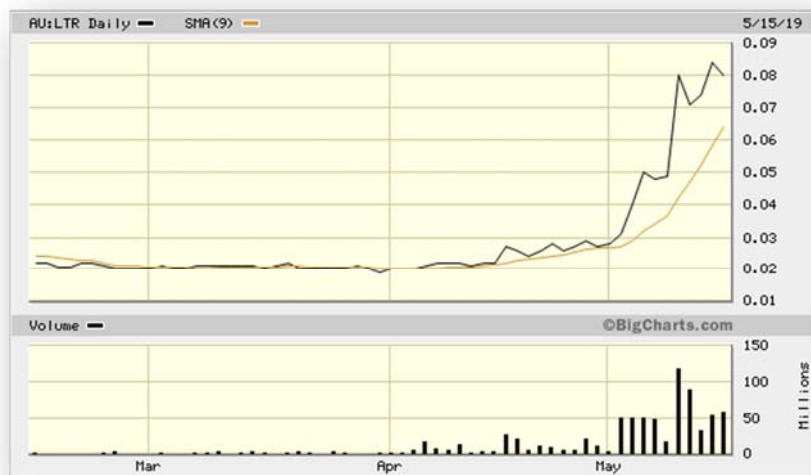


Wednesday 15th May, 2019

Portfolio Stock Update

Liontown Resources - (ASX: LTR, Share Price: \$0.08, Market Cap: \$121m – coverage initiated @ \$0.025 in February 2019 – *current gain of 220%*)



Key Catalyst

Latest drilling results highlight that the thick, high-grade zone formed by the coalescing of the Kathleen's Corner and Mt Mann pegmatite swarms, extend for a further 600m to the northwest.

LTR has broken out of its trading range between \$0.02 and \$0.03 over the past 12 months in spectacular fashion, with the market finally appreciating the significance of the high-quality exploration results from its Kathleen Valley lithium project in Western Australia, which suggest a more-than-doubling of the current lithium resource base. As previously discussed, LTR's management approach has essentially been low-key, allowing results to speak for themselves. A positive Scoping Study released during January 2019 highlighted the potential for a viable stand-alone lithium mining and processing operation at Kathleen Valley, with a full DFS set for release during early 2020. In the meantime, ongoing drilling results have captured the market's imagination, particularly in light of the latest corporate activity within the Western Australian lithium sector, with Wesfarmers proposing a \$776m takeover offer for Kidman Resources.

Latest Activity

Kathleen Valley Project Update

LTR has over recent months released a series highly encouraging assay results from ongoing resource expansion drilling activity at its 100%-owned Kathleen Valley Lithium Project in WA. The results have delivered thick, high-grade mineralised intercepts that continue to extend the mineralisation to the northwest, well beyond the current Resource boundary.

Results for holes KVR0211 and KVR0218 have confirmed the north-western strike continuity of the recently reported, best-ever intercept of 52m @ 1.4% Li_2O in KVR0204. Latest drilling intersections include 18m @ 1.6% Li_2O from 189m in hole KVR0208 and 48m @ 1.4% Li_2O from 242m in hole KVR0211.

It's fair to say these latest assays highlight the potential to substantially increase the current Mineral Resource Estimate (MRE) of 21.2Mt at 1.4% Li_2O and 170ppm Ta_2O_5 , well beyond the current resource boundaries.

