LCME

Prospectus

LITHIUM CONSOLIDATED MINERAL EXPLORATION LIMITED

(ACN 612 008 358)

OFFER OF 40,000,000 SHARES AT A$0.20 EACH

. Oversubscriptions of up to a further 5,000,000 Shares at a subscription price of $0.20 each to raise up to a further $1,000,000 may be accepted.

LEAD MANAGER
Sequoia Corporate Finance Pty Ltd
ACN 602 219 072

CORPORATE ADVISOR
Trenavin Holdings Pty Ltd
ACN 109 672 282

This document is important and it should be read in its entirety. If you are in any doubt as to the contents of this document, you should consult your sharebroker, solicitor, professional adviser, banker or accountant without delay. The securities offered by this Prospectus are considered to be speculative.

This Prospectus is issued pursuant to section 710 of the Corporations Act 2001 (Cth).

Important Notices

Offer

As at the date of this prospectus (this **Prospectus**), the Company is a proprietary company. The Corporations Act prohibits any offer being made under this Prospectus, until the Company has been converted into a public company (the **Conversion**). Subject to the Conversion taking place, the offer contained in this Prospectus (the **Offer**) is an invitation to acquire forty million fully paid ordinary shares (**Shares**) in Lithium Consolidated Mineral Exploration Proprietary Limited, to be renamed Lithium Consolidated Mineral Exploration Limited (ACN 612 008 358) on Conversion (**LCME**, the **Company**, **we** or **us**). Under the Offer, oversubscriptions of up to a further five million Shares at a subscription price of $0.20 each, to raise up to a further $1,000,000 may be accepted.

As noted above, the Company must be a public company at the time the Offer is made. The Company has made an application to ASIC to be converted into a public company. The Offer is not made under this Prospectus, and no applications will be accepted under this Prospectus, until the Conversion has been completed. Conversion is expected to take place on or about 18 November 2016. Following Conversion, Lithium Consolidated Mineral Exploration Proprietary Limited will be renamed Lithium Consolidated Mineral Exploration Limited.

This Prospectus is issued by the Company for the purpose of Chapter 6D of the Corporations Act 2001 (Cth) (**Corporations Act**).

Lodgement and listing

This Prospectus is dated 8 November 2016 and a copy of this Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. The Company will apply to the Australian Securities Exchange (**ASX**) for admission of the Company to the official list of the ASX (the **Official List**) within seven days after the date of this Prospectus. The fact that the ASX may admit the Company to its Official List is not to be taken in any way as an indication of the merits of the Shares, the Offer or the Company.

ASIC, the ASX and their officers take no responsibility for the contents of this Prospectus or the merit of the investment to which this Prospectus relates.

Expiry Date

No Shares will be allotted or issued on the basis of this Prospectus after 8 December 2017, which is 13 months from the date of this Prospectus.

Notice to Applicants

Potential investors should read this Prospectus in its entirety and consult their professional advisors before deciding whether to apply for Shares. The Shares the subject of this Prospectus should be considered highly speculative.

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice. The Company is not licensed to provide financial product advice in respect of its securities or any other financial products.

This Prospectus is important and you should read it in its entirety, along with each of the documents incorporated by reference, prior to deciding whether to invest in the Company's Shares. There are risks associated with an investment in the Shares, and you must regard the Shares offered under this Prospectus as a speculative investment. Some of the risks that you should consider are set out in Section 5 (**Risk Factors**). You should carefully consider these risks in light of your personal circumstances including financial and taxation issues. There may also be additional risks that you should consider in light of your personal circumstances.

If you do not fully understand this Prospectus or are in doubt as to how to analyse or interpret it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional advisor before deciding whether to invest in the Shares.

No person named in this Prospectus guarantees the Company's performance or any return on investment or any return of capital made pursuant to this Prospectus.

No offer where Offer would be illegal

This Prospectus does not constitute a public offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia.

There may be legal restrictions related to the distribution of this Prospectus (including in electronic form) outside Australia, New Zealand, the United Kingdom, Hong Kong and Singapore and therefore any person who resides outside Australia, New Zealand, the United Kingdom, Hong Kong and Singapore and who receives this Prospectus outside Australia, New Zealand, the United Kingdom, Hong Kong and Singapore should seek advice on, and observe, any such restrictions. Any person who has a registered address in any country outside of Australia, New Zealand, the United Kingdom, Hong Kong and Singapore and who receives this Prospectus may only apply for Shares if that person is able to reasonably demonstrate to the satisfaction of the Company that they may participate in the Offer relying on a relevant exception from, or are not otherwise subject to, the lodgement, filing, registration or other requirements of any applicable securities laws in the jurisdiction in which they have such registered address.

