

# QUARTERLY ACTIVITIES REPORT

## For the Quarter ended 30 June 2012



Liontown Resources Limited ABN 39 118 153 825

### Recent results highlight potential for large gold system at Masabi Hill in Tanzania

#### HIGHLIGHTS

##### *Jubilee Reef Joint Venture Project (inc. Masabi Hill)*

- Combined RC/Aircore/Diamond core drilling program commenced with ~4,650m drilled by the end of the Quarter.
- Highly promising results returned from central zone at Masabi Hill with results to date including:
  - ✓ JBRRC041 62m @ 2.4g/t Au from 70m including 21m @ 4.7g/t from 70m
- Second, new zone of strong gold mineralisation discovered near southern contact of Masabi Hill granitoid with best intersection of:
  - ✓ JBRRC045 80m @ 1.7g/t Au from 8m including 20m @ 2.5g/t Au from 12m and 32m @ 2.3g/t Au from 48m
- Infill, shallow aircore drill traverses indicate potential for additional zones of plus 1g/t Au gold mineralisation at Masabi Hill. Better intersections include:
  - ✓ JLRB576 8m @ 1.1g/t Au from 20m
  - ✓ JLRB581 12m @ 1.5g/t Au from 16m
  - ✓ JLRB590 8m @ 1.3g/t Au from 12m
- Results indicate potential for large gold system at Masabi Hill with multiple zones of plus 1g/t gold mineralisation.
- Three other gold prospects awaiting follow-up drilling at Jubilee Reef.

##### *North Queensland Projects*

- Agreement reached with Ramelius Resources Limited to incorporate the Panhandle and Keelbottom Projects in North Queensland into the existing Mt Windsor Joint Venture, which will ensure that a well funded exploration program will be completed on Liontown's extensive land holding in 2012.



Night Shift Drilling – Masabi Hill

#### INVESTMENT HIGHLIGHTS

- Large gold system identified at Jubilee Reef JV in northern Tanzania. RC and diamond core drilling program ongoing.
- Large land position (>4,000km<sup>2</sup>) in North Queensland precious metals province with exploration funded by other party.

For further information, please contact:

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

The Jubilee Reef Joint Venture Project is located approximately 850km northwest of Dar es Salaam within the Lake Victoria Goldfield of northern Tanzania (see Figure 1). This is an Archaean greenstone-granite terrain which hosts several multimillion ounce gold deposits including African Barrick's Bulyanhulu deposit and AngloGold Ashanti's Geita deposit. Liontown has entered into an agreement with Currie Rose Resources Inc to earn up to 75% equity in the Project in two stages (see ASX release dated 25<sup>th</sup> January 2011), including advancing it through to the completion of a Definitive Feasibility Study.