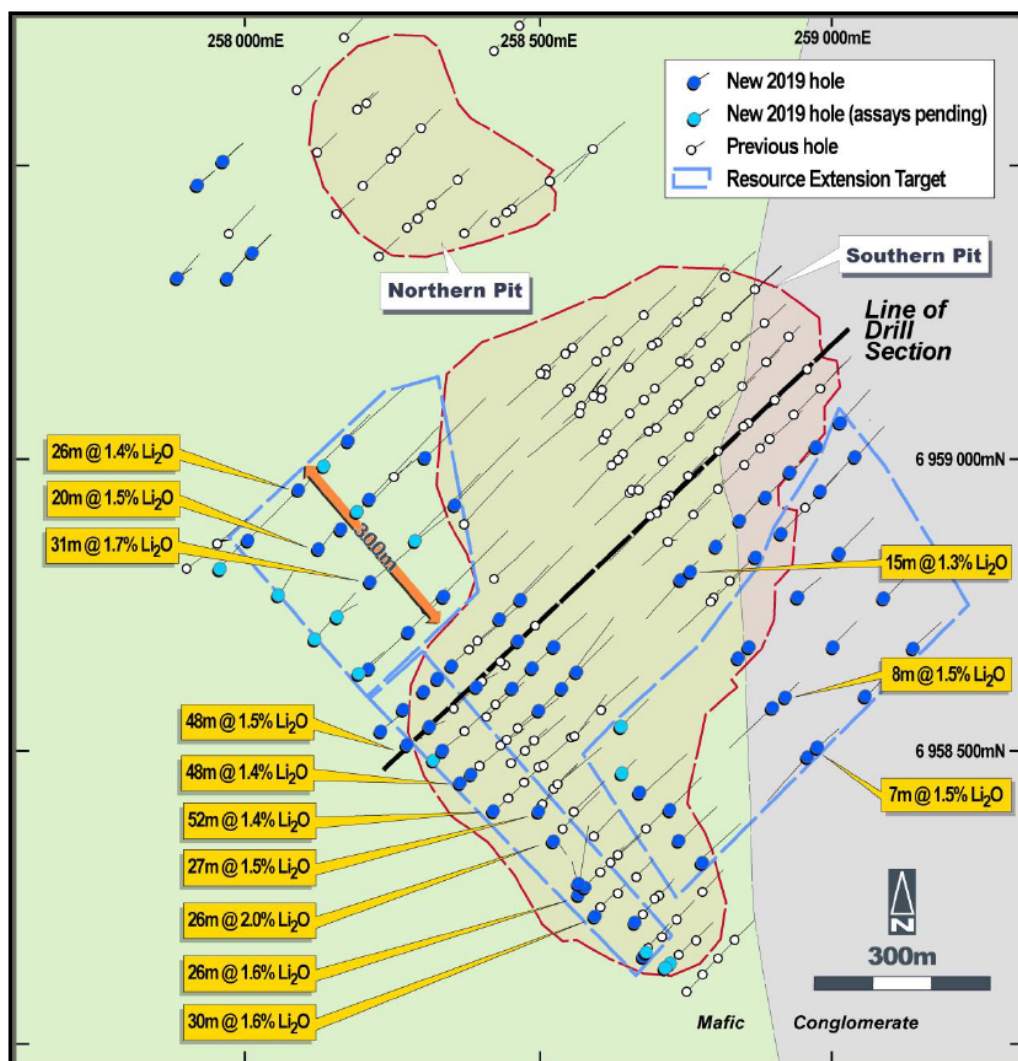


Figure 1: Kathleen Valley – Drill hole plan showing better lithium intersections from 2019 drilling program.

Technical Significance

At the time of our previous note on 29th April, LTR was trading at \$0.029 and has since hit a high of \$0.092 over recent days – a gain of more than 200% in just a couple of weeks.

LTR's share price performance has been driven by greater market understanding of the significance of the latest drilling results, which are all located outside of the current conceptual Kathleen Valley open-pit (which is based on the maiden Mineral Resource Estimate released during September 2018 and the Scoping Study released during January 2019).

The latest assay results in combination with geological logging, indicate that the shallow-dipping Kathleen's Corner pegmatites are merging with the Mt Mann pegmatites at depth to form a thick (>30m), moderately-dipping (~40°) pegmatite body. This zone extends over a strike length of at least 600m and remains open to the northwest and at depth.

Furthermore, the latest data supports LTR's enhanced Exploration Target of 19 – 31Mt @ 1.2 – 1.5% Li₂O, as covered in our previous note. This target is in addition to the maiden MRE of 21.2Mt @ 1.4% Li₂O and, if successfully converted to JORC-compliant Mineral Resources, could substantially extend the potential mine life (doubling or even more).

