

ASX ANNOUNCEMENT

Liontown expands North Queensland gold portfolio

New tenement acquired in prospective Panhandle Project area



- *New 51km² tenement acquired from privately owned company Sexton Developments*
- *Gold-silver bearing fault structure identified*
- *Acquisition further expands strategic land position in major North Queensland gold province*
- *Soil sampling and mapping to commence in September to define initial drill targets*

Liontown Resources Limited ("Liontown"; ASX: LTR) is pleased to announce the acquisition of a new highly prospective gold exploration tenement in the Charters Towers goldfield of North Queensland, further strengthening its strategic footprint in this prolific gold district to over 5,000km².

The Company is acquiring the 51km² tenement (EPM 16213) from privately owned company Sexton Developments Pty Ltd ("Sexton") for a consideration of 1 million shares.

The new purchase follows the acquisition of the nearby tenement EPM 14762, located immediately to the northeast, from Newmont Exploration in June 2010.

The two tenements comprise part of Liontown's Panhandle Project area, where the Company now has a contiguous land position covering an area of approximately 1,150km², 150km south southeast of Townsville (*Figure 1*).

The Panhandle Project area lies some 40km east of Liontown's 3,500km² Mt Windsor Project Group, where the Company concluded a \$7 million Farm-in Joint Venture with Ramelius Resources Limited earlier this year.

Previous exploration on the newly acquired tenement in the 1980s identified the Powerline prospect (see *Figure 2*) where rock chip sampling recorded up to 1g/t Au, 350g/t Ag, 3.7% Pb, 2.2% As and 850ppm Sb spatially associated with a 500 metre long faulted contact zone. Check sampling by Liontown has confirmed the strongly anomalous multi-element geochemistry but there has been no follow up soil sampling or drilling in the immediate area.

Regional geophysical and geological data indicate that the lithological contact associated with the mineralisation at Powerline extends north-south for at least 8 kilometres within EPM 16213 (*Figure 2*) and systematic soil sampling and mapping is planned to define targets for possible drill testing. The initial phase of work is scheduled for mid-September.

The Powerline prospect is interpreted to be in the southern extension of a structural corridor that also includes the Quartz Ridge prospect in EPM 14762 (see ASX release 7th June 2010).

Mapping and soil sampling is in progress at Quartz Ridge to assess a number of anomalies defined by an Induced Polarisation geophysical survey. Previous exploration at Quartz Ridge has recorded rock chip values up to 9g/t gold and 205g/t silver associated with a poorly exposed zone of low sulphidation epithermal quartz veining.

The Panhandle Project is located in the same geological province that hosts the multi-million ounce Charters Towers, Mt Leyshon, Pajingo, Ravenswood, Mt Wright and Mt Carlton gold deposits (see *Figure 1*).

Liontown has built a dominant land position (>5,000km²) in this well endowed Australian gold province (>15Moz) and has expended significant effort developing an understanding of the controls on gold mineralisation to assist in guiding its exploration efforts.

A handwritten signature in dark ink, reading "David Richards". The signature is written in a cursive style with a large, sweeping flourish at the end.

DAVID RICHARDS
Managing Director

31 August 2010

The information in this report that relates to Exploration Results is based on information compiled by Mr David Richards, a full time employee of Liontown 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 qualify 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 and context in which it appears here.

