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EL29699 Annual Report for the period 11 July 2015 to 10 July 2016

Compiled by I. Pryor

8th August 2016

BIBLIOGRAPHIC DATA – TITLE PAGE

Name of titleholder: LRL (Aust) Pty Ltd

Name of project operator: Liontown Resources Limited

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Author: I. Pryor

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Target: Li, Ta, Sn, Nb

1 : 100,000 Map Sheet: Bynoe (5072)

1 : 250,000 Map Sheet: Darwin (SD5204)

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ABSTRACT

EL 29699 was granted to Au Exploration Pty Ltd on 11th July 2013. Au Exploration explored the licence for almost three years, until the lease was acquired by LRL (Aust) Pty Ltd on 26th May 2016.

The lease was originally applied for based on the potential for tin, tantalum and niobium mineralisation associated with pegmatites of the Bynoe Pegmatite Field. LRL (Aust) Pty Ltd maintains an interest in these commodities, however the focus for exploration into the future is expected to be for lithium mineralisation, also within the pegmatites.

The lease is presumably underlain by meta-sediments of the Burrell Creek Formation, which is variably obscured by Cenozoic sands, and lateritic capping. The mineral title contains four named pegmatite prospects, described in various levels of detail by Frater (2005). These are the Mugs Find, Clarks, Black Jade, and Starfish Landing pegmatites. All of these pegmatites are categorised as belonging to the Kings Table Pegmatite Group of Frater (2005), and are considered to be prospective for Sn/Ta/Nb mineralisation. It is unclear whether these pegmatites are prospective for lithium mineralisation; this will be the focus of future work.

Prior to the transfer of ownership of the tenement on 26th May 2016, Au Exploration did carry out exploration on the tenement during the current reporting year, however no detail of this activity has been provided to LRL (Aust). Au Exploration are known to have visited the location, and use portable XRF and radon gas analysers, as well as conduct geophysical image interpretation and petrographic examinations. Unfortunately, none of the results, outcomes or reports have been provided to LRL (Aust).

Between the tenement transfer date and the anniversary date for the lease, LRL (Aust) conducted a reconnaissance field assessment of the lease over two days, including the taking of several rock chip and grab samples. These were not submitted for geochemical analysis within the reporting period.

The field reconnaissance did locate a number of the pegmatite targets. Further work, including detailed prospect-scale mapping, and some reconnaissance drilling, are recommended to advance the project in the coming year.

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Location and Access

The mineral title is located on the peninsula between Middle Arm and West Arm of Darwin Harbour (Figure 1). The lease is approximately 16km SSW of the city of Darwin.

Despite the close proximity to Darwin, access by road from Darwin involves about 100km of travel, due to the need to travel around Darwin Harbour. Access is gained by travelling south along the Stuart Highway, then West along Cox Peninsula Rd, turning off near the Hang Gong Mine. The final 20km to the lease are on the Kings Table Track, which is in reasonable condition, but is certainly a dry season only track.

The title is for the most part fairly flat, with a low laterite-capped plain in the centre of the lease. This slightly elevated plain slopes gradually toward mangrove swamps, which almost completely surround the lease. The lease is substantially bounded by Mineral Reserve RO26296, which loosely follows the boundary of the mangroves.

The lease overlies vacant crown land, and there are no hindrances to working on the mineral claim.

Mineral Title History and Details

EL29699 was applied for by Au Exploration Pty Ltd, and was granted on 11/07/2013. Au Exploration held the title until 26/05/2016, when the lease was formally transferred to LRL (Aust) Pty Ltd. The title is due to expire on 10/07/2019.

The title comprises four blocks, however, none of these are full blocks, as the mineral reserve RO26296 excludes portions of all four of the blocks under claim from the title (see Figure 2).

