

Liontown expects big improvements at Kathleen Valley

LIONTOWN Resources believes the revised prefeasibility study for the Kathleen Valley lithium project in Western Australia will significantly improve the economics.



Liontown managing director David Richards at Kathleen Valley

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Last month, the company boosted the project's resource to 156Mt grading 1.4% lithium oxide and 130 parts per million tantalum pentoxide, up from 139Mt at 1.3% lithium and 140ppm tantalum.

Comments

"Kathleen Valley is firmly entrenched as a tier one lithium deposit," Liontown managing director David Richards told a Resources Rising Stars virtual event.

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"It's top five in Australia, top 10 globally."



Given the size of the resource and 40-year mine life, Liontown is no longer focusing on exploration drilling.

"It's probably enough for now," Richards said.

The increased resource and higher grade will underpin a revised prefeasibility study, due early in the December quarter.

The original December 2019 PFS outlined a A\$240 million, 2Mt per annum development to produce 295,000tpa over a 26-year mine life.

The PFS returned a post-tax net present value of \$507 million, internal rate of return of 25% and a payback period of four years.

"We think the new PFS will significantly improve on those numbers," Richards said.

The previous PFS envisaged the grade for the first 10-15 years to average 1.1% lithium oxide, while the new study will look at a higher grade of 1.6%.

Liontown will move straight to a definitive feasibility study, which has a targeted completion date of September/October 2021.

Richards believes the project will be in production as demand for lithium is taking off.

In the meantime, Liontown will also drill the Moora project, which is located in the same geological terrain as Chalice Gold Mines' Julimar nickel-copper-PGE discovery, northeast of Perth.

Three priority targets have been identified.

Liontown will spend about \$500,000 between now and October on exploration, followed by a \$1.2 million phase two program.

The company started the current quarter with about \$5.8 million in cash.

Shares in Liontown were unchanged at 11c, about the mid-point of its 52-week trading range, giving it a market capitalisation of \$188.2 million.



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