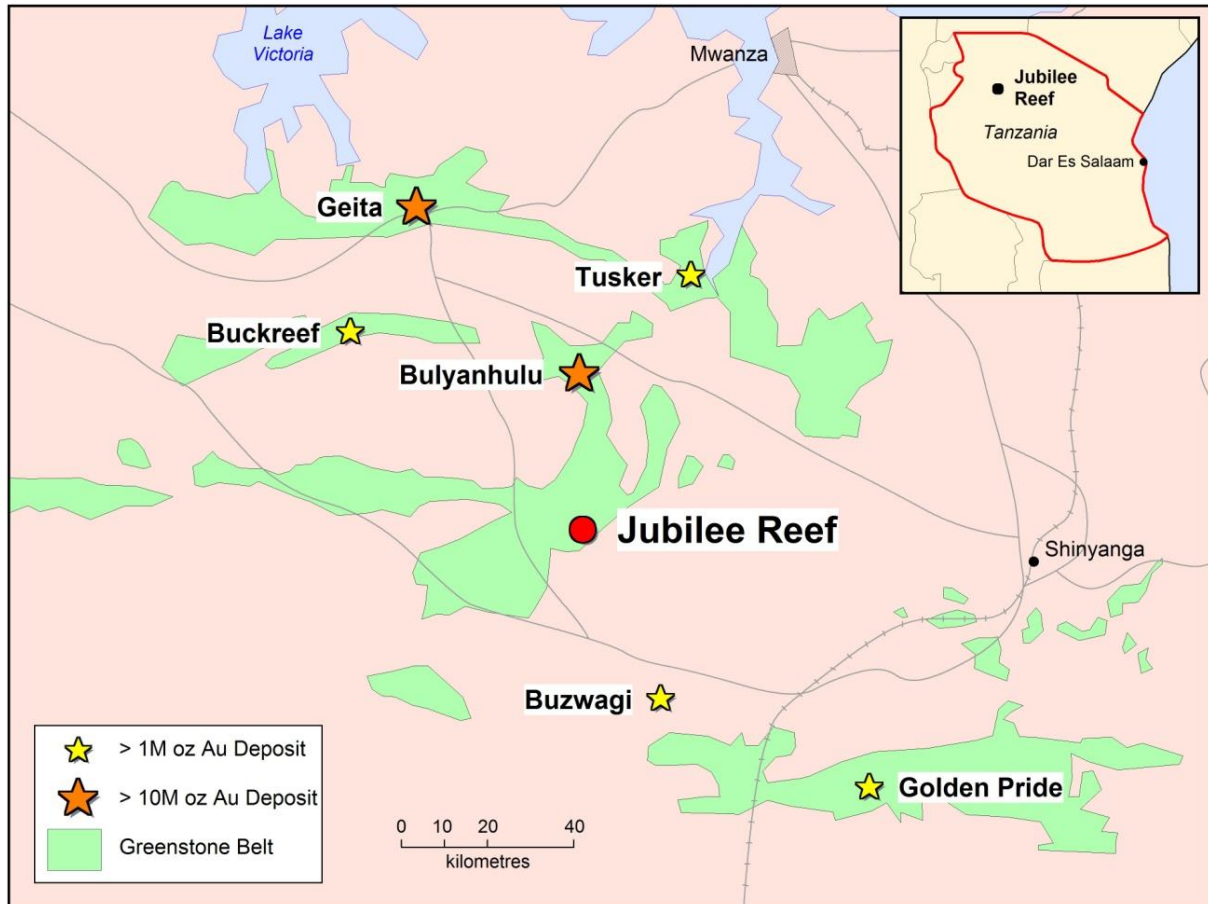


Figure 1: Jubilee Reef Project - Regional Setting

A combined RC/aircore/diamond core drilling program commenced at Jubilee Reef at the beginning of May 2012. Drilling is ongoing and to date 30 RC holes (JBRR041-070) and 23 aircore holes (JLRB569-591) have been drilled for totals of 4,047m and 621m respectively. Results have been received for the first 16 RC holes and for all of the aircore holes.

A number of significant intersections have been recorded from drilling at the Masabi Hill prospect (see **Figure 2**). The highly promising results have prompted Liontown to modify its original drilling program so that it can continue to focus on Masabi Hill. As a result, drilling planned for other prospects (Chela, Panapendesa and Tembo) has been rescheduled for the September Quarter.

The current phase of drilling is scheduled to be completed in mid-late July with the next phase of drilling planned to commence in late August.