Geology

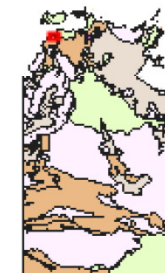
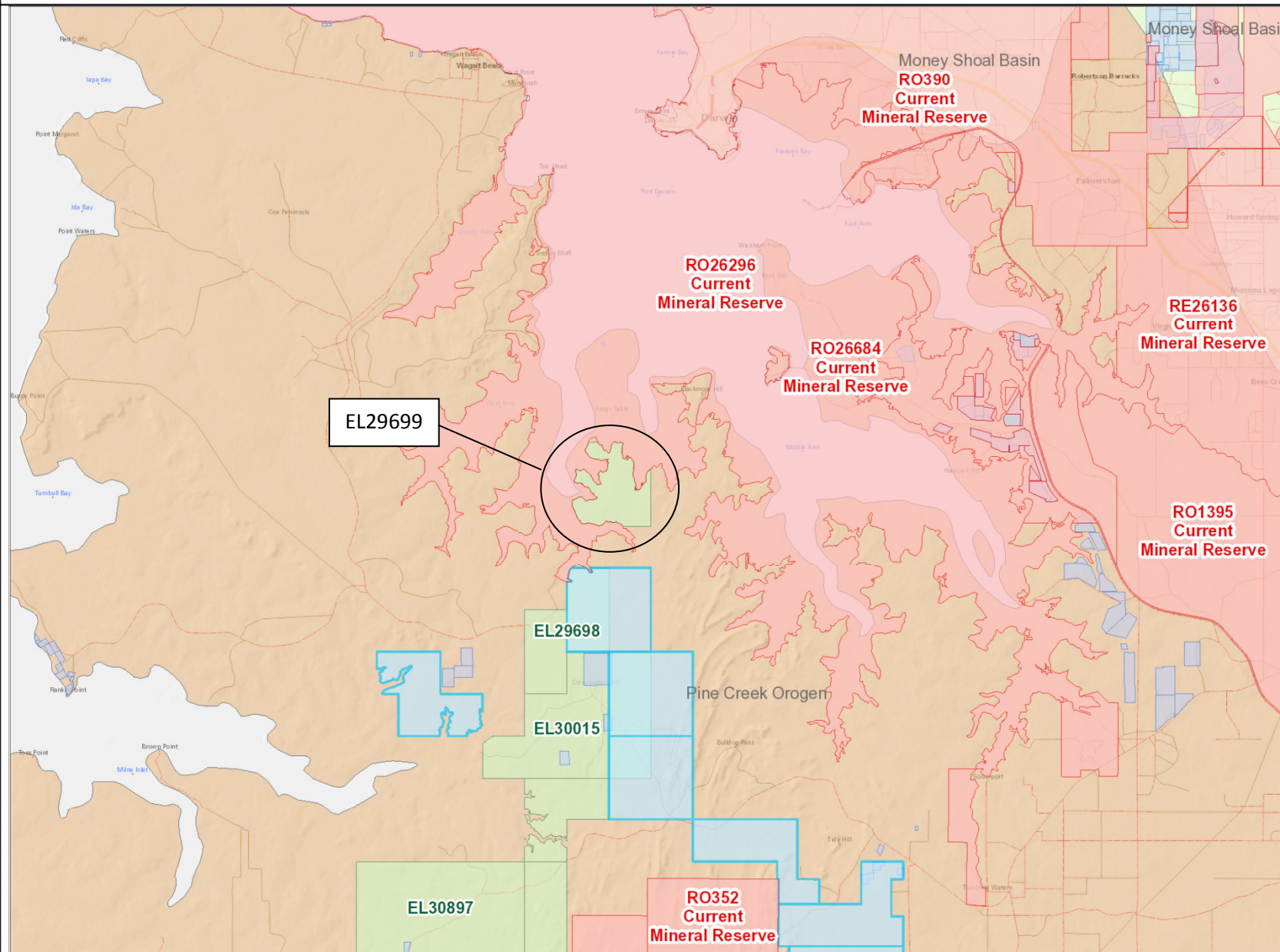
The title is practically entirely obscured by Cenozoic cover, limiting this discussion of geology to reasonable assumptions. It is most likely that the tenement is underlain by the Burrell Creek Formation, of the Finnis River Group, described as consisting of shale, siltstone, and phyllite, with minor sandstone (Pietsch, 1986). Of economic interest are the pegmatites known to occur in the area, which are fairly thoroughly described by Frater (2005). Jiang and Sun (2015) provide a reasonably thorough review of the regional and local pegmatite occurrences.

The pegmatites in question are classified to occur within the Kings Table pegmatite group, of the Bynoe Pegmatite Field. The pegmatites within this field are generally considered to be of the LCT family, as per the classification scheme put forward by Černý and Ercit (2005). The pegmatites of the area have long been known to host cassiterite and tantalite-columbite mineralisation, as well as local lithium mineralisation in certain pegmatite bodies.