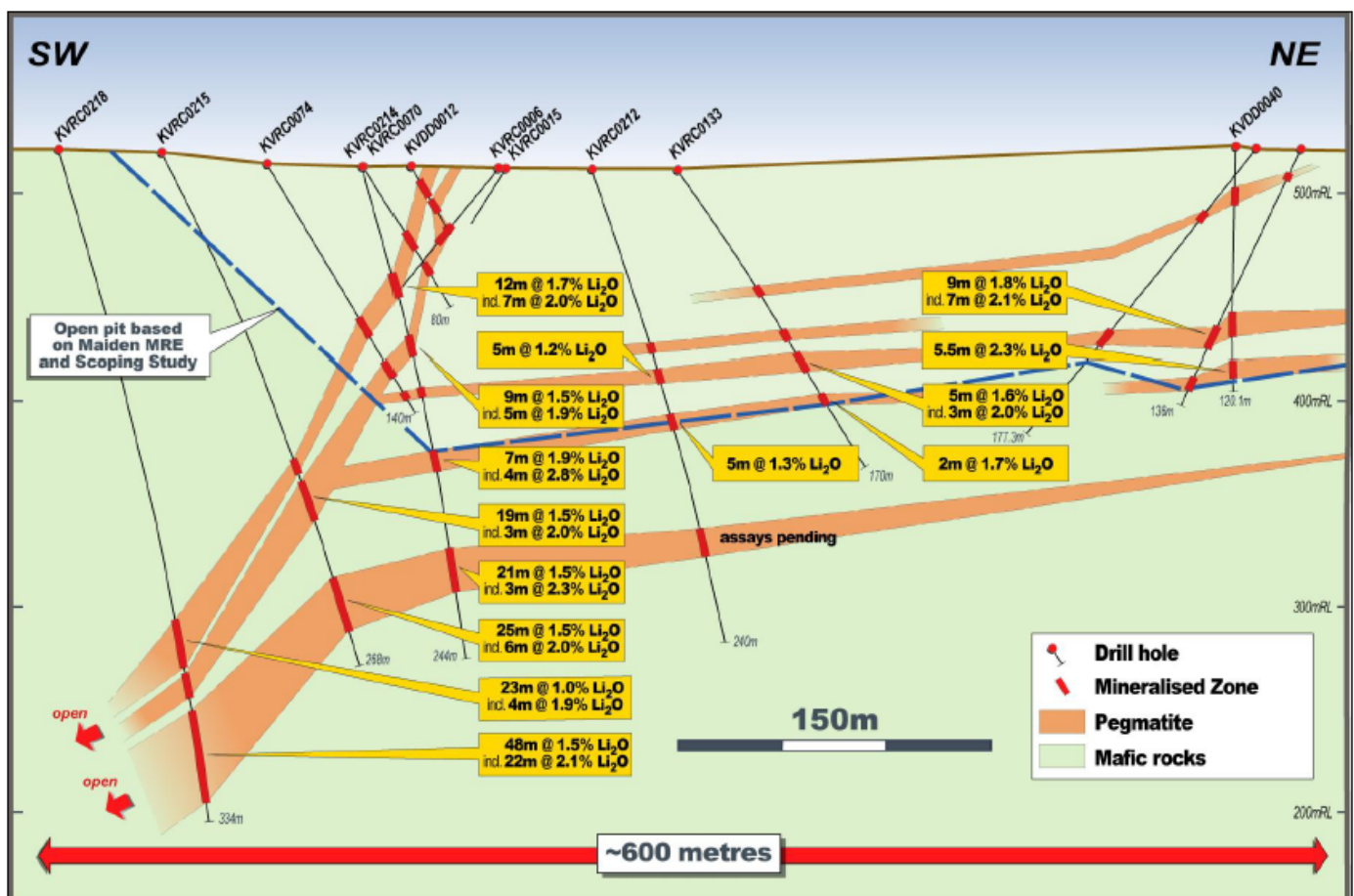


Figure 2: Kathleen Valley – Drill section showing mineralised pegmatites and better lithium intersections.

Next Steps

A further 2,600m of RC drilling is planned, with three RC rigs now operating and the program expected to take 1-2 weeks to complete. The current program is designed to increase both the size of, and confidence in, the existing MRE by drilling immediately along strike, down-dip and between previous intersections.