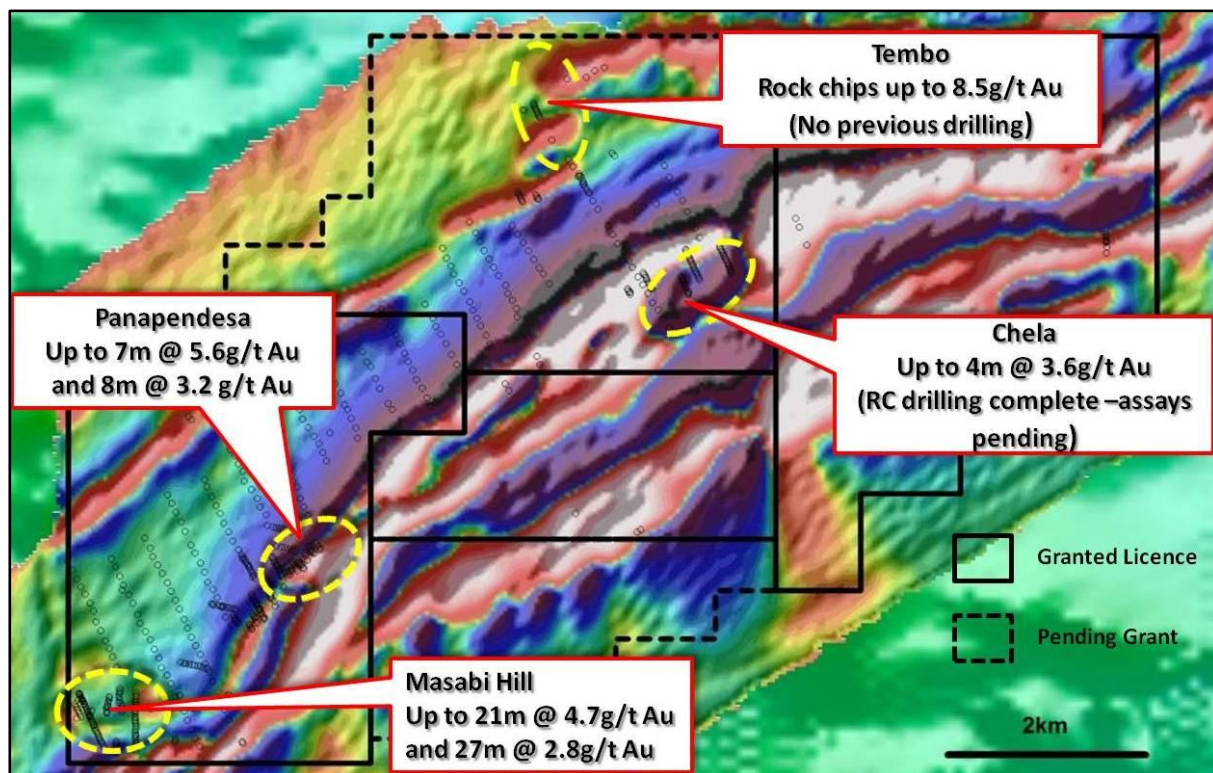


Figure 2: Jubilee Reef Project - Magnetic Image showing main gold prospects

#### Masabi Hill

Broad intervals of significant gold mineralisation have been intersected in most RC holes drilled to target depth at Masabi Hill in 2012 (*see Appendix 1*).

Better intersections include:

- JBRR041      62m @ 2.4g/t gold from 70m, including  
21m @ 4.7g/t gold from 70m
- JBRR045      80m @ 1.7g/t gold from 8m, including  
20m @ 2.5g/t gold from 12m and  
32m @ 2.3g/t gold from 32m

The intersection in JBRR041 lies down dip of hole JBRR018, which last year intersected 27m grading 2.8g/t gold within an overall intercept of 50m grading 1.8g/t gold from 40m down-hole. These holes are 90m west and along strike of JBRR019 (also drilled in 2011) which intersected 48m @ 1.1g/t gold from surface (*see Figure 3*). Although the geological controls on gold mineralisation are not currently fully understood, the latest results indicate a shallow dip ( $\sim 30^\circ$ ) to the south and the down hole widths appear close to true widths (*see Figure 4*).

The above holes are interpreted to be part of a broad, east-west trending mineralised zone up to 600m long and 300m wide that is coincident with the central part of an elliptical granitoid intrusion (*see Figure 3*). The intrusion is largely obscured by barren, surficial sediments; however, geophysical data indicates that it is approximately 1.2km long and up to 1km wide. The mineralised trend is open along strike to the east and further drilling is required to define the limits of gold anomalism.

In addition to the result in JBRR041, a number of other recent RC holes drilled into the central zone intersected broad zones of anomalous gold mineralisation including JBRR043 (37m grading 0.5g/t from 48m and JBRR052 (104m grading 0.4g/t from 16m).