Within the mineral title are four named pegmatite prospects. These are Mugs Find, Clarks, Black Jade, and Starfish Landing. Apart from the information summarised in the Frater (2005) report, there

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Location of EL29699



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Titles and Geoscience Data sourced from the Northern Territory Government Department of Mines and Energy, Department of Land Planning and the Environment and the Department of Natural Resources

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FIGURE 1: Location Plan

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EL29699 Boundaries

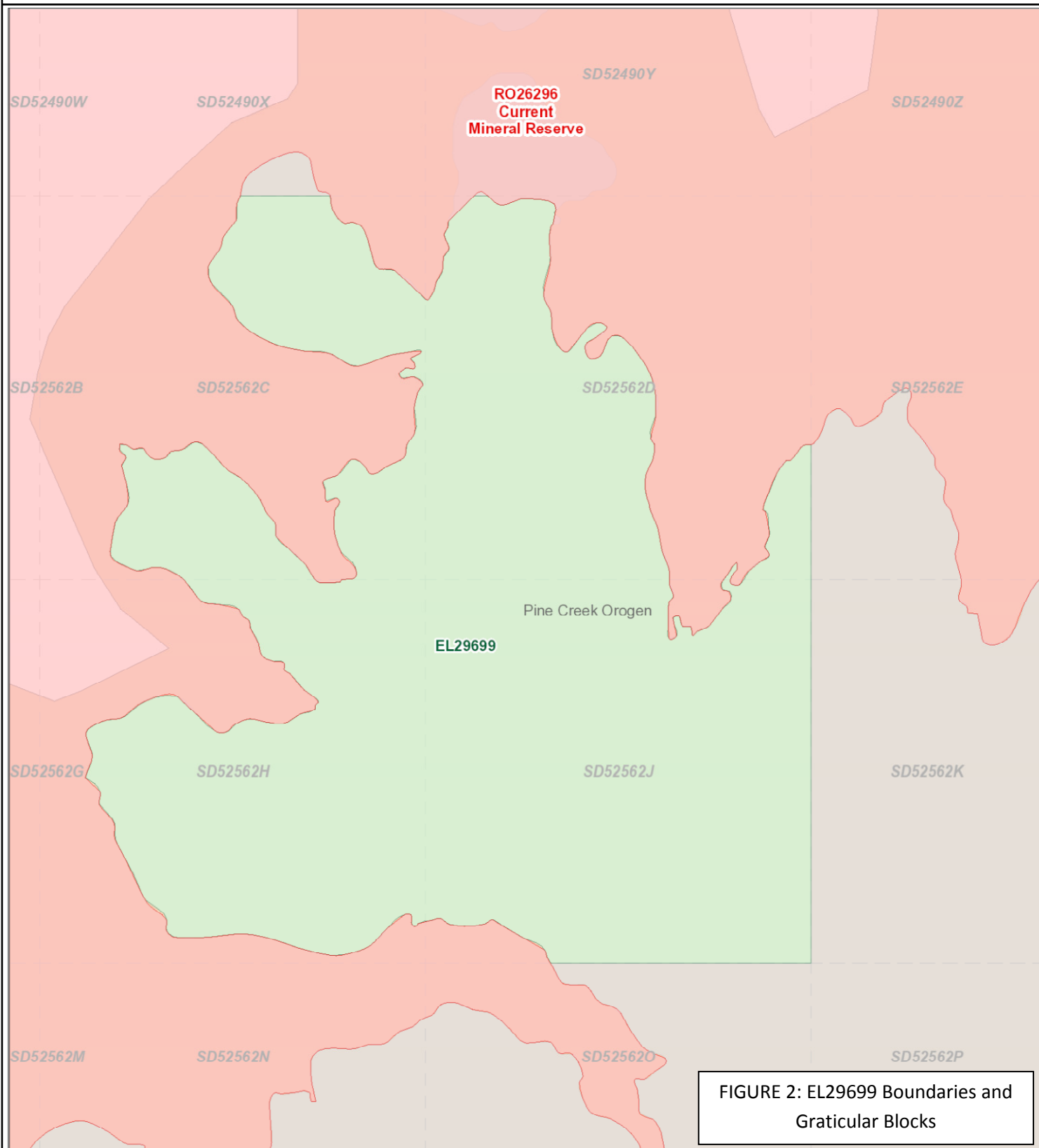


FIGURE 2: EL29699 Boundaries and Graticular Blocks

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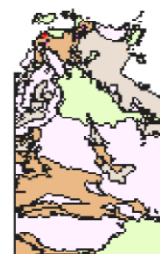
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appears to be little recorded about these prospects in old company reports, although no extensive search has yet been undertaken by LRL (Aust).

