

ASX ANNOUNCEMENT

Liontown expands Australian lithium portfolio with joint venture on Lake Percy Project in Western Australia

Highlights

- Joint Venture with White Cliff Minerals (ASX: WCN) to earn up to 70% of Lake Percy Project, located approximately 430km east of Perth, Western Australia.
- Historical exploration has defined very large pegmatites up to 550m thick (at surface) and 3km long.
- Project located in an Archaean greenstone belt with known lithium-bearing pegmatites.
- Geological setting similar to other economic lithium occurrences in WA (e.g. Mt Caitlin, Greenbushes).
- Previous exploration has largely focused on nickel with very few lithium or other rare metal assays.

Liontown Resources Limited (ASX: LTR) is pleased to advise that it has further expanded its Australian lithium portfolio after securing a strategic position in a rapidly emerging lithium province in the Lake Johnson-Forrestania district of WA through a joint venture arrangement with White Cliff Minerals Limited (ASX: WCN.)

Under the joint venture, Liontown can earn up to 70% equity in the 41km² Lake Percy tenement (EL63/1222) located approximately 430km east of Perth Western Australia (**Figure 1**).

The Project is considered prospective for economic lithium mineralisation due to:

- the presence of very large pegmatite bodies which are up to 550m thick and 3km long (**Figure 2**); and
- its location at the northern end of Lake Johnson Greenstone Belt (**Figure 1**), which hosts several lithium-bearing pegmatites including ~20km to the south and a second area near the Maggie Hayes nickel deposits (see Poseidon Nickel ASX release dated 23rd May 2016).

The Project area has been extensively explored for nickel, including multiple phases of RC and diamond core drilling; however, there have been very few assays for lithium and the pegmatites have largely been ignored. Strong surficial weathering means that spodumene is unlikely to be preserved at surface and further drilling will be required to test for primary lithium mineralisation.

Recently announced lithium exploration results by other companies operating in region such as Kidman Resources (ASX: KDR) and Marindi Metals (ASX: MZN) has further highlighted its lithium potential.

Exploration work will commence immediately on the Project with the initial phase comprising a review of previous drill data to assist with better defining the sub-surface extension of the pegmatites and geochemical sampling to test for pathfinder elements such as tantalum and niobium.

Where possible, previous drill holes will be also be sampled to test for lithium in pegmatites that have already been intersected.

This work will be used to define targets for drill testing.

Acquisition Terms

Liontown has agreed to terms with White Cliff Minerals whereby it may acquire up to 70% of the Lake Percy Project, on the following terms:

- by spending A\$1,000,000 on exploration within 3 years to earn 51% equity;
- at its election, Liontown can increase its equity to 70% by spending an additional A\$750,000 before the 4th anniversary of the JV Agreement execution; and
- committing to spending \$50,000 on exploration before having the right to withdraw from the joint venture.

Liontown Lithium Strategy

The Lake Percy JV Agreement complements Liontown's broader lithium strategy which the Company initiated in mid-2015. The Company has two other active lithium projects:

- The Bynoe Project, located in the Northern Territory close to Darwin, where a 2,500-3,000m RC drilling program is in progress testing 10 rare metal pegmatites defined by previous exploration and mining. The previous work was largely undertaken by Greenbushes Limited (and its successors) and Haddington Resources (now Altura Mining), which targeted tin and tantalum; and
- The Mohanga Project, located in central Tanzania near the capital Dodoma, where historical mapping recorded multiple lithium occurrences. Liontown has recently completed a 1.5km trenching program testing multiple pegmatites with assays pending.



DAVID RICHARDS
Managing Director

14 June 2016

The Information in this report that relates to Exploration Results is based on and fairly represents information and supporting documentation prepared by Mr David Richards, who is a Competent Person and a member of the Australasian Institute of Geoscientists (AIG). Mr Richards is a full-time employee of the company.

