

Liontown Resources Limited (ASX: LTR)
Flash Note - Liontown Continues to Deliver

November 28, 2019

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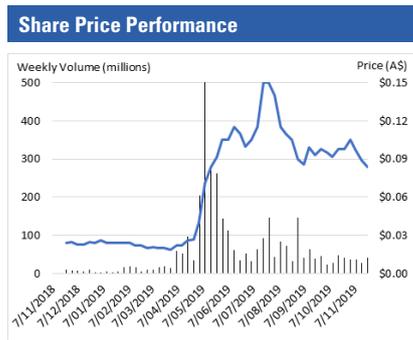


Note: This note is based on information provided by the company as at 28 November, 2019.

Investment Profile	
Share Price - 28 Nov, 2019	A\$0.085
12 month L/H	A\$0.019/ 0.18
Issued Capital:	
Ordinary Shares	1,689 m
Unlisted Options	71.6 m
Inc In Money Options	63.6 m
Diluted for In Money Options	1,753 m
Market Capitalisation - UD	A\$143.6 m
Cash - 30/9/19	A\$15.61 m
Potential Cash From Option Conversion	A\$1.94 m
Cash Including Option Conversion	A\$17.55 m

Board and Management	
Mr Tim Goyder: Chairman	
Mr David Richards: Managing Director	
Mr Craig Williams: Non-Executive Director	
Mr Anthony Cipriano: Non-Executive Director	
Mr Stephen Chadwick: Non-Executive Director	
Mr Richard Hacker: Chief Financial Officer	
Mr Craig Hasson: Finance Manager/Company Secretary	

Major Shareholders	
Mr Tim Goyder	17.3%
Board and Management	20.0%
Top 20	45%



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WORLD CLASS KATHLEEN VALLEY LITHIUM PROJECT CONTINUES TO GROW

- Recent results from ongoing drilling at Kathleen Valley have highlighted the potential to grow the Mineral Resource Estimate (“MRE”) of 74.9 Mt @ 1.3% Li₂O and 140 ppm Ta₂O₅, for 970 kt of contained Li₂O - results include 55 m @ 1.7% Li₂O from 301 m in the western feeder to the deposit.
- This drilling is testing the Exploration Target of 25 Mt to 50 Mt @ 1.2% to 1.5% Li₂O, with the deposit open along strike and down dip.
- Kathleen Valley is already highly ranked in terms of tonnage, grade and contained lithium; it is the fifth largest Resource in Australia and also one of the largest Resources globally in terms of contained Li₂O that is either not currently supporting an operation or being developed.
- Importantly, ongoing metallurgical test work has produced potentially saleable concentrates with grades of up to 6.2% Li₂O, - metallurgy is a key factor in the success or otherwise of spodumene operations, and the ability to produce a premium +6% Li₂O premium concentrate has a significant effect on the revenue of any potential operation.
- The Project is located over granted mining leases in a well serviced mining district of Western Australia, the dominant producer of spodumene concentrates in the Western World.
- Activities are now concentrated on a Pre-Feasibility Study (“PFS”) due for completion this quarter, with this then planned to roll into a Definitive Feasibility Study (“DFS”) - the potential viability of an operation was shown in the early 2019 Scoping Study which was based on the 2018 initial MRE of 21.2 Mt @ 1.37% Li₂O.
- The PFS will be based on the current MRE, and will result in initial open cut Ore Reserves; the DFS will be based on an expanded MRE that will incorporate the results of current drilling, and will look at both open cut and underground operations.
- Liontown has also recently released an initial MRE of 14.9 Mt @ 0.97% Li₂O and 44 ppm Ta₂O₅, for 145 kt of contained Li₂O for the Buldania Lithium Project, complementing the flagship Kathleen Valley Lithium Project - preliminary metallurgical test work has shown the potential to produce a +6% Li₂O concentrate.
- With A\$15.6 million in the bank as of September 30, 2019, the Company has sufficient cash to complete the Kathleen Valley DFS without having to go back to the market.
- We would expect positive newsflow over the coming twelve months as Liontown heads towards completion of the Kathleen Valley DFS.

