

ASX ANNOUNCEMENT

18th JANUARY 2018

Drilling commences at highly prospective WA lithium project

Second program of drilling underway at Kathleen Valley targeting extensions of high-grade lithium mineralisation intersected last year

Key Points:

- Program comprises ~3,000m of Reverse Circulation drilling.
- Targeting along strike from thick zones of spodumene mineralisation intersected last year (up to 58m @ 1.2% Li₂O) and beneath high grade rock chip samples (up to 3.9% Li₂O).
- Multiple spodumene-mineralized pegmatites defined with drilling planned to test a cumulative strike length of ~1km.

Liontown Resources Limited (ASX: LTR) is pleased to announce that it has commenced a key Reverse Circulation (RC) drilling program at its 100%-owned Kathleen Valley Lithium Project, located 60km north of Leinster in the Eastern Goldfields of WA.

The program will initially comprise approximately 3,000m of RC drilling and will test along strike from thick zones of high-grade spodumene mineralisation intersected last year (refer to previously reported drill intersections in *Figure 1/Appendix 1*).

Better intersections from the limited drilling undertaken in 2017 included:

- KVR0002 **13m @ 1.6% Li₂O** from surface incl. **9m @ 1.9%** from 2m
13m @ 1.6% Li₂O from 83m incl. **6m @ 2.0%** from 88m
- KVR0015 **58m @ 1.2% Li₂O** from 135m incl. **13m @ 2.0%** from 167m
24m @ 1.3% Li₂O from 206m incl. **2m @ 2.6%** from 217m

The 2017 drill program was curtailed due to access issues which have since been resolved. Accordingly, the program was not able to test the more prospective parts of the extensive pegmatite complex at Kathleen Valley.

The current drilling will also test beneath outcrops where surface sampling has returned numerous high grade lithium and tantalum values (*Figure 1/Appendix 2*).

Drilling is estimated to take 2-3 weeks with assays due in February 2018.

The Kathleen Valley Project is located on granted Mining Leases approximately 680km north-east of Perth (**Figure 2**), in close proximity to significant modern infrastructure including the sealed Goldfields Highway, the Goldfields Natural Gas Pipeline and the Leinster and Mt Keith Mine camps.



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The Information in this report that relates to the Exploration Results for the Kathleen Valley Project is extracted from the ASX announcement entitled "Liontown intersects strong lithium mineralisation in maiden drill program at Kathleen Valley, WA" released on the 20th March 2017 which is available on www.ltresources.com.au

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

This announcement contains forward-looking statements which involve a number of risks and uncertainties. These forward looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