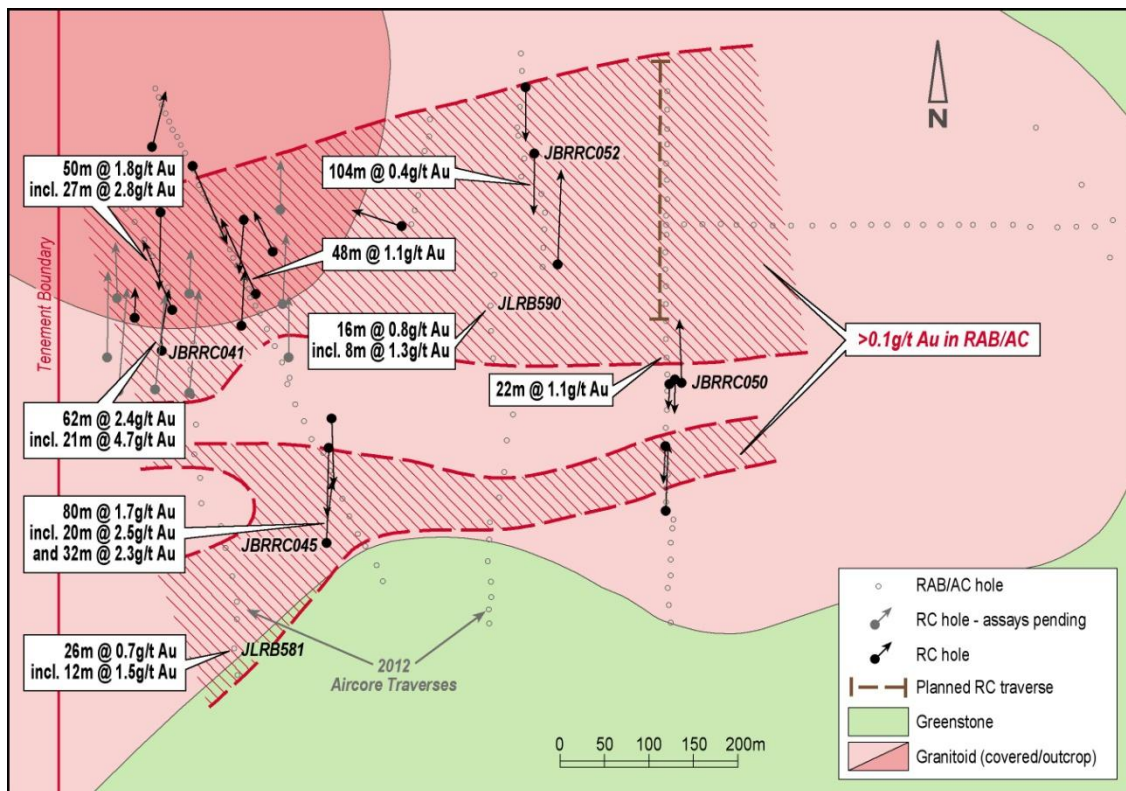


Figure 3: Jubilee Reef Project - Masabi Hill interpreted geology and better drill intersections

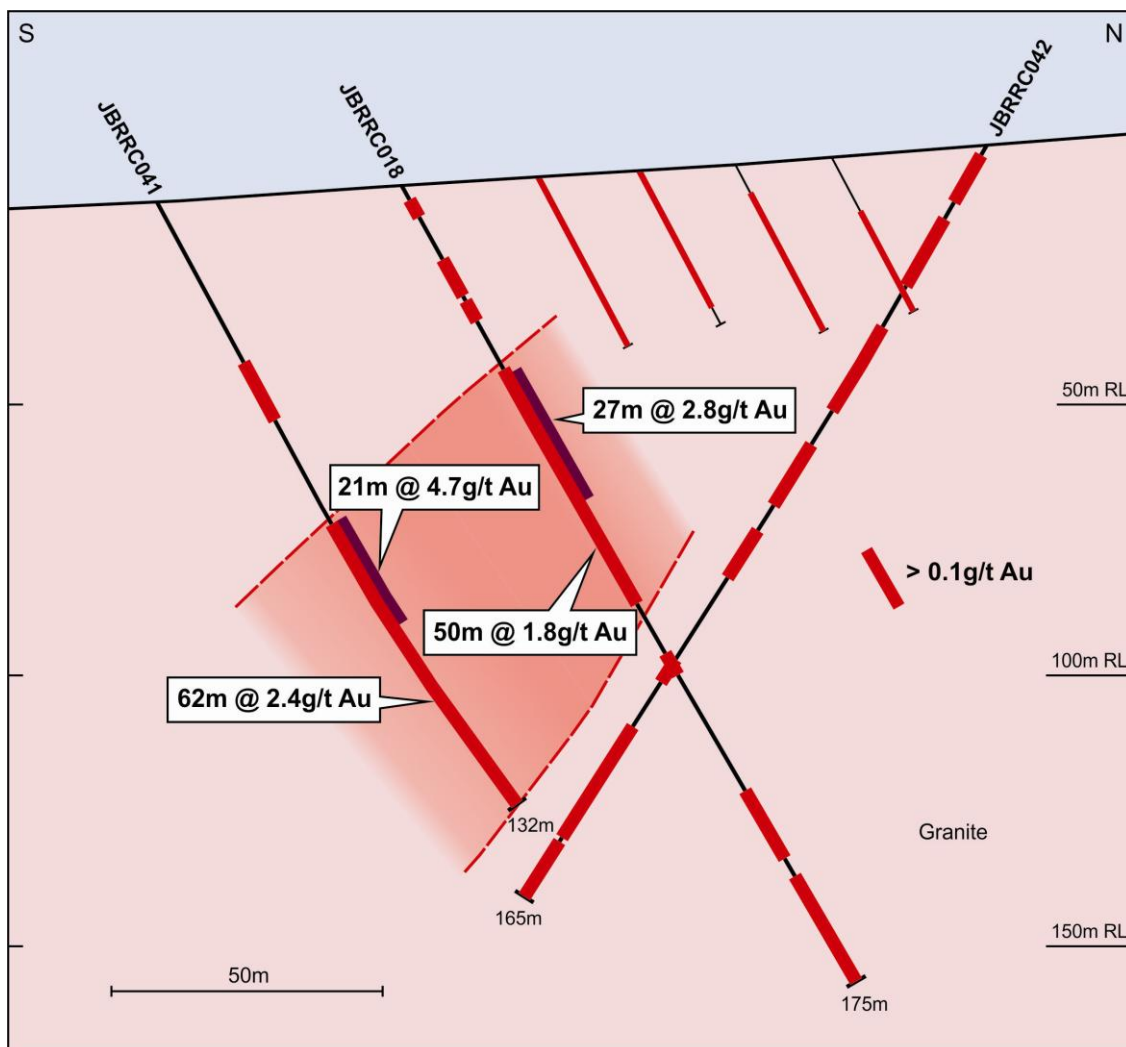


Figure 4: Jubilee Reef Project - Masabi Hill drill section 439030E/Central zone

JBRR045 is located approximately 250m south southeast of JBRR041 and is interpreted to have intersected a separate southern zone of mineralisation located close to the contact between the intrusion and adjacent greenstone units (*see Figures 3 and 5*). The mineralisation, which is hosted by a mixed sequence of mafic lithologies and intermediate to felsic granitoids, is completely obscured by barren, surficial sediments and the trend remains open in all directions.

