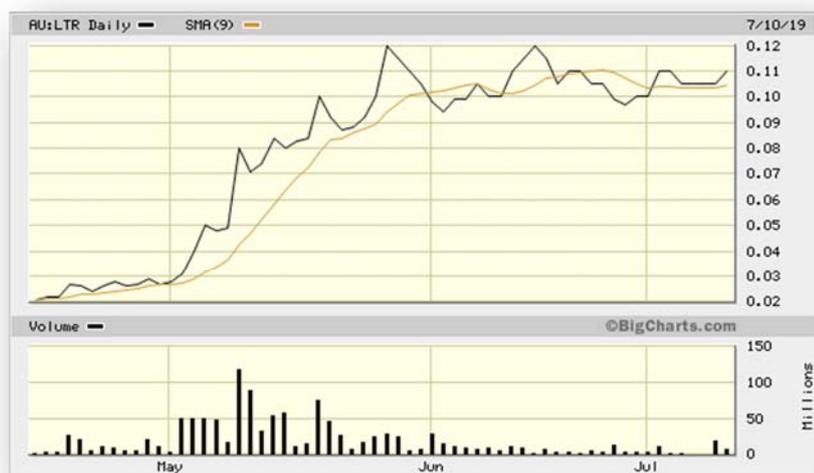


Wednesday 10th July, 2019

Portfolio Stock Update

Liontown Resources - (ASX: LTR, Share Price: \$0.11, Market Cap: \$169m – coverage initiated @ \$0.025 in February 2019 – *current gain of 340%*)



Key Catalyst

Kathleen Valley Lithium Resource jumps by 353% to 74.9Mt @ 1.3% Li₂O, substantially exceeding the upper end of the previously published Exploration Target and justifying recent price gains.

Since May 2019 LTR has well and truly broken out of its trading range between \$0.02 and \$0.03, where it was stuck for the previous 12 months. Almost overnight the market has woken up to the significance of the potential scale and high-grade nature of the company's high-quality Kathleen Valley lithium project in WA, with drilling results suggesting a sizeable upgrade of the previous lithium resource base and Exploration Target. This has been confirmed with the latest 353% resource upgrade, which is a credit to LTR management's conservative, low-key approach. A positive Scoping Study released during January 2019 had already highlighted the potential for a viable stand-alone lithium mining and processing operation, with a DFS on target for release during Q1 2020. With resource definition drilling also in progress at its Buldania Project, there is a great opportunity for LTR to build a large, high-quality, lithium resource base.

Latest Activity

Kathleen Valley Project Update

Following the succession of high-quality drilling results that LTR has released to the market over the past few months, market expectations for a sizeable resource upgrade were justifiably high. The encouraging news for LTR shareholders is that the company has well and truly managed to deliver on its exploration promise.

The new Measured, Indicated and Inferred Mineral Resource estimate for the Kathleen Valley project comprises 74.9Mt @ 1.3% Li₂O and 140ppm Ta₂O₅, which contains 0.97Mt of Li₂O or 2.5Mt of lithium carbonate equivalent (LCE) and 23Mlbs of Ta₂O₅.

This represents a 353% increase in tonnage terms from the maiden Mineral Resource of 21.2Mt @ 1.4% Li₂O and 170ppm Ta₂O₅ that was released during September 2018. From a confidence perspective, 83% of the new Mineral Resource is now classified as Measured or Indicated.

Cut-off grade Li ₂ O %	Resource Category	Million tonnes	Li ₂ O %	Ta ₂ O 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	5.0	1.4	110
Total		74.9	1.3	140

Reported above a Li₂O cut-off grade of 0.5% for open pit potential (above 200 mRL) or 0.7% for underground potential (below 200 mRL).

Table 1: Kathleen Valley Mineral Resource as at July 2019

Technical Significance

To appreciate the full significance of LTR’s enhanced Kathleen Valley resource, we need to reference back to the maiden resource estimate of 21.2Mt @ 1.4% Li₂O. We also need to reference LTR’s previous enhanced Exploration Target of 19 – 31Mt @ 1.2 – 1.5% Li₂O.

The new Measured, Indicated and Inferred Mineral Resource estimate for the Kathleen Valley project comprises 74.9Mt @ 1.3% Li₂O and 140ppm Ta₂O₅ – representing a 353% increase in tonnage terms compared to the maiden Resource and a 200% increase in tonnage terms compared to the median of the previous Exploration Target.

The Resource reflects not only Kathleen Valley’s significant size, but also its outstanding grade.

Project Overview

Kathleen Valley represents one of the few new, significant lithium projects of scale currently being progressed towards development in Australia over the near-term. Lithium deposits aren't rare – but what differentiates high-quality projects Like Kathleen Valley from the rest is their commerciality.