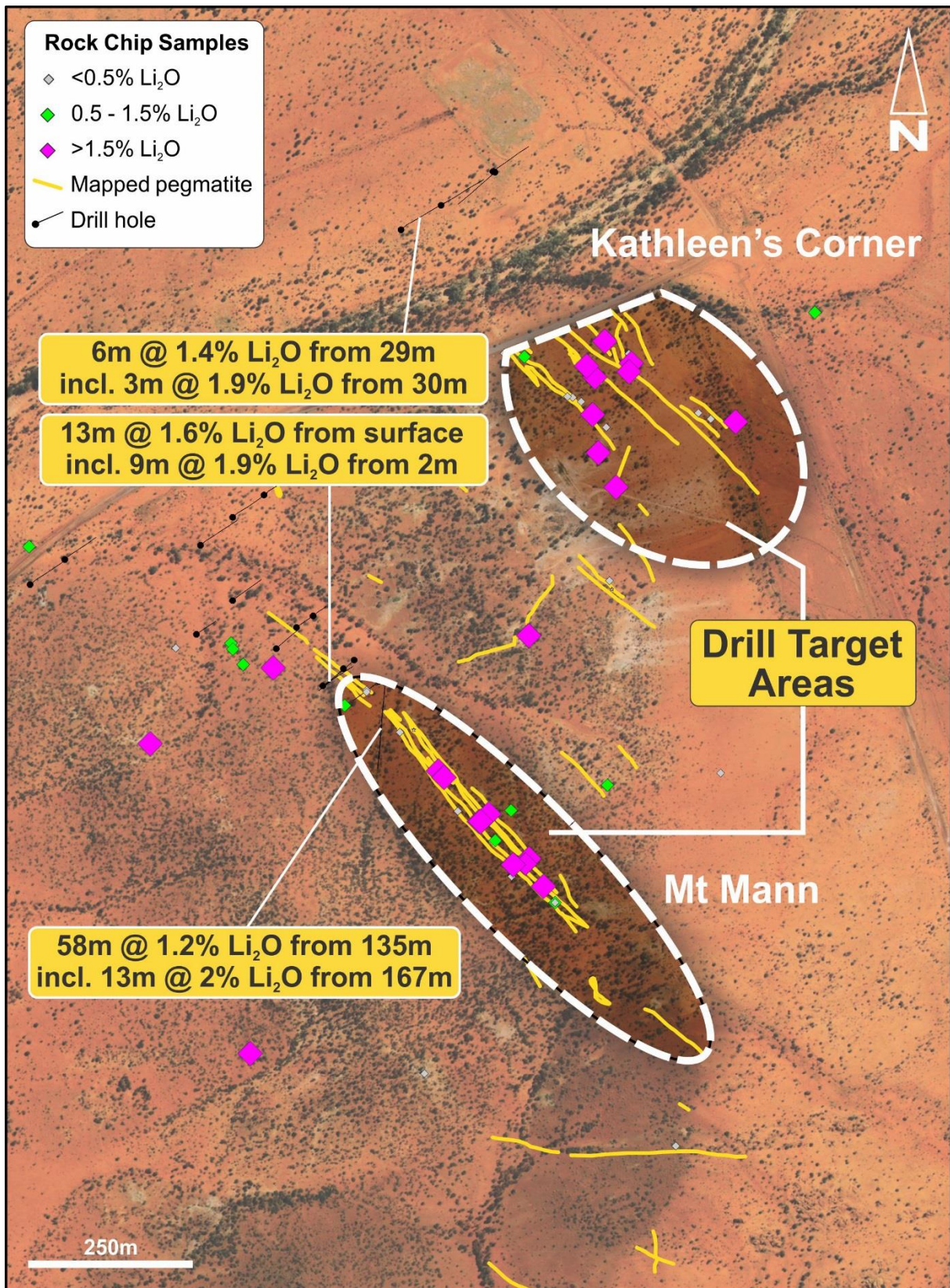


Figure 1: Kathleen Valley Project – Plan showing better drill intersections and rock chip sample results from 2017 work program