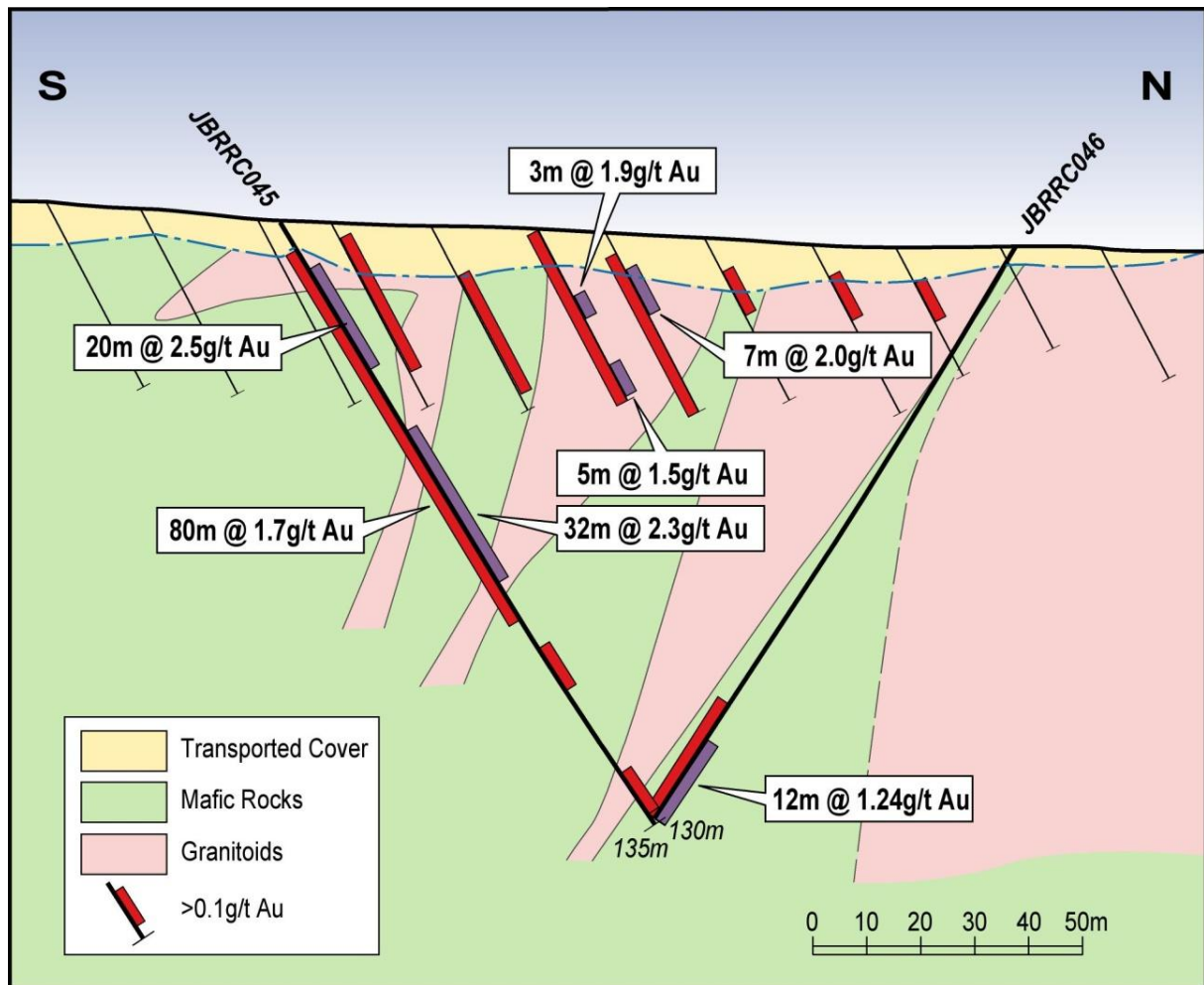


Figure 5: Jubilee Reef Project - Masabi Hill drill section 439220E/Southern zone

Two lines of shallow aircore holes were drilled across the southwest part of the Masabi Hill granitoid to better delineate the two mineralised trends partially defined by previous drilling. Sixteen of the twenty three holes drilled recorded anomalous gold (*see Appendix 2*) with better intersections being:

- **JLRB576**      14m @ 0.7g/t gold from 16m to eoh, including  
8m @ 1.1g/t gold from 20m
- **JLRB581**      26m @ 0.7g/t gold from 4m to eoh, including  
12m @ 1.5g/t gold from 16m
- **JLRB590**      16m @ 0.8g/t gold from 4m, including  
8m @ 1.3g/t gold from 12m

The intersections listed above (*see Figure 3*) have not been tested by the current RC program and are interpreted to be defining new zones of mineralisation which warrant follow up drilling.