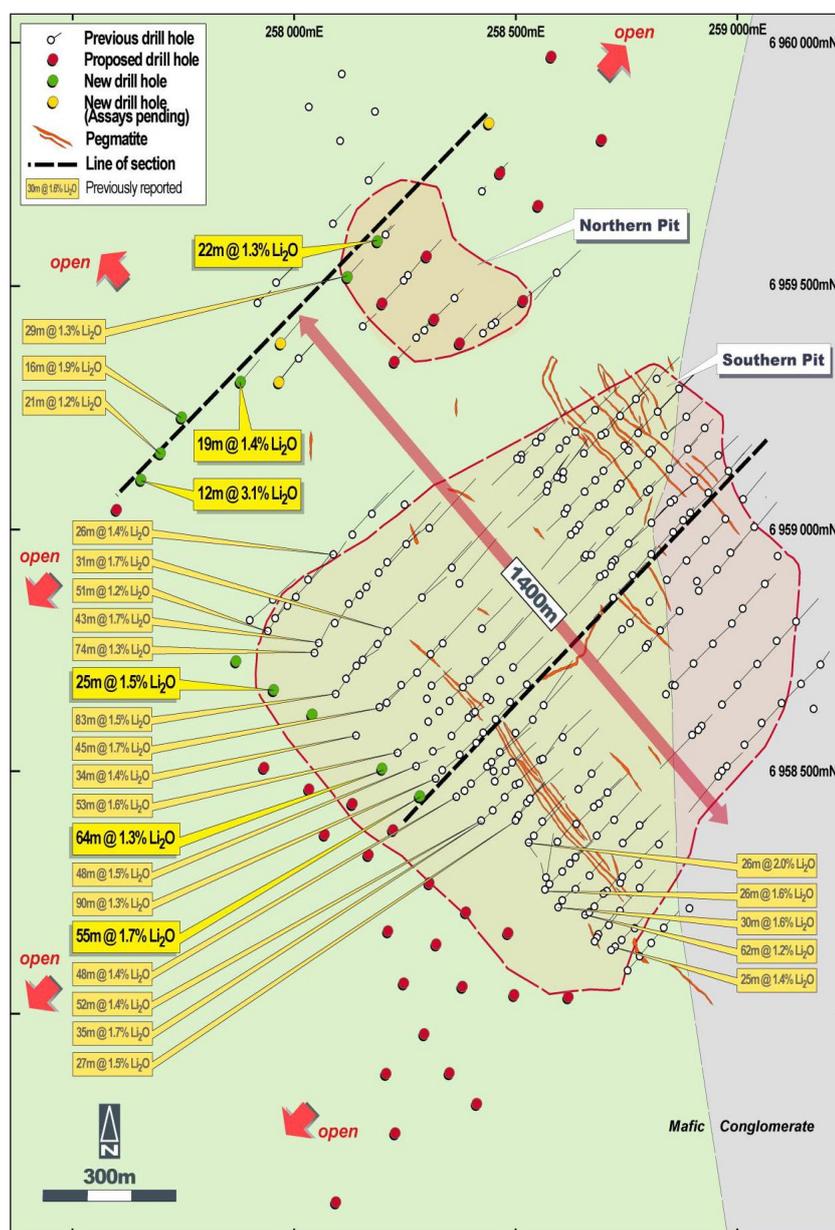
IIR’S COMMENTS

- Although recent times have seen difficulties in the lithium industry due largely to supply/demand imbalances in what is largely an immature industry (highlighted by curtailing of production by a number of the Australian spodumene producers), we would expect that these issues to wash out over the coming few years, and prices to recover largely driven by the expected strong interest in demand for electric vehicles.
- As such, Liontown is ideally placed with Kathleen Valley, with recent work highlighting the quality of what we consider to be world class deposit, which should be able to support a long term operation.
- Although of lower grade and tonnage, Buldania is also of a tenor similar to other development projects globally, and thus is itself a valuable asset with room to grow.
- A key strength of Liontown is the quality of the board and management; this is also reflected in the support that they have for the Company, as demonstrated in their take up in the recent placement, and ~20% holding in the Company - the placement also leaves Liontown well cashed up to complete the Kathleen Valley DFS.