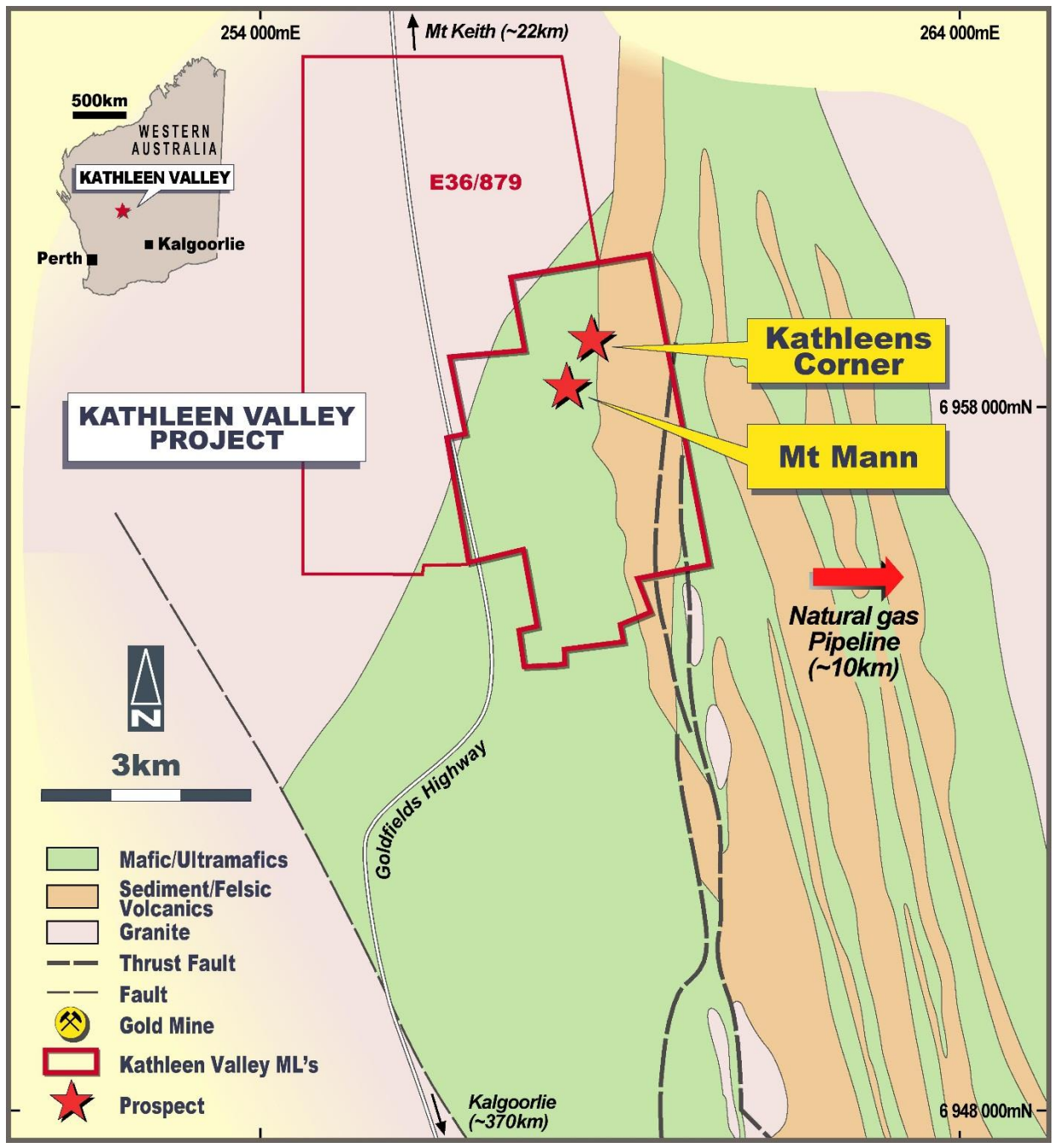


Figure 2: Kathleen Valley Project – Location plan and simplified geology



Appendix 1 – Kathleen Valley Project – RC Drill Statistics (March 2017)

Hole_ID	East	North	RL	Dip	Azimuth	Depth (m)	Significant Li2O (>0.5%) and Ta2O5 (>50ppm) results				
							From(m)	To(m)	Interval(m)	Li2O (%)	Ta2O5 (ppm)
KVRC0001	258306	6958744	500	-60	45	65	3	6	3	1	122
							10	11	1	1.1	85
							16	17	1	1.1	94
KVRC0002	258379	6958675	500	-60	225	109	0	13	13	1.6	114
							incl. 9m @ 1.9% Li2O and 107ppm Ta2O5 from 2m				
							26	29	3	1.3	101
							35	36	1	1.6	127
							83	96	13	1.6	111
incl. 6m @ 2% Li2O and 113ppm Ta2O5 from 88m											
KVRC0003	258395	6958690	500	-59	225	155	91	105	14	1.7	163
							incl. 8m @ 2% Li2O and 130ppm Ta2O5 from 92m				
KVRC0004	258348	6958645	500	-50	45	89	36	38	2	1	99
							45	56	11	1.2	100
							incl. 3m @ 1.8% Li2O and 106ppm Ta2O5 from 45m				
KVRC0005	258276	6958707	500	-53	40	89	32	34	2	1.3	112
							39	40	1	1.5	132
KVRC0006	258433	6958654	500	-49.5	227.5	80	37	43	6	1.1	153
KVRC0007	258452	6959426	500	-47	45	132	29	35	6	1.4	170
							incl. 3m @ 1.9% Li2O and 166ppm Ta2O5 from 30m				
							39	40	1	1.1	198
KVRC0008	258512	6959469	500	-50	55	130	124	125	1	2.4	302
							81	82	1	1.2	310
KVRC0009	258590	6959528	500	-50	45	113	95	96	1	1	124
							57	59	2	0.7	248
KVRC0010	258593	6959527	500	-50	225	130	70	71	1	0.6	266
							83	85	2	1.1	211
							91	92	1	1.4	239
KVRC0011	258208	6958788	500	-50	45	89	100	106	6	1.2	284
							24	25	1	1	112
KVRC0012	258154	6958729	500	-55	45	65	No significant assays				
KVRC0013	258205	6958930	500	-50	45	108	No significant assays				
KVRC0015	258443	6958652	500	-50	180	241	12	17	5	0	240
							135	193	58	1.2	156
							incl. 9m @ 1.8% Li2O and 220ppm Ta2O5 from 141m and 13m @ 2.0% Li2O and 138ppm Ta2O5 from 167m and				
							206	230	24	1.3	139
							incl. 3m @ 1.6% Li2O and 105ppm Ta2O5 from 208m and 2m @ 2.6% Li2O and 271ppm Ta2O5 from 217m and 4m @ 1.6% Li2O and 145ppm Ta2O5 from 226m and				
							No significant assays				
KVRC0016	258331	6958764	500	-50	45	40	No significant assays				
KVRC0017	257899	6958809	500	-50	45	119	63	65	2	1.3	212
KVRC0018	257951	6958853	500	-50	45	101	1	2	1	1.4	93
KVRC0019	258252	6958969	500	-50	45	89	No significant assays				

