

ASX ANNOUNCEMENT

20th August 2018

Liontown expands prospective lithium footprint in WA's South-Eastern Goldfields with new acquisition

Killaloe Project covers strike extension of prospective stratigraphy hosting the Anna discovery

Key Points

- Agreement with Matsa Resources (ASX: MAT) to acquire 100% of its interest (including rights to all metals) in the 163km² Killaloe Project, located ~25km east of Norseman, WA.
- The Killaloe Project is situated immediately west of Liontown's Buldania Lithium Project, where drilling earlier this year discovered significant spodumene-related lithium mineralisation (up to 58m @ 1.2% Li₂O) at the Anna pegmatite.
- The new project area covers a ~20km strike length of stratigraphy considered highly prospective for further hard rock lithium discoveries.
- There has been no previous drilling or exploration for lithium on the Killaloe Project.
- The acquisition increases Liontown's largely contiguous land position in the Norseman area to ~400km², further enhancing its portfolio of Australian battery-metal projects.
- The Buldania and Killaloe Projects are located in the same geological province as the operating Mt Marion and Bald Hill lithium mines.

Liontown Resources Limited (ASX: LTR) is pleased to advise that it has agreed to acquire the **Killaloe Project**, located 600km east of Perth, significantly expanding its strategic lithium exploration footprint in the Eastern Goldfields directly along strike from its **Buldania Lithium Project** – where a new drilling program is underway.

Liontown has entered into a Sale Agreement with Matsa Resources Limited (ASX: MAT) whereby it can acquire 100% of Matsa's rights to all minerals for the Killaloe Project.

The Project, which is considered highly prospective for pegmatite-hosted lithium mineralisation, is located in the southern part of the Eastern Goldfields Province – a region well-known for hosting large lithium deposits including the Mt Marion and Bald Hill deposits, both of which are currently in production (**Figure 1**).

There has been no previous lithium exploration on the **Killaloe Project**; however, it is located immediately west of and covers the same stratigraphy as the Buldania Lithium Project, which Liontown acquired in late 2017.

Drilling at Buldania in early 2018 intersected wide zones of spodumene-related mineralisation (up to 58m @ 1.2% Li₂O) at the Anna pegmatite, confirming the potential of the area to host a major lithium deposit.

A follow-up program comprising up to 5,000m of Reverse Circulation drilling commenced recently at Buldania (**Figure 2**), with initial assays expected in late August 2018.

Liontown's initial focus at the Killaloe Project will be geological mapping and geochemical sampling to define targets for drill testing in Q4 2018.

The acquisition is consistent with Liontown's strategy of exploring for and developing battery-related metal projects and will complement its existing portfolio of Australian projects which includes the Kathleen Valley Lithium Project in WA and the Toolebuc Vanadium Project in NW Queensland.

At Kathleen Valley, Lione town is scheduled to release a maiden Mineral Resource before the end of August 2018 and, at Toolebuc, the Company recently announced a maiden Inferred Mineral Resource of 84Mt @ 0.3% V₂O₅ with an additional Exploration Target of 100-110Mt @ 0.28-0.32% V₂O₅ (see ASX release dated 30th July 2018).

Land Status and Acquisition Terms

The Killaloe Project area totals ~163km² and comprises eight granted Exploration Licences (EL 63/1018, 1199, 1646, 1655, 1660, 1661, 1662 and 1713), one granted Mining Lease (M 63/177) and one Prospecting Licence Application (PL63/2134).

ELs 63/1018 and 63/1199 are currently subject to an agreement between Matsa and Cullen Exploration Pty Ltd, with Cullen owning 20% of these tenements. All other tenements are 100%-owned by Killaloe Minerals Pty Ltd, which is a wholly-owned subsidiary of Matsa Resources.

Under the agreement, Lione town will acquire Matsa's rights to the Killaloe Project by issuing 20 million fully-paid ordinary shares, at a deemed value of 3cps, to Matsa as follows:

- 10 million shares in relation to Matsa's wholly-owned tenure (Tranche 1);
- 10 million shares in relation to Matsa's 80%-owned tenure (Tranche 2); and
- Paying Matsa a 1% NSR for all minerals produced by Lione town.

Tranche 2 is conditional on Cullen not exercising its pre-emptive rights under its agreement with Matsa. Cullen has up to 50 days to exercise its pre-emptive rights.

The Sale Agreement with Matsa is subject to Lione town undertaking due diligence, particularly in relation to matters of title and native title and which may be waived by Lione town in its sole discretion.