Kathleen Valley

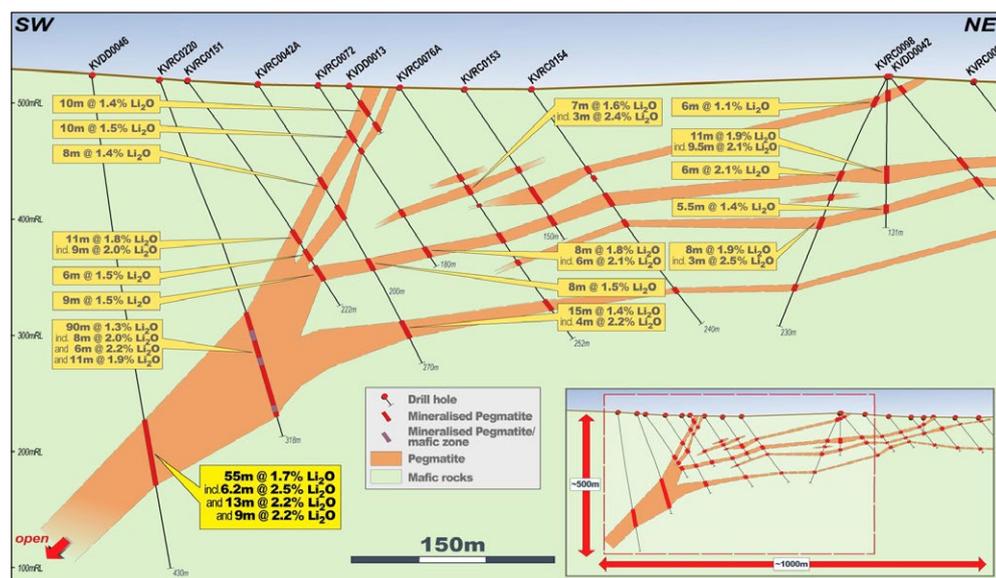
- ◆ LioneTown has made significant progress on its 100% Western Australian lithium projects since our July 2019 Flash Note. In particular, ongoing drilling at Kathleen Valley (located ~350 km NNW of Kalgoorlie) has confirmed the potential to significantly expand the Resource, with the results of this work to date confirming the presence of high grade mineralisation within areas covered by the Exploration Target, including down dip within the thick, high grade feeder at the western side of the deposit and down dip of shallow high grade mineralisation in the North-Western Zone (Figures 1 and 2).
- ◆ Although a 15,000 m expansion drilling programme was initially planned for Kathleen Valley, it is expected that this will now be expanded given the results of the 6,359 m drilled as of the ASX release of November 5, 2019 - as of that date work had brought total drilling at Kathleen Valley to 51,309 m in 323 holes. The current programme has also included a number of geotechnical holes, which have not raised any concerns about ground conditions.
- ◆ The near term target is the completion of the PFS by the end of the year, which will use the current MRE, and include the booking of initial open cut Ore Reserves. This will also incorporate the results of the geotechnical work and ongoing metallurgical testwork, which has highlighted the potential to produce a +6% Li₂O, low contaminant spodumene concentrate.

Figure 1: Kathleen Valley plan showing drilling and pit outlines based on the 2019 MRE



Source: LioneTown release, 05/11/2019

Figure 2: Cross section looking NW - section line is shown on Figure 1 - this highlights the thick feeder zone.



Source: Liontown release, 05/11/2019

- ◆ It is expected that the PFS will flow into the DFS, which is expected to be completed by the end of 2020. This will incorporate an updated MRE, which will include the results of the current drilling, and look at both open cut and underground operations - as such it will include updated open cut Ore Reserves and initial Underground Ore Reserves.

Buldanía

- ◆ Subsequent to our July note, the Company has also released an initial MRE for Buldanía, located east of Norseman in southern Western Australia, in the same region that hosts the Mt Marion and Bald Hill lithium deposits.
- ◆ Buldanía includes 14.9 Mt @ 0.97% Li_2O and 44 ppm Ta_2O_5 (Table 1), with 61% in the Indicated category - Table 1 also shows the current Kathleen Valley MRE and the Company's total mineral inventory of 1.1 million tonnes of contained Li_2O .