Since drilling re-commenced in February 2019, a further 91 RC holes have been drilled, including five re-entries, for 18,164m. This brings the total amount of drilling completed by LTR at Kathleen Valley to 280 holes for 41,379m, comprising 238 RC holes for 36,817m and 42 diamond core holes for 4,562m.

Once the current drilling program is completed, the results will be used to prepare an upgraded MRE for Kathleen Valley, which will be incorporated into further feasibility studies, including comprehensive metallurgical test work that is ongoing at ALS's Balcatta laboratory in Perth.

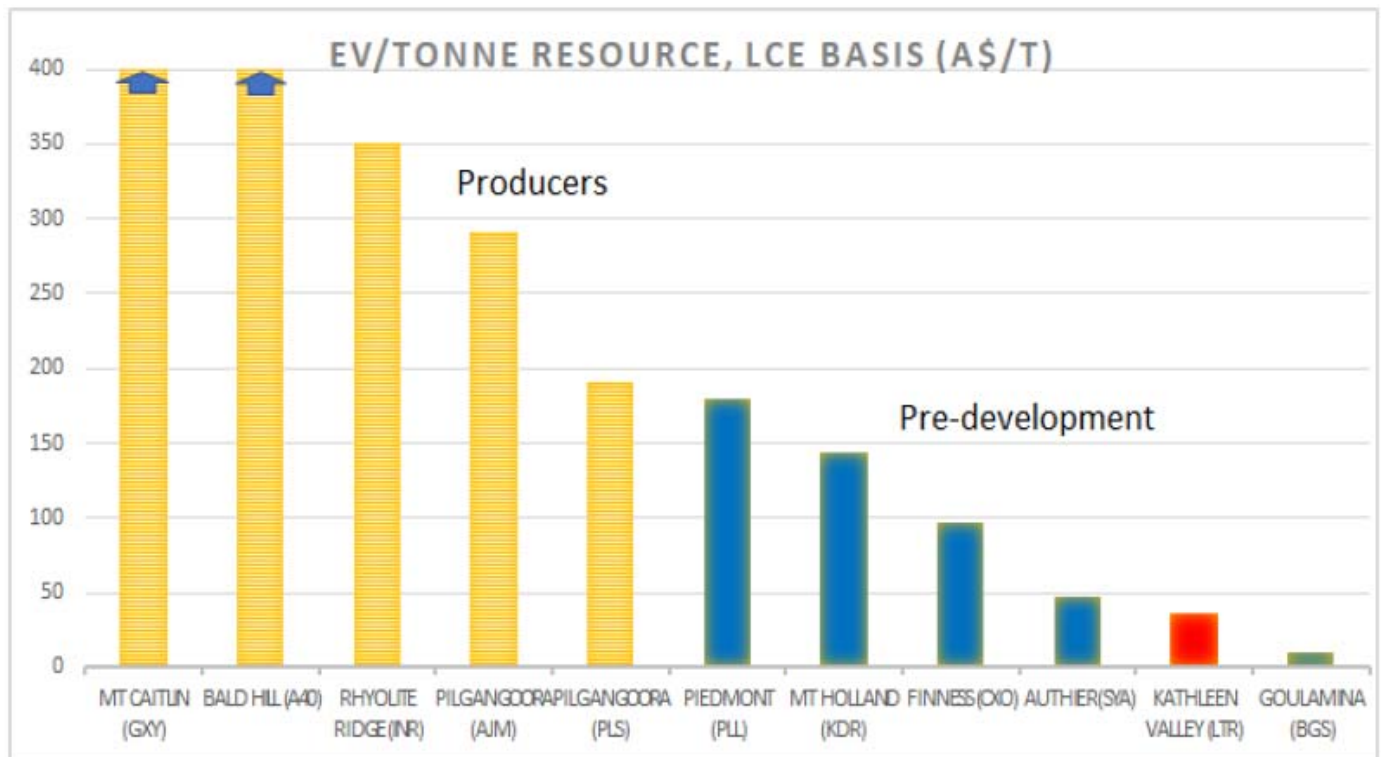


Figure 3: LTR Peer Comparison Study

As previously advised, metallurgical test-work is a critical step in the appraisal process with respect to a commodity like lithium, where meeting end-user specifications is crucial. End-users must be assured of product quality specifications, whilst producers must be able to meet forecast production rates and project ramp-up schedules.