The Tenements are covered by the Ngadju Determined Native Title Claim (WCD2014/004). Matsa has an Access Agreement with the Ngadju which will apply to Lione town's exploration activities.



DAVID RICHARDS

Managing Director

20th August 2018

The Information in this report that relates to the Exploration Results for the Killaloe Project 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; and

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.

The Information in this report that relates to the Exploration Results for the Buldania Project is extracted from the ASX announcement entitled "More strong assays confirm significant lithium discovery at Buldania Project in WA" released on the 26th March 2018 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.

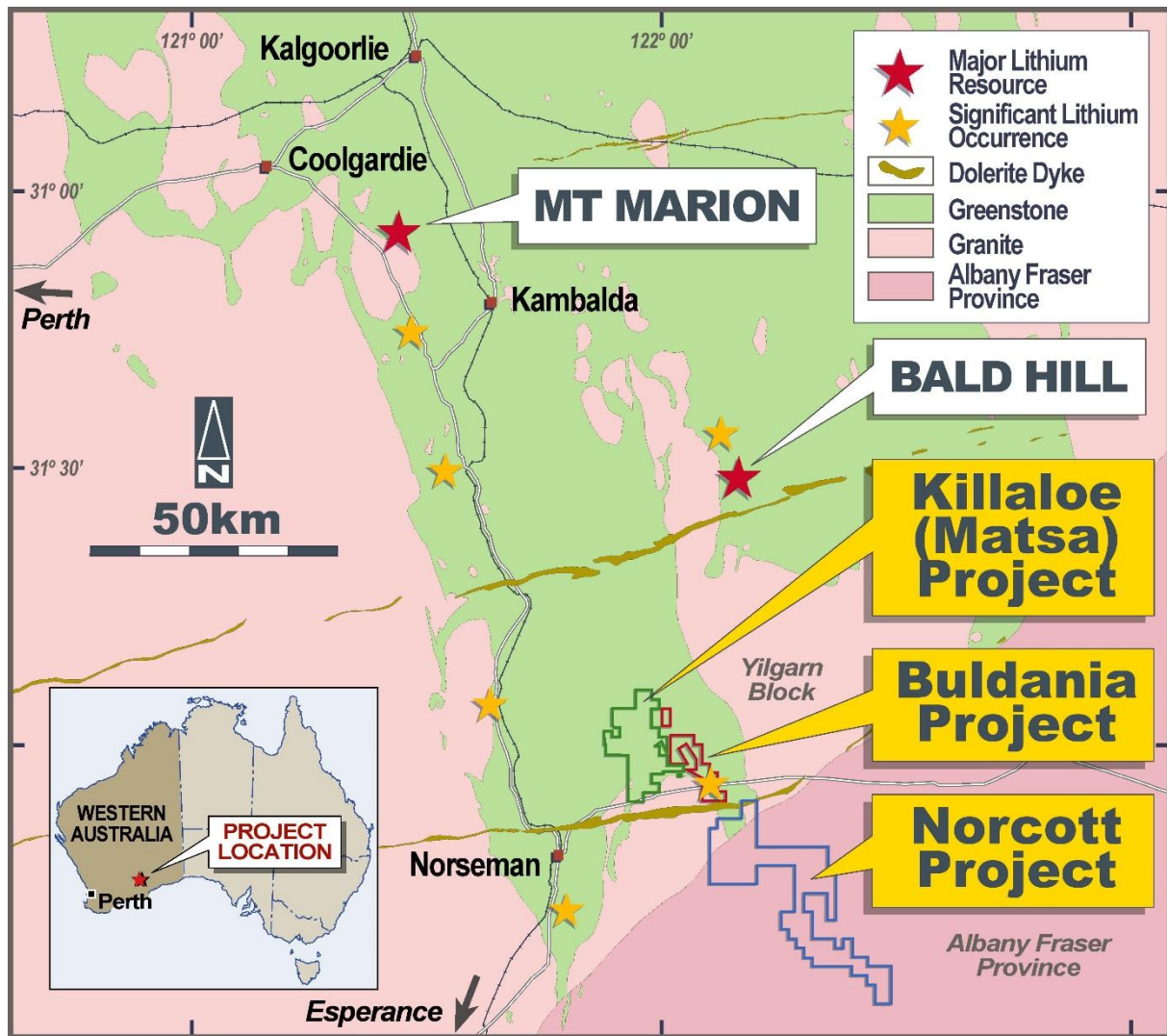


Figure 1: Regional geology plan of SE Goldfields, WA showing LioneTown project areas



Figure 2: Buldania Project – RC drill rig at the Anna pegmatite