Mugs Find, which appears to have a strike length of some 500m, does not appear to have had any mining. Minor exploration drilling, for which there are no results reported, is recorded from the early 1980s. This pegmatite does however occur almost directly along strike to the south of the Kings Table pegmatite, which produced tin and tantalum concentrate in the early 1900s, and again in the early 1940s.

The Clarks pegmatite is said to consist of a small working, dating from around the turn of the century, which was subsequently subject to trenching by Greenex in the 1980s. Despite the high tin and tantalum grades encountered (up to 0.3% SnO_2 and 115 g/t Ta_2O_5), the prospect appeared not to have been followed up, possibly due to its very small strike length (18m).

The Black Jade prospect appears to have had some minor test trenching and pitting, but probably no substantial production. Greenex are said to have explored the area, but the results of this exploration not reported, or lost (Frater, 2005).

The Starfish Landing prospect has seen small scale production, with several pits and trenches evident, along with tailings sands. The mining area straddles the boundary of sparse bush to mangrove flats. A small gravity jig remains on site, suggesting that the target commodity was once again cassiterite/tantalite. It is not clear when this mine was operational.

Given the results of previous operations in the tenement and surrounds, including minor production, the title appears to be worthy of further exploration. The tin/tantalum/niobium mineralisation presents a reasonable target in its own right, but the potential for significant lithium mineralisation, which has only recently been identified, gives a further impetus to exploration with the potential for a significant multi-commodity discovery.