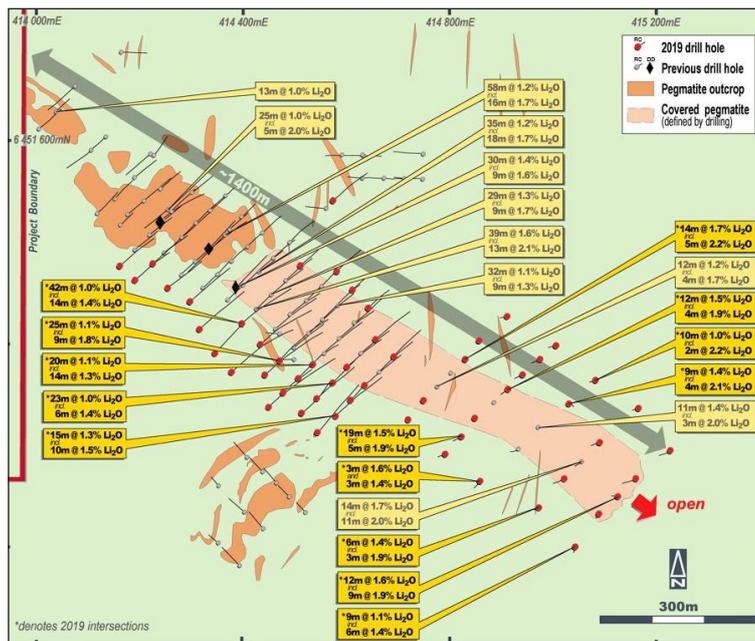
Table 1: Liontown MRE

Liontown MRE				
Kathleen Valley				
Cut-off grade Li_2O %	Resource Category	Million tonnes	Li_2O %	Ta_2O_5 ppm
0.5	Measured	17.6	1.3	160
	Indicated	42.2	1.3	140
	Inferred	10.1	1.1	150
	Sub-total	69.9	1.3	150
0.7	Indicated	2.5	1.4	120
	Inferred	2.5	1.3	110
	Sub-total	5	1.4	110
Total Kathleen Valley		74.9	1.3	140
Anna Deposit, Buldanía				
0.5	Measured	0	0	0
	Indicated	9.1	0.98	45
	Inferred	5.9	0.95	42
Total Buldanía		14.9	0.97	44
Total Mineral Inventory				
Various	Measured	17.6	1.3	160
	Indicated	53.8	1.3	123
	Inferred	18.5	1.1	110
Total Combined		89.9	1.2	128

Source: Liontown, note rounding

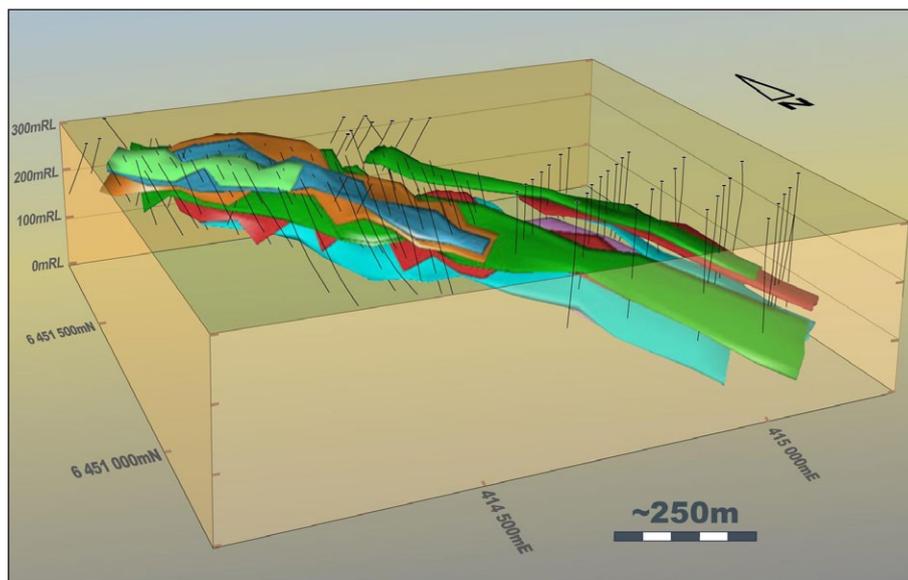
- ◆ The Anna deposit at Buldania, which complements the flagship Kathleen Valley deposit, comprises eight drilled mineralised spodumene bearing lithium-caesium-tantalum (“LCT”) type pegmatites, with individual intersected thicknesses of up to 35 m (with an average of 3 m to 9 m), and an average combined intersected thickness of 26 m.
- ◆ The pegmatites (which are open to the SE) strike NW (Figures 1 and 2), with sub-horizontal dips in the NW and which steepen in the SE, with dips of up to 65° to both the east and west in the SE of the deposit - pegmatites have been over an area of 1,300 m x 380 m, and to a depth of 300 m.
- ◆ Drilling has included 133 RC holes for 21,218 m and three diamond holes for 548.5 m.
- ◆ Preliminary metallurgical testwork has been carried out on ~300 kg of samples, with this giving comminution results typical of those for spodumene bearing pegmatites, and combined DMS and flotation results showing a 60% recovery to a +6% concentrate.

Figure 3: Buldania deposit plan showing details of drilling.



Source: Liontown release, 08/11/2019

Figure 4: Isometric view of Buldania showing mineralised lenses



Source: Liontown release, 08/11/2019

Corporate

- ◆ In the September 2018 quarter the Company raised A\$18 million at A\$0.12/share through a placement to professional and sophisticated investors - this included A\$1.43 million in shares taken up by directors and associates, highlighting the support by the directors.

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