The recent RC and aircore drilling, combined with previous results, indicate potential for the Masabi Hill prospect to host a large gold system with multiple zones of plus 1g/t gold mineralisation open along strike and at depth.

The current drilling program is scheduled to finish in mid-July with planned drilling to include diamond core holes twinning JBRR041 and JBRR045 and RC holes to test the eastern edge of the known gold

anomalism and for extensions of the mineralisation intersected in JBRR045. Results from this program will be used to plan further drilling which is scheduled to commence in late August.

## Other Prospects

The current drill program was originally designed to test targets at Chela, Panapendesa and Tembo prospects but follow-up drilling of intersections recorded in JBRR041 and JBRR045 at Masabi Hill was considered a higher priority. Six RC holes for 865m were drilled at Chela (assays pending) beneath historic RAB intersections; however, aircore drilling to define the limits of the mineralised zone at Chela and RC holes designed to follow up gold trends identified at Panapendesa and Tembo have been postponed until the next phase of drilling, which is scheduled to commence in August.

In addition to the recent drilling, a detailed aeromagnetic survey was flown across the JV area late in the Quarter. The data from the survey has not yet been received or interpreted but processing will be completed early in the September Quarter. The data will assist with the geological understanding of the Jubilee Reef project, which is largely covered by transported sediments and, in particular, hopefully define features within the covered portions of the Masabi Hill and Chela granitoids that may be related to gold mineralisation.

### 2. Mega Joint Venture Project (Liontown earning 75%)

*The Mega Joint Venture Project is located immediately southwest and along strike of the Jubilee Reef JV in northern Tanzania and is prospective for the same styles of gold mineralisation. Liontown has entered into an agreement with private company Tanzoz Minerals Ltd to earn up to 75% equity in the Project, by funding exploration activities for the next three years.*

The aeromagnetic survey flown across the adjacent Jubilee Reef Project also covered the Mega JV area which is almost entirely blanketed by transported soils and clays. Data from the survey will be used to site reconnaissance aircore traverses across the Mega tenement which has never previously been drilled.

### 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 6) 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) (see Figure 6). 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 Resources undertook drilling at 3 prospects during the Quarter with 15 holes drilled comprising 1,900m RC and 519.2m diamond core. All assays have been received with no significant results reported.

Target definition work is ongoing including infill and reconnaissance rock chip sampling across a number of prospects defined by an interpretation of geophysical and geological data.

### 4. Other North Queensland (Liontown 100%)

*Liontown has a number of wholly-owned properties located in North Queensland (see Figure 6) which are considered prospective for high-grade gold and silver deposits similar to those found elsewhere in the region such as Mt Leyshon and Pajingo.*

During the Quarter, Liontown agreed to incorporate the Panhandle and Keelbottom Projects in North Queensland into the existing Mt Windsor Joint Venture with Ramelius Resources Limited, which will ensure that a well funded and technically driven exploration program will continue on the Company's extensive land holdings (~4,000km<sup>2</sup>) in North Queensland. All exploration work on these projects in 2012 will be fully funded by Ramelius.