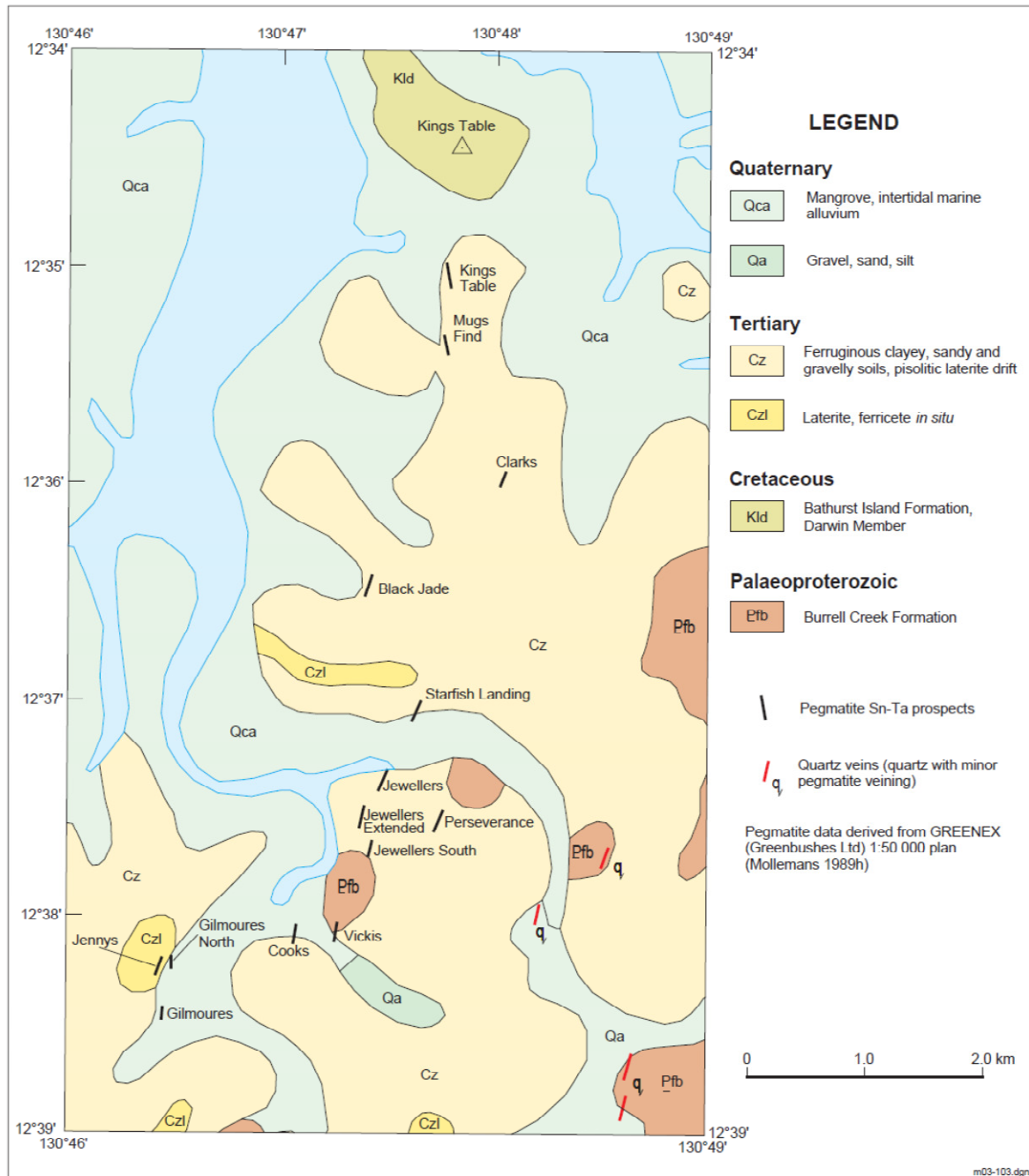


FIGURE 3: Geology and Prospects of the Kings Table Pegmatite Group. From Frater (2005), adapted after Mollemans (1989)