* True widths estimated as follows:
 Holes drilled towards NE (040-055), true widths 70-80% of downhole width
 Holes drilled towards SW (040-055), true widths 30-50% of downhole width
 KVRC0015 true widths ~30% of downhole width



Appendix 2 – Kathleen Valley Project – Rock Chip Samples

Sample_ID	East	North	Li2O(%)	Ta2O5 (ppm)	Sample_ID	East	North	Li2O(%)	Ta2O5 (ppm)
160614_01a	258766	6959242	1.55	431	KVR60	258536	6958492	1.94	119
160614_01b	258766	6959242	0.80	190	KVR62	258660	6958737	-0.02	414
160614_04	258804	6959190	1.51	493	KVR63	258659	6958736	-0.02	492
160614_10	258807	6959205	2.58	249	KVR64	258781	6958833	2.22	487
160614_11	258803	6959221	2.11	295	KVR65	258785	6958819	3.49	158
160614_14A	258632	6959390	2.17	233	KVR66	258788	6958993	0.09	283
160614_14B	258634	6959390	1.78	27	KVR67	258760	6959051	2.17	190
160614_14C	258634	6959390	-0.02	331	KVR68	258087	6958541	-0.02	4
160614_18	258577	6959315	2.41	134	KVR84	258123	6958705	2.43	173
160614_21	258644	6959213	1.87	279	KVR86	257896	6958874	2.24	145
160614_27	258691	6958309	1.42	110	KVR19	258415	6958639	1.18	97
160614_32	258605	6958431	0.34	197	KVR20	258488	6958573	2.80	214
160614_33	258639	6958438	-0.02	4	KVR61	258415	6958636	2.07	171
160614_34A	258588	6958418	3.87	381	132111	259085	6959297	0.00	1
160614_34B	258591	6958418	1.53	117	KVTGR024	258613	6959218	1.11	245
160614_34C	258593	6958418	1.83	159	KVTGR025	258613	6959218	0.15	68
160614_34D	258595	6958418	1.23	126	KVTGR026	258698	6959283	1.04	384
VG1192362	258250	6958015	0.00	0	KVTGR027	258698	6959283	0.35	128
VG1195575	258516	6957986	0.00	0	KVTGR028	258558	6958435	0.75	198
VGCF53429	258901	6957870	0.01	0	KVTGR029	258558	6958435	0.20	150
KVR2	258957	6958508	-0.02	1	KVTGR030	258467	6958568	0.03	104
KVR4	258785	6958484	-0.02	174	KVTGR031	258467	6958568	0.08	39
KVR6	258668	6958356	1.23	43	PEG008	258642	6958325	0.19	311
KVR7	258663	6958347	2.00	154	PEG009	258642	6958325	0.05	167
KVR8	258644	6958345	2.13	132	PEG010	258642	6958325	0.27	7
KVR10	258616	6958386	1.81	147	PEG011	258642	6958325	1.07	183
KVR13	258207	6958715	0.97	142	PEG012	258642	6958325	0.91	196
KVR14	258210	6958705	0.06	148	PEG014	258709	6958282	0.10	157
KVR15	258226	6958679	1.49	129	PEG015	258709	6958282	1.00	242
KVR16	258272	6958674	2.54	103	PEG016	258709	6958282	0.56	172
KVR17	258382	6958612	0.04	138	PEG017	258709	6958282	0.75	278
KVR48	258752	6959180	2.22	212	PEG018	258709	6958282	1.08	200
KVR49	258738	6959191	2.35	169	PEG019	258709	6958282	1.39	166
KVR50	258739	6959199	-0.02	63	PEG020	258598	6958416	0.81	182
KVR51	258732	6959138	2.48	286	PEG021	258598	6958416	0.99	268
KVR52	258719	6959145	2.17	241	PEG022	258598	6958416	1.11	203
KVR53	258711	6959146	2.28	206	PEG023	258598	6958416	1.25	117
KVR54	258750	6959116	2.24	735	PEG024	258598	6958416	0.71	184
KVR55	258771	6959095	0.06	326	PEG025	258524	6958510	0.05	153
KVR56	258911	6959122	0.02	300	PEG026	258524	6958510	0.04	224
KVR57	258930	6959112	-0.02	218	PEG027	258524	6958510	1.66	226
KVR58	258968	6959108	2.39	180	PEG028	258524	6958510	0.81	127
KVR59	258527	6958503	2.24	132					