Mr Richards has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Richards consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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: Lake Percy Project – Location Plan and Regional Geology

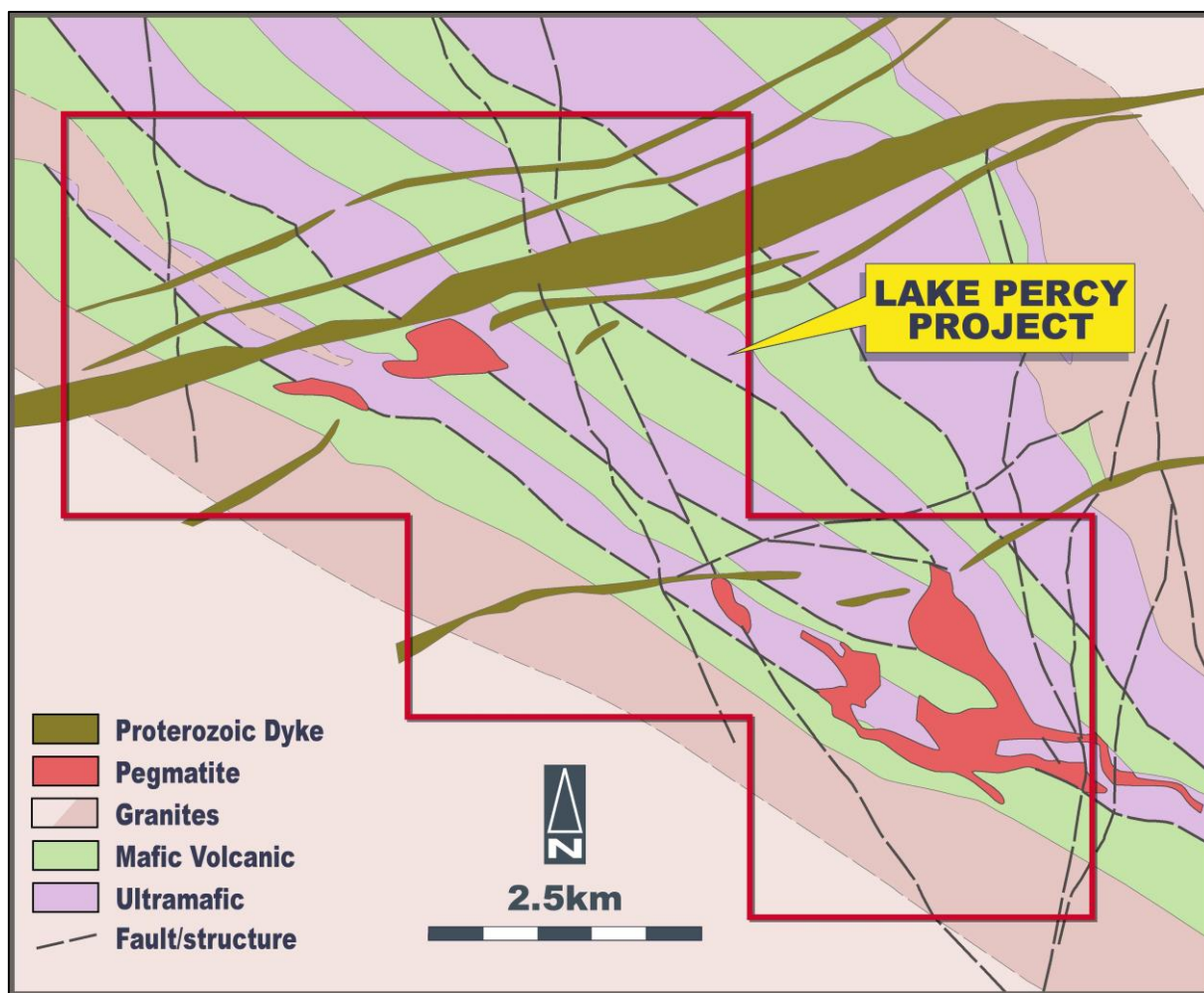


Figure 2: Lake Percy Project – Interpreted Geology.