Exploration Index Map for Activities 11/07/2015 to 10/07/2016

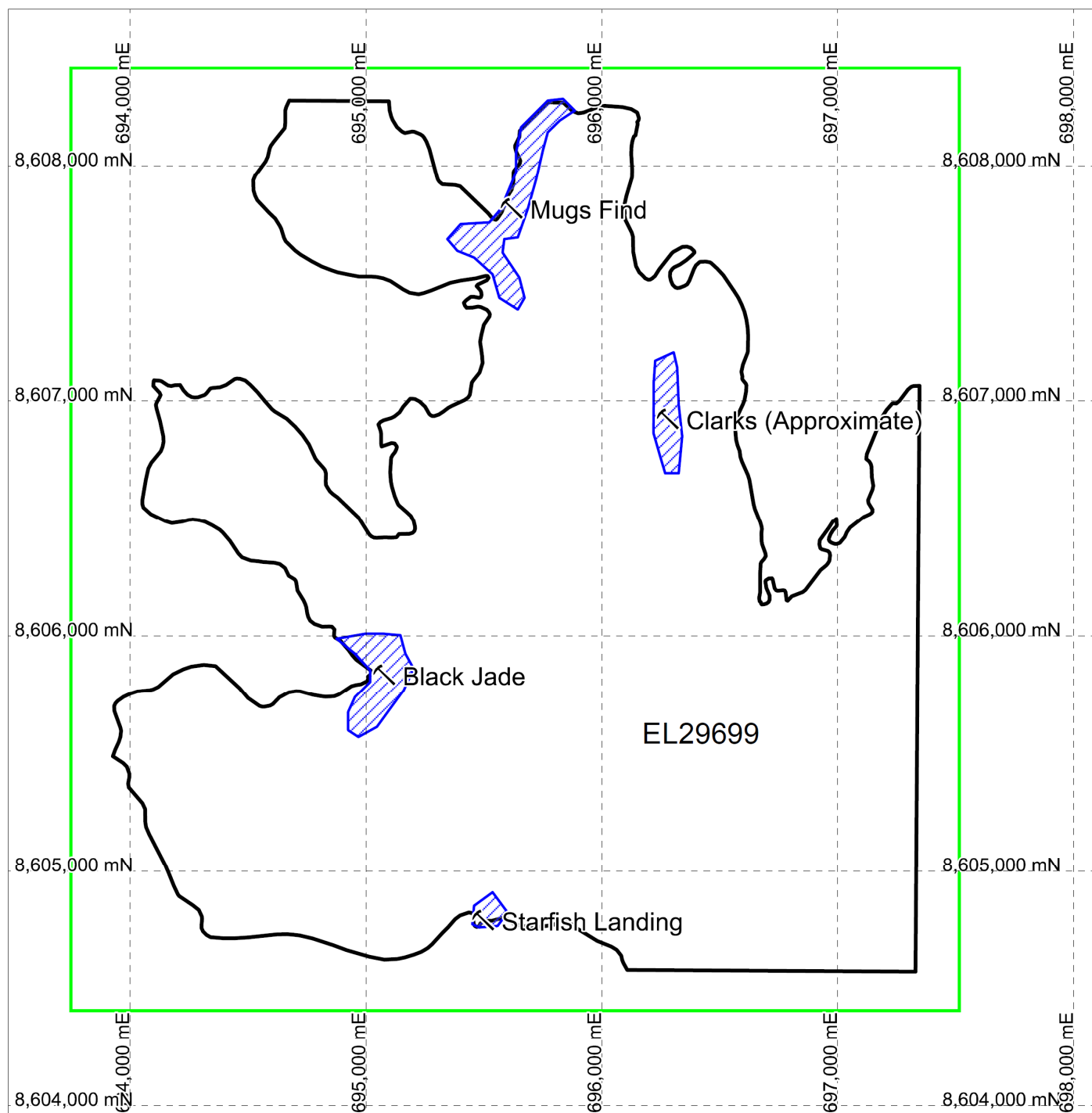




Figure 4
Exploration Index Map

 Field Reconnaissance [LRL (Aust)]

 Work by Au Exploration 11/07/2015 to 25/05/2016

MGA94 Zone 52
Scale: 1 : 25,000

Work Completed between 11/07/2015 and 10/07/2016

In conjunction with the acquisition and transfer of the tenement on 26th May 2016, Au Exploration provided LRL (Aust) with a summary of work completed, and expenditure claimed against each item. Unfortunately, none of the detail, nor results of the exploration carried out, were made available to LRL (Aust). The following is the summary of the activities reported by Au Exploration in the period 11 July 2016 to 25 May 2016, with comments in brackets:

- Field visit to the mineral title, and associated costs
- Hire of hand-held XRF analyser (presumably for use in field)
- Hire of radon analyser (presumably for use in field)
- Interpretation of geophysical imagery (unsure what geophysics was looked at)
- Petrographic examination (unsure what was being examined)
- Literature review, document translations, and reporting

Total expenses claimed by Au Exploration amounted to \$12,807.

The mineral title was held by LRL (Aust) for only about 6 weeks of the reporting period. During this time, a field visit was conducted by company geologists to conduct reconnaissance exploration. The four named prospects were visited, and time was spent inspecting the geology. Several rock and grab samples were taken, however, these were not submitted for assay within the reporting period. Results from these samples will be reported in the following annual report.

It was found that previous maps and location information was generally of poor quality, and as a result, despite significant time invested in the process, the field team failed to locate the Clarks prospect. The search was hindered by thick vegetation, which had not yet been burnt that season, at the time of field work. Further, it was unclear whether Black Jade was positively located. Workings were discovered in the Black Jade area, however, previous descriptions of the workings does not match well with what was observed in the field.

Mugs Find and Starfish Landing were definitely located. Starfish Landing has been mined, and some evidence of this activity remains, however the mangroves are steadily reclaiming the mining area. Mugs Find was observed, despite very poor exposure due to Cenozoic cover, to crop out sporadically over a strike length of about 500m. This was seen as highly encouraging, as lithium occurrences in other pegmatites in the area generally appear to be present in larger, longer strike-length pegmatites.

Conclusions

The exploration licence EL29699 was held for almost three years by Au Exploration Pty Ltd, before being acquired by LRL (Aust) Pty Ltd. Au Exploration completed some work during the third year of tenure, however, they had spent only about half the covenant amount at the time of transfer of ownership; about 6 weeks before the licence anniversary. LRL (Aust) had other commitments already in place for the northern field season, but despite this, managed to visit the tenement and commence work on the lease. Expenditure for the year inevitably fell short due to the lack of time available to LRL (Aust) to plan and execute exploration activities.

The work that was completed LRL (Aust) identified areas of interest that warrant follow-up exploration. Geological mapping at prospect scale is planned for the Mugs Find and Black Jade prospects. Further efforts should also be made to locate the Clarks prospect. A shallow drilling programme, of approximately 100m of RC, is warranted to test the pegmatite at Mugs Find for thickness and mineralisation. This is proposed to be completed in the coming year.

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