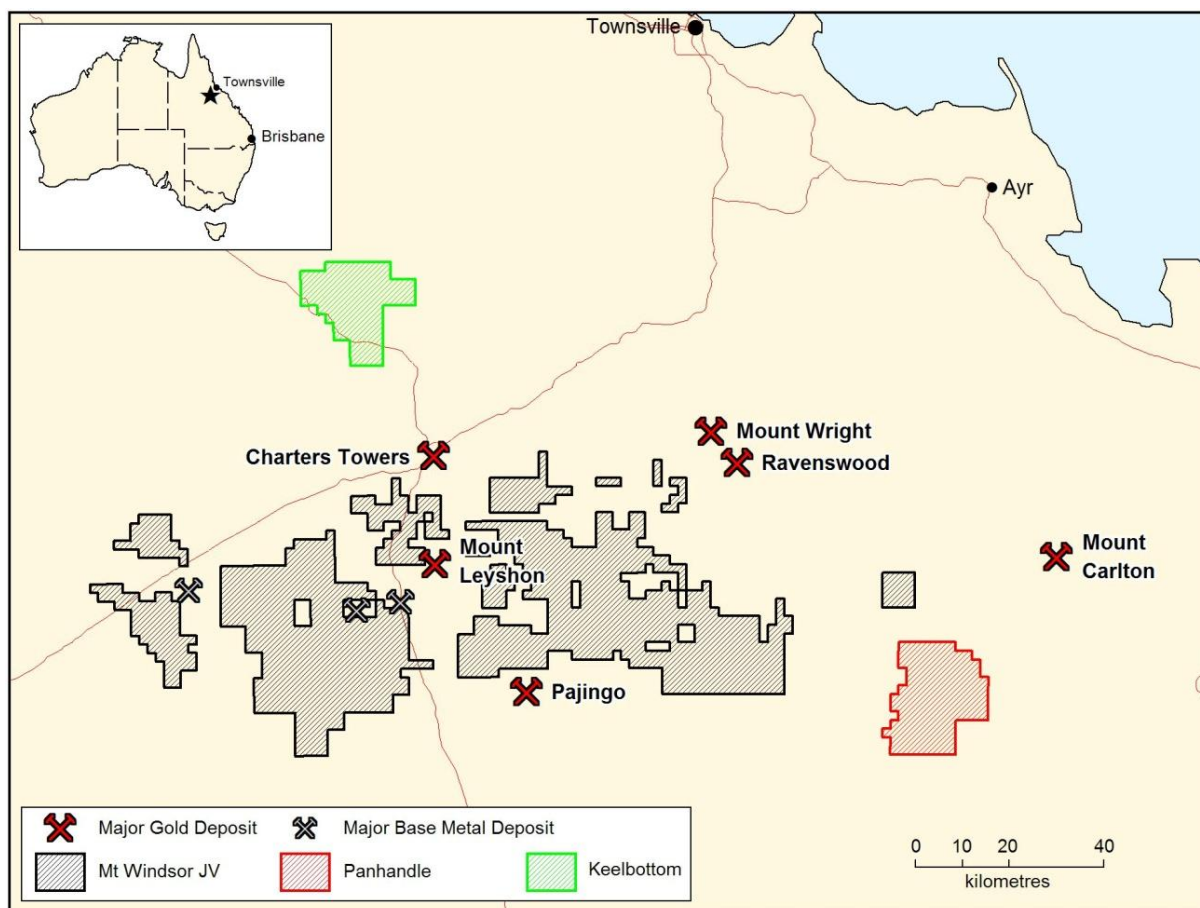


Figure 6: Lontown Resources Limited - North Queensland Projects

## 5. Corporate

At the end of the Quarter, Lontown's available cash was approximately \$1.5 million.

DAVID RICHARDS  
Managing Director

9<sup>th</sup> July 2012

*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.*



# APPENDIX 1: Masabi Hill – RC Drilling statistics

HOLEID	Easting	Northing	DEPTH	Significant Intersections (>0.1g/t Au)				Significant Intersections (>0.5g/t Au)			
				From	To	Interval	Grade	From	To	Interval	Grade
JLRR31	439155	9606320	100	3	18	15	0.63	13	17	4	1.14
				20	47	27	0.63	28	33	5	1.59
				62	80	18	0.90	62	73	11	1.12
JLRR9	439019	9606438	125	19	26	7	0.27				
				83	89	6	0.29				
				91	92	1	1.06	91	92	1	1.06
JRRC-1	439300	9606350	98	6	12	6	0.34				
				24	30	6	0.24				
				33	39	6	0.22				
				57	63	6	0.22				
				75	81	6	0.28				
JRRC-2	439000	9606245	65	0	33	33	0.70	6	27	21	0.93
				42	57	13	0.90	48	51	3	3.00
JBRR018	439042	9606254	175	2	36	34	0.63	4	6	2	1.32
								17	24	7	1.22
								26	29	3	0.98
				40	90	50	1.79	42	69	27	2.76
				99	108	9	0.89	80	87	7	1.09
								104	107	3	2.24
								138	144	6	1.20
								153	158	5	1.00
JBRR019	439136	9606272	175	0	48	48	1.05	9	46	37	1.30
				60	64	4	0.46				
				68	76	8	0.13				
				88	92	4	0.31				
				97	103	6	0.42				
JBRR020	439064	9606418	175	107	109	2	1.27	107	109	2	1.27
				128	140	12	0.88	130	131	1	6.28
				148	160	12	0.54				
JBRR041	439030	9606208	132	35	46	11	0.59	36	44	8	0.74
				70	132	62	2.37	70	91	21	4.66
								94	99	5	1.00
								102	132	30	1.40
JBRR042	439029	9606364	165	3	12	9	0.27				
				17	30	13	0.32				
				40	57	17	0.25				
				66	78	12	0.26				
				86	94	8	0.32				
				110	111	1	0.77				
				114	117	3	1.16	114	117	3	1.16
				129	152	23	0.50	133	137	4	1.49
JBRR043	439120	9606236	123	154	165	11	0.30				
				0	8	8	0.30	3	4	1	1.20
				40	45	5	0.23				
				48	85	37	0.48	49	55	6	1.08
				99	105	6	0.48	100	102	2	0.96
JBRR044	439123	9606356	129	112	119	7	0.57	114	115	1	1.65
				11	25	14	0.34				
				29	41	12	1.01	31	36	5	2.08
				18	36	18	0.36	53	55	2	1.28
				66	73	7	0.86	70	72	2	2.38
				80	84	4	0.63	82	83	1	1.41
				89	100	11	0.27				
				105	111	6	0.18				