APPENDIX 1 – LAKE PERCY - JORC TABLE 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	No sampling completed by Liantown to date.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	
	<i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> <i>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i>	Not applicable.
Drilling techniques	<i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	No drilling completed by Liantown. Historic data to be reviewed and reported at a later date if material.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Not applicable.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Not applicable.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	Not applicable.
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	Not applicable.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Not applicable.
	<i>The total length and percentage of the relevant intersections logged.</i>	Not applicable.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Not applicable.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	Not applicable.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Not applicable.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Not applicable.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	Not applicable
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	Not applicable

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	Not applicable
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	None used
	<i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established</i>	Not applicable.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	Not applicable
	<i>The use of twinned holes.</i>	Not applicable
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Not applicable.
	<i>Discuss any adjustment to assay data.</i>	None required
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	Not applicable.
	<i>Specification of the grid system used</i>	Not applicable.
	<i>Quality and adequacy of topographic control.</i>	Not applicable
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Not applicable.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	Not applicable.
	<i>Whether sample compositing has been applied.</i>	None undertaken.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	Not applicable
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	Not applicable.
Sample security	<i>The measures taken to ensure sample security.</i>	Not applicable
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	None completed.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	<p>The Lake Percy Project comprises granted exploration licence EL63/1222 which covers an area of ~41km² located ~430km east of Perth in Western Australia.</p> <p>The tenement is subject to a Joint Venture Agreement with ASX listed White Cliff Minerals Ltd. Liontown may earn up to 70% equity in the tenement by:</p> <ul style="list-style-type: none"> • Spending \$1,000,000 on exploration within 3 years to earn 51%; • At its election, increase its equity to 70% by spending an additional \$750,000 before the 4th anniversary of the JV Agreement; and

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> Spending \$50,000 before having the right to withdraw from the Joint Venture <p>There are no other material issues affecting the tenements</p>
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	The tenement is in good standing.
Exploration done by other parties	<i>Acknowledgment and appraisal of exploration by other parties.</i>	<p>Previous exploration has largely focused on nickel sulphide mineralisation in the ultramafic units with almost no assaying for lithium or related elements and little attention paid to the pegmatites.</p> <p>Multiple phases of RAB/aircore, RC and diamond core drilling were completed prior to White Cliff Minerals acquiring the tenement. This historic data was collated by Norilsk in 2008 (Wamex item 79004).</p> <p>White Cliff Minerals has held EL63/1222 since 2009 and work has included data collation, desktop studies, aeromagnetic interpretation, moving and fixed loop EM, diamond core drilling, RC drilling, soil sampling and limited rock chip sampling.</p>
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	<p>The exploration licence 63/1222 covers approximately 10 kilometres of greenstone stratigraphy at the northern end of the Archaean Lake Johnson Greenstone Belt. The Greenstone Belt is bound to the east by the craton scale Koolyanobbing Shear Zone and to the west by granitoid that also intrudes the spine of the greenstone belt.</p> <p>The local stratigraphy includes a basal western high MgO ultramafic unit with an overlying sequence of intercalated mafic volcanic ultramafic flow rocks, magnetic pyroxenites and chert units. The tenement is cut by the regional scale east west trending Binerling Proterozoic dyke and other smaller scale EWdykes.</p> <p>A number of large, strongly weathered pegmatites units intrude the greenstones.</p>
Drill hole Information	<i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. 	Not applicable.
Data aggregation methods	<i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i>	Not applicable.
	<i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i>	Not applicable.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	Not applicable.
Relationship between mineralisation widths and intercept lengths	<i>These relationships are particularly important in the reporting of Exploration Results.</i> <p><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></p>	Not applicable.

Criteria	JORC Code explanation	Commentary
	<i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i>	
Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	See Figures in body of report
Balanced reporting	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	Not applicable.
Other substantive exploration data	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	All meaningful and material data reported
Further work	<i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i>	<ul style="list-style-type: none"> • Capture and compilation of historic data into a digital database; • Geochemical sampling to define pathfinder anomalism typically associated with Li-bearing pegmatites; • Re-sampling of historic drill holes if feasible; and • RC drilling to test fresh bedrock for spodumene mineralisation