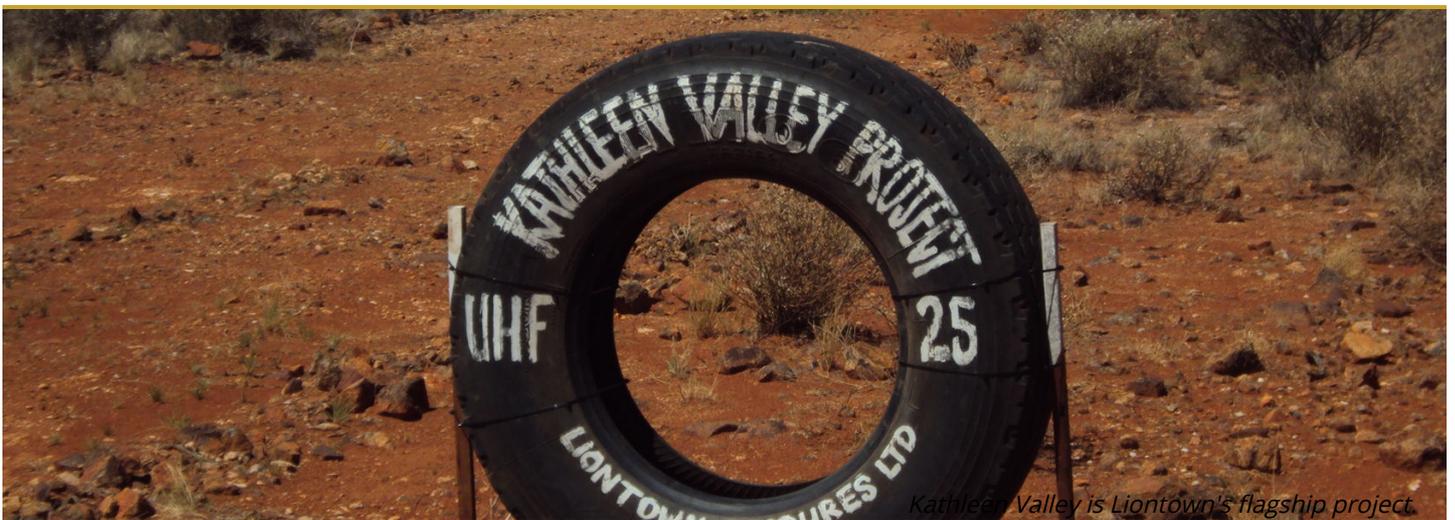


Liontown keen to lead second lithium wave

STANDING on top of Mount Mann in Western Australia's northeastern goldfields, Liontown Resources' chairman Tim Goyder told *MNN* that, if all goes well, within three years the same location could be the southern edge of vast open pit, feeding the leading project of Australia's second wave of lithium developments.



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Since February the company has been using two rigs to drill as part of a 20,000m program beyond the conceptual Southern pit - currently 1.3km long and 500m wide - as part of a program to add resources and push the proposed mine life from around nine years towards 15 years.

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Goyder and managing director David Richards will soon lead a small delegation to China to meet a who's who of lithium buyers, with the aim of the whistle-stop tour to introduce the project to the market.

The pair isn't expecting to sign any agreements, but expect to assess the level of interest in their product from makers of electric vehicles and batteries.

On a visit to the Kathleen Valley project yesterday, Goyder said the drilling to test the Kathleen's Corner and Mt Mann targets was finding multiple stacked, spodumene-bearing pegmatites up to 300m beyond the current pits area, with cumulative thickness of up to 60m.

Kathleen Valley has total resources of 21 million tonnes at 1.4% lithium and 170ppm tantalum, of which 16Mt sits within the mine plan, but the recent drilling in a 300m by 300m area has hit lithium-bearing pegmatites outside resources, adjacent to the pit.

Goyder said that could add "several million tonnes to resources" that could be easily added to the pit design, and it will be added to the calculations to support a prefeasibility study the company is hoping to wrap up in fourth quarter, feeding into a bankable study next year.

Last year's scoping study defined a commercially-robust operation feeding 2Mtpa plant capable of producing around 360,000tpa of spodumene concentrate at cash cost around A\$300 per tonne, with any tantalum concentrate cream on the top.

The scoping study defined a \$232 million capex (including a \$40 million contingency) with a further \$20-30 million required for the installation of a tantalum circuit, although that step could be delayed to save on upfront costs given Liontown's small size and the modest scope for mine life extensions at this stage.

The project is viable without the tantalum credits, and the ore could be crushed and set aside for future recovery.

Richards said the resource remains open in several directions, including at depth, suggesting life extensions will be possible.

Drilling to date has focused on the first 150m, but the mineralisation appears to continue to the west and depth, and grades of circa 2% likely to support underground mining.

The company is keen to advance the project as quickly as possible to take advantage of an expected recovery in lithium prices next decade - and it is keen to learn from the mistakes of others.

The rush to develop the new generation of lithium projects in WA has led to underperformance and a range of issues for the first movers, including excessive wear from the abrasive mica in the pegmatites, frothing in the process plant, under-roasting, and slimes gumming up the works.



David Richards explains the latest drilling results.

Consultant Paul Henharen, who was brought on last year to help with the scoping study, said Liontown was not skipping any steps in thinking through the metallurgical issues and was investing heavily in a major sampling program at Mt Mann and Kathleen's Corner

"You only get one chance to do this right, so we're learning what to avoid by watching others, and to date we haven't seen anything we can't overcome," Henharen said.

"This is one of those projects where we haven't seen any red flags."

There are no showstoppers, and he said works were significantly improved assessing dense media separation and flotation options, with high-pressure grinding rolls being studied to avoid slimes issues faced by others.

Testwork has so far produced a concentrate of 5.8-5.9%, and Henharen is confident optimisation can get the grade above 6% - the level sought by buyers.

Over the next few months Richards said the company was looking to optimise its mine schedule, lock in agreements with BHP's Nickel West and with TransAlta that could save millions in development costs for infrastructure such as power and gas, and it has identified water sources it can tap.

It has sketched out plans for two pits near the access road, and sees the mining should be relatively straightforward, despite having Joan's Creek adjacent to the northern pit edge.

Unlike the company's former Bynoe project in the Northern Territory, where it would have had to strip off the first 50m of cover, the pegmatites at Kathleen Valley outcrop and are mostly fresh.

A staged series of pits should be "similarly simple to coal mining", and bunds will be used to protect the creek, Richards said.

Liontown has a second project to the south, Buldania, which was a greenfields discovery. While less developed, worth to date suggests it could be as good or better than Kathleen Valley, Goyder said.

It is just 200km north of the Esperance port and 30km outside Norseman, and with drilling Richards said the company could be sitting on total resources of 50-80Mt by the end of the year.

The company wants to be in a position to take its Kathleen Valley investment decision in mid-2020, with Buldania to follow soon after if the market demand exists.

Liontown shares were last traded at 2c, valuing the company at \$25.2 million.

• *The writer travelled to Kathleen Valley as a guest of Liontown Resources.*



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