**APPENDIX 1 (cont): Masabi Hill – RC Drilling statistics**

HOLEID	Easting	Northing	DEPTH	Significant Intersections (>0.1g/t Au)				Significant Intersections (>0.5g/t Au)			
				From	To	Interval	Grade	From	To	Interval	Grade
JBRR045	439216	9605991	135	8	88	80*	1.73	12	32	20*	2.52
								48	80	32*	2.34
				96	104	8*	0.27				
JBRR046	439222	9606131	135	124	128	4*	1.27	124	128	4*	1.27
				48	51	3*	0.3				
				54	57	3	0.66	56	57	1	1.16
				62	66	4*	0.43				
				89	93	4*	0.22				
JBRR047	439600	9606027	140	101	130	29*	0.62	113	125	12*	1.24
				104	112	8*	0.82	108	112	4*	1.43
				120	128	8*	0.3				
JBRR048	439602	9606171	39	Hole abandoned before reaching target depth							
JBRR049	439610	9606176	79	Hole abandoned before reaching target depth							
JBRR050	439617	9606172	130	24	28	4*	0.29				
				56	60	8*	0.89	52	56	4	1.38
				84	100	16*	0.88	84	96	12	1.11
				124	128	4*	0.69	124	128	4	0.69
JBRR051	439477	9606305	190	84	92	8*	0.44				
				108	112	4*	2.12	108	112	4*	2.12
				164	168	4*	0.36				
				180	188	4*	0.25				
JBRR052	439451	9606431	120	16	120	104*	0.35	16	32	16	0.76
								88	92	4	0.9
JBRR053	439441	9606506	112	8	28	20*	0.27				
				56	76	20*	0.3				
JBRR054	439598	9606101	84	20	36	16*	0.3				
JBRR061	438980	9606267	100	Assays pending							
JBRR062	438970	9606201	150								
JBRR063	438983	9606161	200								
JBRR064	439062	9606273	80								
JBRR065	439064	9606161	200								
JBRR067	439174	9606201	124								
JBRR068	439166	9606260	134								
JBRR069	439164	9606371	90								
JBRR070	439220	9606098	187								

\* 3-4m composite samples

## APPENDIX 2: Masabi Hill – Aircore Drilling statistics

HOLEID	Easting	Northing	DEPTH	Significant Intersections (>0.1g/t Au)				Significant Intersections (>0.5g/t Au)			
				From	To	Interval	Grade	From	To	Interval	Grade
JLRB569	439113	9605904	11	4	8	4	0.12				
JLRB570	439113	9605924	32	12	16	4	0.18				
JLRB571	439108	9605955	20	4	8	4	0.13				
				16	20	4	0.22*				
JLRB572	439102	9605984	20	12	20	8	0.56*	16	20	4	0.72*
JLRB573	439096	9606009	20	NSA							
JLRB574	439074	9606035	20								
JLRB575	439066	9606091	30	24	28	4	0.65*	24	28	4	0.65*
JLRB576	439066	9606155	30	4	12	8	0.12				
				16	30	14	0.72*				
JLRB577	439064	9606184	30	20	24	4	0.25				
JLRB578	439067	9606215	30	28	30	2	1.93*				
JLRB579	439069	9606123	30	NSA							
JLRB580	439074	9606064	30								
JLRB581	439111	9605871	30	4	30	26	0.79*	16	28	12	1.51
JLRB582	439115	9605842	36	20	28	8	0.26				
JLRB583	439409	9606043	42	16	20	4	0.15				
JLRB584	439415	9606072	30	NSA							
JLRB585	439418	9606109	30								
JLRB586	439425	9606135	30	8	12	4	0.56	8	12	4	0.56
JLRB587	439406	9606169	24	NSA							
JLRB588	439403	9606199	24	8	12	4	0.12				
JLRB589	439401	9606231	24	12	24	12	0.20*				
JLRB590	439400	9606259	24	4	20	16	0.75	12	20	8	1.29
JLRB591	439404	9606295	24	0	8	8	0.19				
				12	24	12	0.32*				