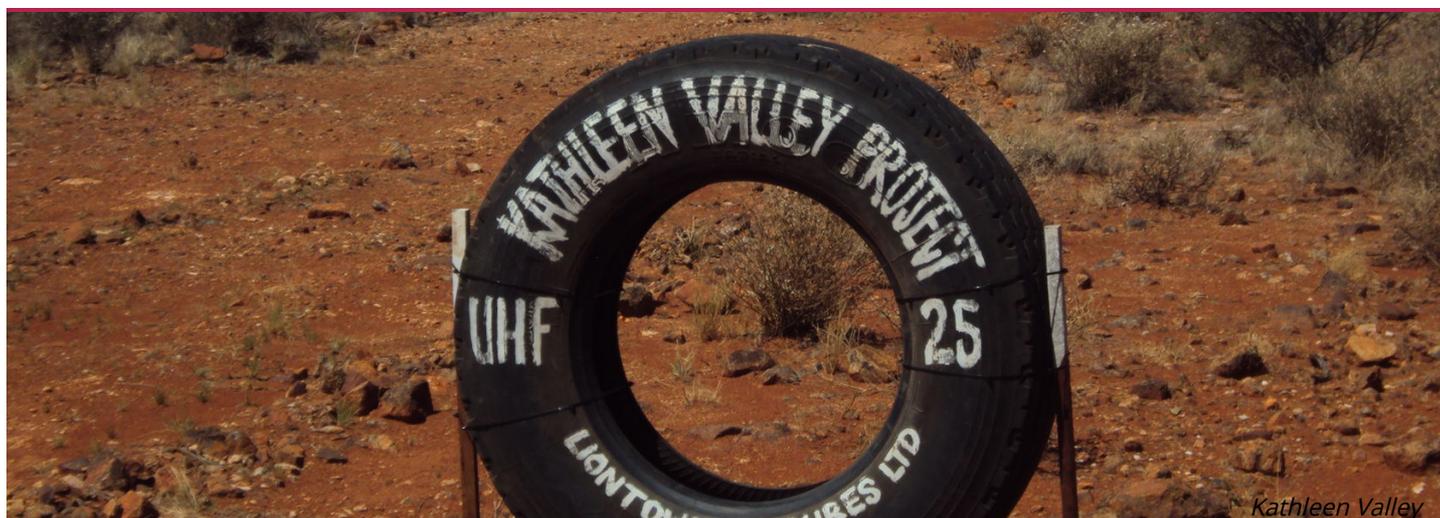


# Liontown adds teeth to Kathleen Valley

LIONTOWN Resources has completed an updated study on its 100%-owned Kathleen Valley lithium-tantalum project in Western Australia's Eastern Goldfields that has delivered a blueprint for a more robust development.



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While the lithium market remains depressed, Liontown has been working to update last year's original Kathleen Valley prefeasibility study, accounting for some stunning drilling results and a much larger, higher-grade resource estimate.

The results are based on substantially larger reserves of 71Mt at 1.4% lithium and 130ppm tantalum, a new mine plan that includes underground operations, and an enhanced process flowsheet to define an operation that could generate A\$4.9 billion in revenue over a 40 year mine life, up from \$1.9 billion for the original 26 year option.

Liontown has increased Kathleen Valley's net present value by 121% to \$1.12 billion, while the internal rate of return is 49% higher at 37%, and 12 months have been shaved off the payback period to three years.

The downside is a significant increase in capital costs from \$240 million to \$375 million, however the overall project appears better.

The updated PFS incorporates tantalum for the first time, following metallurgical test work that resulted in a whole-of-ore flotation flow sheet that estimates recoveries of 76% lithium and 56% tantalum.

The PFS design allows for the doubling of throughput to 4Mtpa with minimal impact on the operating project.

Open pit mining would dominate the first 3-4 years, before operations switch to underground feed until year 25, after which time additional open pit mining would be used to supplement mill feed.

Resources remain at 156Mt at 1.4% lithium and 130ppm tantalum, with Liontown claiming it has the world's fourth largest hard rock lithium resources.

Liontown will now move into a definitive feasibility study, with the aim of still making a final investment decision in late 2021, for first production in 2025, when demand for lithium is forecast to accelerate significantly due to the strong adoption of electric vehicles globally.

The Tim Goyder-chaired company believes the project scale, grade, product quality and location in the heart of gold and nickel country near Leinster means Kathleen Valley can advance rapidly to the next stage of development as lithium demand recovers.

The junior is also finalising a scoping study on the potential for downstream processing to produce lithium hydroxide or lithium sulphate, both of which are value-added battery chemicals.

As a hedge against difficulties in energy metal markets, Liontown has also started exploring the Moora project, in the same geological terrain as Chalice Gold Mines' Julimar nickel-copper-PGE discovery, northeast of Perth, with four priority targets recently identified along the Mt Felton-Yule corridor.

Liontown shares were up 14% in early trade, hitting an all-time record price for the stock of A26c, valuing the company at \$431 million.



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