Kathleen Valley is highly commercial because it has all the key attributes required to underpin the development of a long-life, high-quality lithium-tantalum mining operation – grade, scale, access to infrastructure and promising metallurgy that is likely to be conducive to conventional processing. Furthermore the Kathleen Valley mineralisation outcrops, which means it should be largely amenable to open-pit mining. The project is also located on granted Mining Leases.

As a consequence, LTR has accelerated PFS and DFS work, which includes comprehensive metallurgical test-work, mining studies, pit optimisations and scheduling, a review of infrastructure requirements and financial modelling. A PFS is due for release during Q4 2019 and a full DFS during Q1 2020.

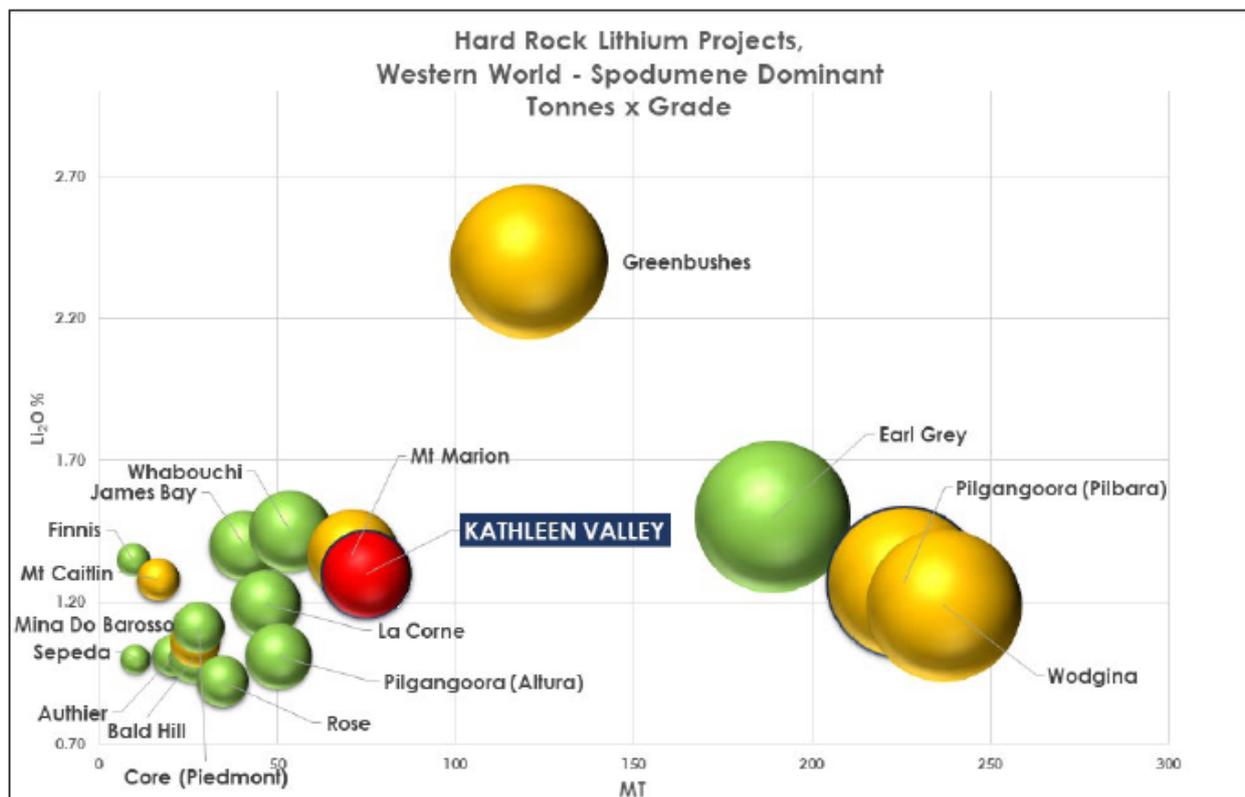


Figure 1: Comparison of spodumene dominant lithium deposits of <100 Mt.

Metallurgical test-work is probably the most crucial step in the appraisal process with respect to a commodity like lithium, where meeting end-user specifications is crucial. Potential 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.

Summary

Whilst LTR might seem like an overnight success, it's a story that's been brewing for the past 12 months, based on hard work at Kathleen Valley (and also Buldania).

Following the positive Scoping Study completed in January 2019, LTR has delivered on lofty expectations by achieving a more than threefold increase in the Kathleen Valley Mineral Resource base after just three months of intensive drilling. 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.

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.

And let's not forget the resource definition drilling program that's also in progress at the Buldania Project near Norseman, which provides LTR with an opportunity to build large, high-quality, hard rock lithium resource bases on dual fronts.

LTR has risen from \$0.025 at the date of our coverage initiation in February 2019. I also note that analyst Chris Baker at Bridge Street Capital in his latest note has increased his interim valuation on LTR from \$0.11 to \$0.22 a share. 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.