Test-work to this point has confirmed the potential to produce a saleable spodumene concentrate from Kathleen Valley, as well as confirming both the continuity of the mineralisation and robustness of the geological model used to prepare the existing Mineral Resource estimate.

Scoping Study Results

As previously advised, positive results have been generated from an independent Scoping Study, designed to demonstrate Kathleen Valley's ability to support a viable stand-alone lithium mining and processing operation.

The Scoping Study outlined a base-case 2Mtpa development with the potential to produce approximately 360,000tpa of spodumene concentrate over an initial 8 to 9-year mine life. Significantly, this would approximate the scale of output of recently-commissioned operations by Pilbara Minerals (ASX: PLS) and Altura Mining (ASX: AJM). Forecast capex of \$232 million is also similar in scope to other recently established WA lithium mines.

| Study Outcomes | |
|---|--|
| Post-tax NPV _{8%} (real, post-tax) | A range of between A\$316M to A\$526M with a Base Case of A\$421M (range based on +/- 25% of Base Case NPV) |
| Internal Rate of Return (IRR) | Base case IRR of 38% |
| Payback period | <3 years |
| Life of mine (LOM) | ~9 Years (including ramp-up) |
| Pre-production capital cost | ~A\$232M including A\$40M in contingency |
| Average LOM cash operating costs ¹ | ~US\$376/tonne (A\$522/tonne) of spodumene concentrate. ~US\$308/tonne (A\$428/tonne) of spodumene concentrate net of tantalum by-product credits |
| Annual production | ~360,000 tonnes of spodumene concentrate at nameplate capacity |

¹ Cash operating costs include all mining, processing, transport, state and private royalties, freight to port, port costs and site administration and overhead costs

Table 1: Kathleen Valley Project – Base Case Key Metrics

Technical Significance

The Study has reinforced the potential for the development of a robust stand-alone mining and processing operation at Kathleen Valley, capable of generating strong margins and excellent financial returns. Using conservative forecast product pricing assumptions, the Scoping Study estimates competitive life-of-mine cash operating costs of around US\$376/tonne FOB of spodumene concentrate and potentially US\$308/tonne net of tantalum credits.

Summary

The resource expansion drilling program at Kathleen Valley is exceeding expectations in most areas, demonstrating the robust nature, high-grade and strong growth potential of the deposit. All eyes will now be on the balance of the drilling program, with the results to feed into an updated Mineral Resource.

It's extremely encouraging that the high grade nature of the mineralisation is being maintained and has been extended over a strike length of at least 600m, whilst remaining open to the northwest and at depth. The drilling confirms the Kathleen's Corner and Mt Mann pegmatites coalescing at depth to form a thick pegmatite body.

There's every incentive for LTR to maintain appraisal activity at maximum pace, especially as it gains greater market recognition for its efforts against a backdrop of growing corporate activity in the sector. It is in LTR's interests to add value as quickly as possible. It is pursuing a full Definitive Feasibility Study (DFS) by early 2020, prior to moving into the financing and construction phases.

LTR has risen from \$0.025 at the date of our coverage initiation in February 2019 and from \$0.029 at the date of our most recent coverage on 29th April – to its current price of \$0.08. LTR will remain firmly held within our coverage Portfolio.

Disclaimer: Gavin Wendt, who is a director of Mine Life Pty Ltd ACN 140 028 799, compiled this document. It does not constitute investment advice. I wrote this article myself, it expresses my own opinions and I am not receiving compensation for it. In preparing this article, no account was taken of the investment objectives, financial situation and particular needs of any particular person. Investors need to consider, with or without the assistance of a securities adviser, whether the information is appropriate in light of the particular investment needs, objectives and financial circumstances of the investor. Although the information contained in this publication has been obtained from sources considered and believed to be both reliable and accurate, no responsibility is accepted for any opinion expressed or for any error or omission in that information. I have no positions in the stock mentioned and no plans to initiate any positions within the next 72 hours.