
	Listed options	32,649,048	Nil	<i>Exercise price</i> \$0.05	<i>Expiry date</i> 27 September 2015
	Unlisted options			<i>Exercise price</i>	<i>Expiry date</i>
		2,000,000	Nil	\$0.01727	30 November 2016
		2,000,000	Nil	\$0.02302	30 November 2016
		1,850,000	Nil	\$0.05000	30 June 2017
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:



Date: 27 January 2015

Print name:

(Company secretary)
Leanne Stevens

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.

== == == == ==