
Exco to Joint Venture with Liontown at Fort Constantine South

- Fort Constantine South tenements strategically located adjacent to Exco's flagship E1 Camp, and Xstrata's Ernest Henry Mine
- Exco to spend \$1.2 million to earn an initial 51% interest in the Joint Venture

Liontown has entered into an agreement with Exco Resources Limited over the Company's Fort Constantine South (FCS) Project area, south-east of the Ernest Henry Mine, in north-west Queensland (see Figure 1) pursuant to which Exco can earn up to a 70% interest in the project. The Project area encompasses two tenements; EPM 10601 and EPM 15004.

The key terms of the arrangement are as follows;

1. Liontown has granted Exco a 12-month option period during which Exco will commit to spend a minimum of \$200,000 on the tenements in order to identify and test prospective exploration anomalies.
2. Upon exercise of its option Exco may elect to commit to spend a further \$1,000,000 on the tenements over the next 18 months in order to earn a 51% interest.
3. Exco may elect to commit to an additional \$2,000,000 in the subsequent 2 years to go to 70%.

Previous exploration on the FCS tenements has identified a number of prospective geophysical anomalies, which have been the subject of only limited drill testing. Given the residual potential which exists, and the strategic location of the tenements, adjacent to Exco's flagship E1 Camp, and Xstrata's Ernest Henry Mine, Exco intends carrying out further drill testing as part of its ongoing exploration and resource development programs.

Liontown looks forward to establishing a working relationship with Exco, and to keeping shareholders informed of developments on the Joint Venture.



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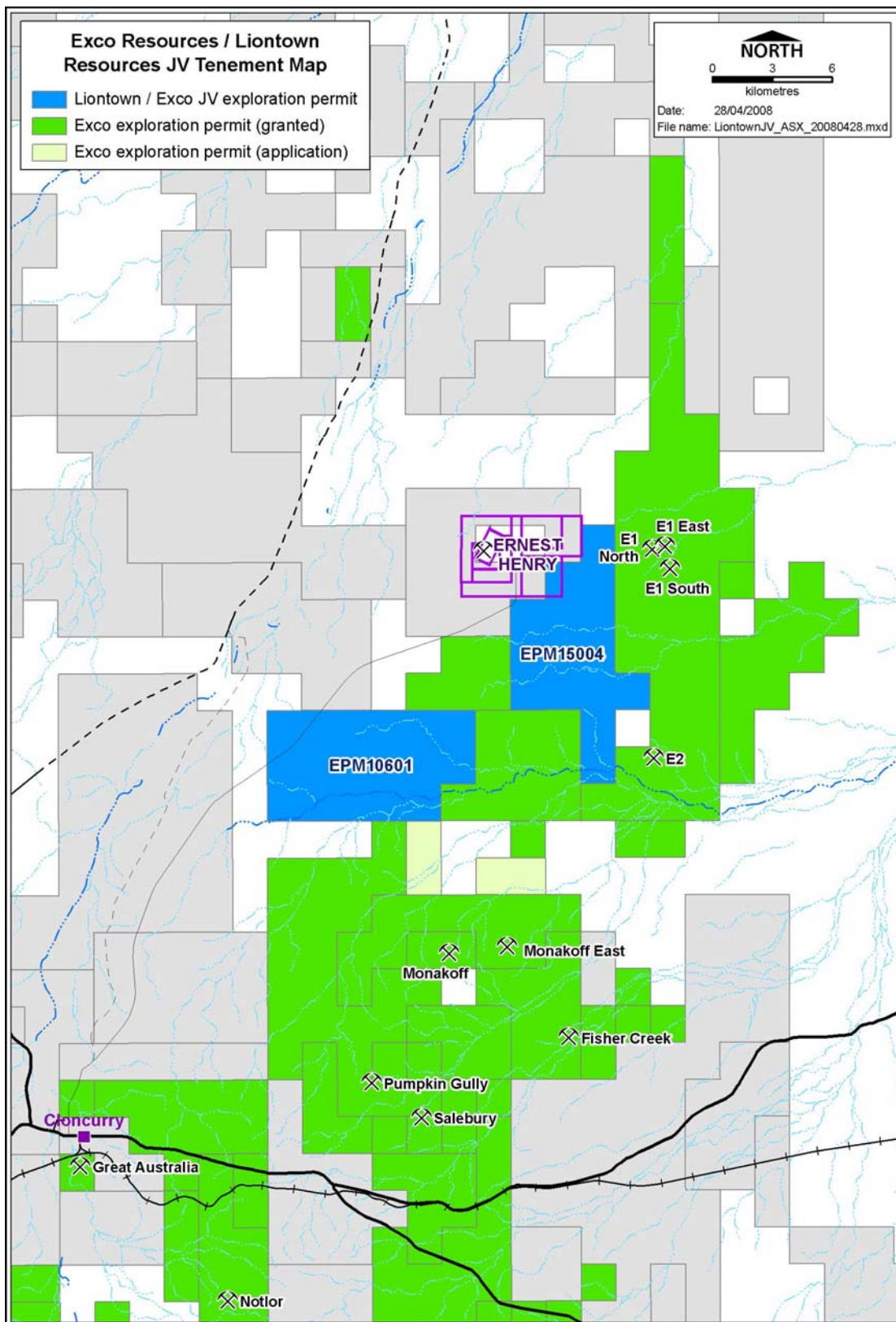


Figure 1: Exco ground position around the Ernest Henry Mine showing the location of key deposits & prospects including the new Exco / Liontown JV tenements.