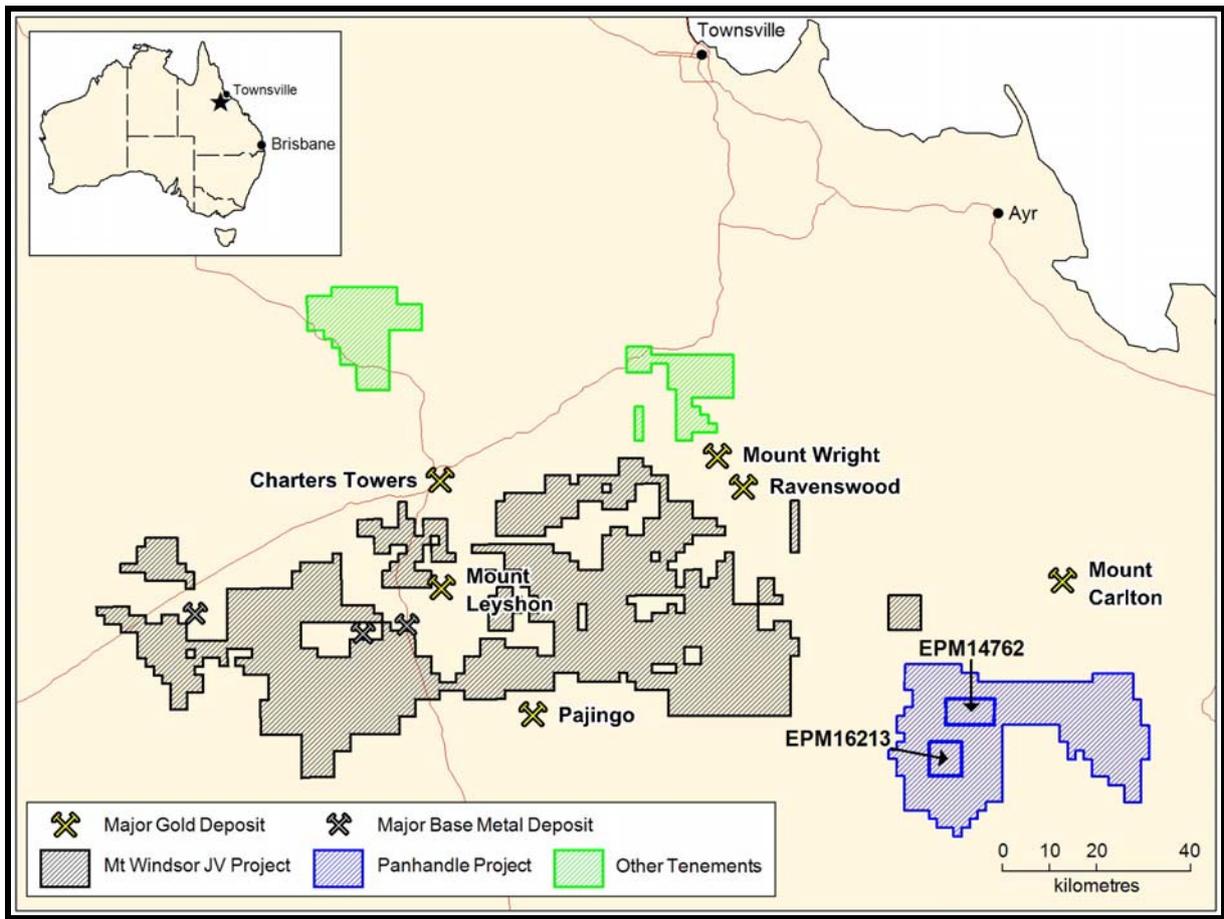


Figure 1: Liontown tenure in North Queensland

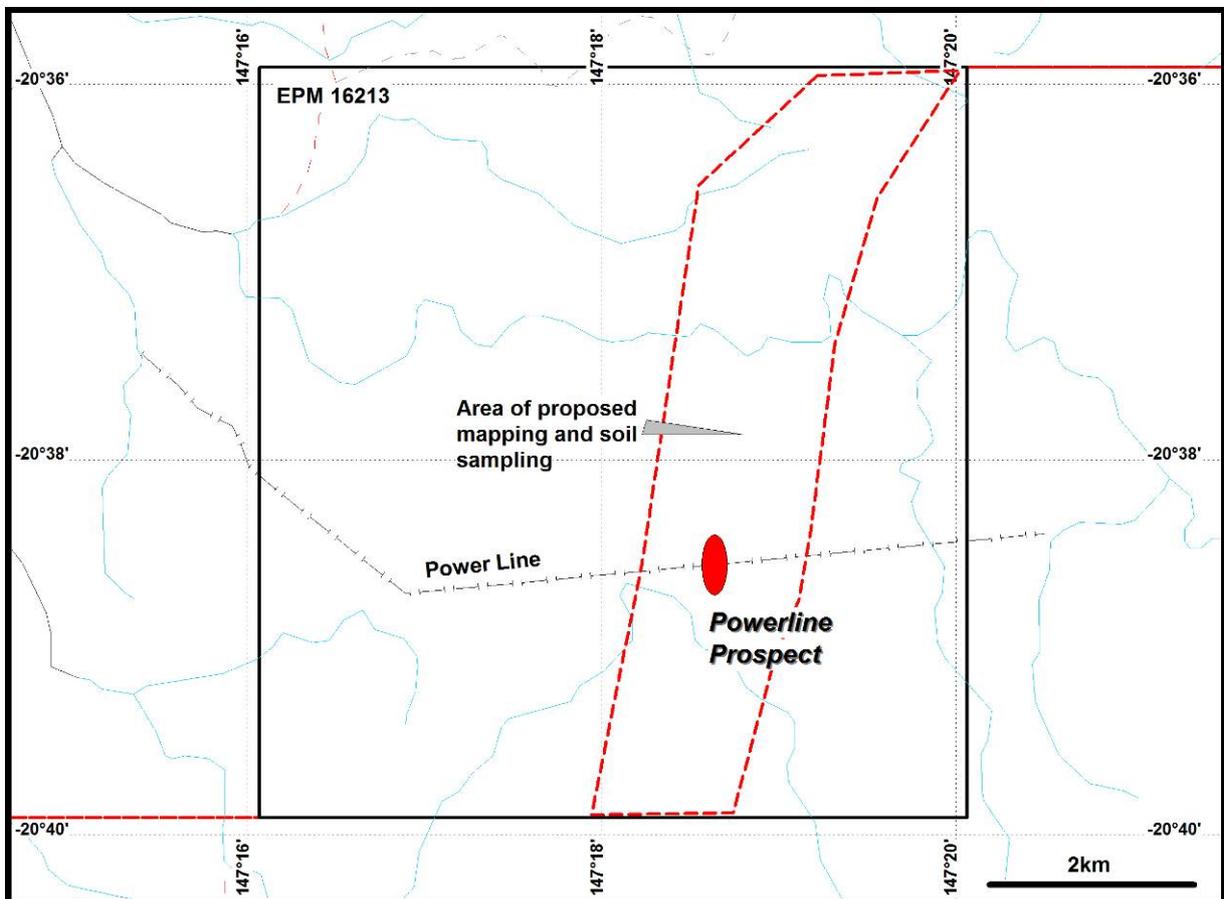


Figure 2: EPM 16213 - Powerline Prospect and proposed work area