



Resources

## Liontown reckons its lithium project could be the next Pilgangoora

20 hours ago | [Reuben Adams](#)

Liontown's flagship lithium project in Western Australia could return \$762 million in free cash over nine years, if a scoping study released today works out.

Miners usually undertake four types of studies determine whether a project is economic or not.

HEAR IT FIRST WITH OUR DAILY NEWSLETTER

First Name

---

Last Name

---

Enter your email address

---

SUBSCRIBE

We don't spam. [Learn more about our Privacy Policy](#)

These – in order of least to most detailed – are scoping, preliminary feasibility (PFS), definitive feasibility (DFS) and bankable feasibility (BFS).

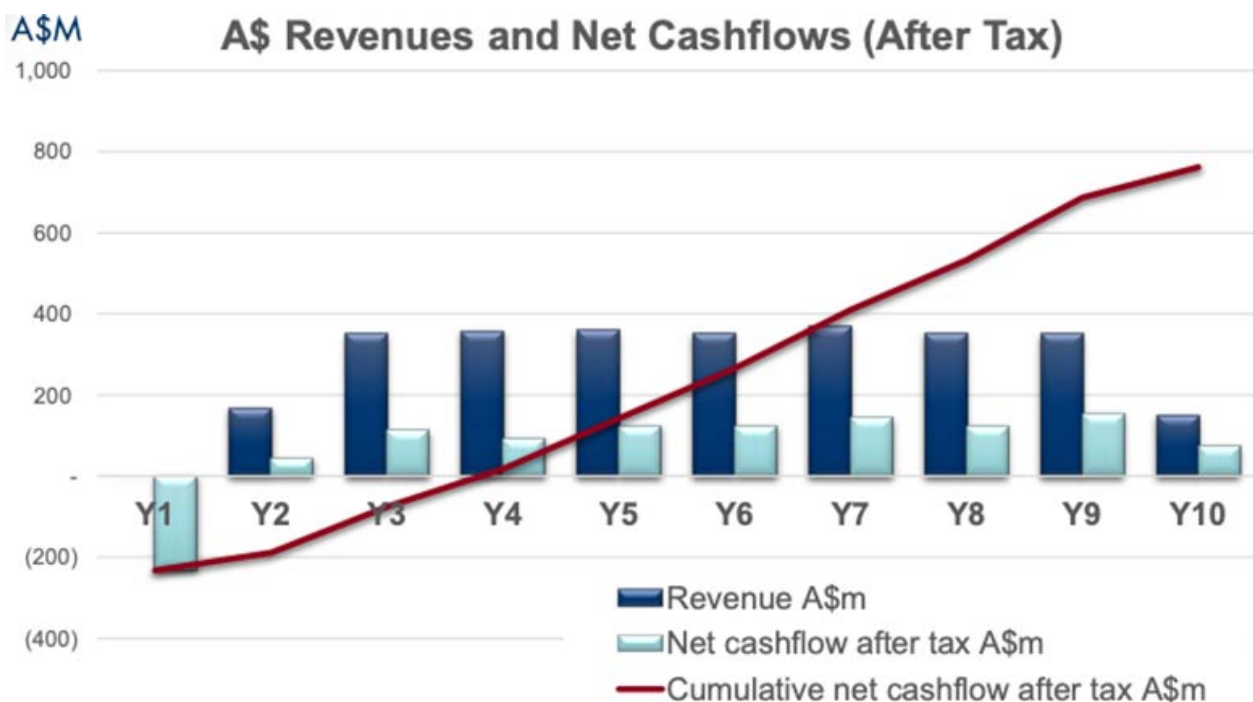
The 2-million-tonne-a-year Kathleen Valley project in the Eastern Goldfields would cost about \$232.2m to build and generate free cash flow of \$100 million a year, Liontown (ASX:LTR) says.

This is based on a long-term price of about \$900 per tonne for a 5.6 per cent lithium spodumene concentrate.

**READ: [Lithium stocks – here’s everything you need to know](#)**

Spodumene is the main lithium bearing mineral mined from most hard rock lithium mines around the world.

Liontown is looking to upgrade this to a minimum 6 per cent with further test work.



The project could be net cashflow positive after three years. Pic: Liontown

An ongoing 16,000 metre drilling program is aimed at growing the existing resource by an additional 8.5m to 16m tonnes.

Liontown managing director David Richards said the Kathleen Valley study envisioned a similar scale operation – at a similar cost – to those successfully commissioned by Pilbara Minerals and Altura Mining.

“Importantly, using conservative forecast product pricing assumptions, the scoping study estimates competitive life-of-mine cash operating costs of around US\$376 (\$526) per tonne FOB of spodumene concentrate and potentially \$US308 (\$430) per tonne net of tantalum credits,” Mr Richards said.

- Subscribe to our **daily newsletter**
- Bookmark **this link for small cap news**
- Join our small cap **Facebook group**
- Follow us on **Facebook** or **Twitter**

Liontown wants to move the project forward “as quickly as we can”, with a view to delivering a full DFS by early 2020 before moving into the financing and construction phase.

Discussions with potential strategic off-take partners and consideration of financing alternatives have already commenced, the explorer told investors.

“That will position Kathleen Valley to take advantage of what is widely anticipated to be a rapid expansion of the global lithium-ion supply chain next decade as the electrification of the world’s transport fleet really begins to gather momentum,” Mr Richards said.

HEAR IT FIRST WITH OUR DAILY NEWSLETTER

First Name

---

Last Name

---

Enter your email address

---

SUBSCRIBE

We don't spam. [Learn more about our Privacy Policy](#)

**MORE FROM STOCKHEAD**



**High Voltage: All the news driving battery metals stocks**  
29 Jan



**2019's first IPO: Splitit surges 90pc in opening day bonanza**  
29 Jan



**Everyone will be able to afford an electric car in 3 years**  
28 Jan



**Liontown reckons its lithium project could be the next Pilgangoora**  
29 Jan

**SPONSORED FINANCIAL CONTENT**



**Do You Own Any of These Five Aussie Stocks? (Sell Them)**  
(Markets & Money)



**IMF flags trade war threat and warns of global economic slowdown**  
(Financial Times)



**Australia on the cusp of the greatest bull market of all time.**  
(Agora Financial)



**Why Should You Care About EURCAD?**  
(Orbex)

dianomi

JUST IN  
RESOURCES  
TECH  
HEALTH  
COLUMNISTS  
EXPERTS

ABOUT US  
CONTACT US  
ADVERTISE WITH US  
TERMS OF USE  
PRIVACY POLICY  
CODE OF CONDUCT

Stockhead is providing factual information where there is a reasonable likelihood of doubt. The information is not intended to imply any recommendation or opinion about a financial product.