The Company will not offer to sell, nor solicit an offer to purchase, any securities in any jurisdiction where such offer, sale or solicitation may be unlawful. Any failure to comply with these restrictions may constitute violation of applicable securities laws.

Important Information for New Zealand Investors:

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or

- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Public Offer in Hong Kong

WARNING: This Prospectus has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

If you (or any person for whom you are acquiring the Shares) are in Hong Kong, by applying for Shares under the Offer you (and any such person) are representing to the Company that you are a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong.

Public Offer in Singapore

This Prospectus and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Prospectus has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this Prospectus immediately. You may not forward or circulate this Prospectus to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

If you (or any person for whom you are acquiring the Shares) are in Singapore, by applying for Shares under the Offer you (and any such person) are representing to the Company that you are:

- are an "institutional investor" or a "relevant person" (as such terms are defined in the SFA);
- will acquire the Shares in accordance with applicable provisions of the SFA; and
- acknowledge that the offer of the Shares is subject to the restrictions (including selling restrictions) set out in the SFA.

Offer in the United Kingdom

Neither the information in this Prospectus nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Shares. This Prospectus is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the Shares may not be offered or sold in the United Kingdom by means of this Prospectus, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This Prospectus should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this Prospectus is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this Prospectus relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus or any of its contents.

If you (or any person for whom you are acquiring the Shares) are in the United Kingdom, by applying for Shares under the Offer you (and any such person) are

representing to the Company that you are:

- a "qualified investor" within the meaning of Section 86(7) of the United Kingdom Financial Services and Markets Act 2000; and
- within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.

Notice to United States residents

The Shares being offered pursuant to this Prospectus have not been registered under the United States Securities Act of 1933, as amended (**US Securities Act**) and may not be offered or sold in the United States (**US**) absent registration or an applicable exemption from registration under the US Securities Act and applicable US securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful.

Financial information and amounts

All financial amounts contained in this Prospectus are expressed in Australian Dollars (**Australian Dollars** or **A$**), unless otherwise stated. Any discrepancies between totals and sums of components in figures and tables contained in this Prospectus are due to rounding.

Section 7 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of that information is set out in Section 7.

Where an amount is expressed in this Prospectus in Australian Dollars and US Dollars (**US Dollars** or **US$**), the conversion is based on the Indicative Exchange Rate (being A$1.00 = US$0.75), The amount when expressed in Australian Dollars or US Dollars may change as a result of fluctuations in the exchange rate between those currencies.

Incorporation by reference

The Company's Corporate Governance Charter is not contained in this Prospectus, but has been lodged with ASIC and is taken by law to be included in this Prospectus (refer to Section 11.1). If you are unsure whether you require the information contained in the Corporate Governance Charter to decide whether or not to invest in the Company, it is recommended that you obtain a copy of the Corporate Governance Charter. A copy of the Corporate Governance Charter can be obtained during the application period free of charge from the Company's website at www.lithiumconsolidated.com or by contacting the Company on +61 7 3212 6299 or by email at dcornish@corpservices.com.au.

Disclaimer

No person should rely on any information that is not contained in this Prospectus for making a decision as to whether to acquire Shares under the Offer. No person is authorised by the Company or the Lead Manager to give any information or make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation that is not contained in this Prospectus may not be relied on as having been authorised by the Company, its Directors or any other person in connection with the Offer. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

This Prospectus may contain forward-looking statements concerning the Company's business, operations, financial performance and condition, as well as the Company's plans, objectives and expectations for its business, operations and financial performance and condition. Any statements contained in this Prospectus that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as "aim", "anticipate", "assume", "believe", "could", "due", "estimate", "expect", "goal", "intend", "may", "objective", "plan", "predict", "potential", "positioned", "should", "target", "will", "would" and other similar expressions that are predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates and projections about the Company's business and the industry in which the Company operates and Management's beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond the Company's control. As a result, any or all of the Company's forward-looking statements in this Prospectus may turn out to be inaccurate. Factors that may cause such differences between forward-looking statements and actual performance include, but are not limited to, the risks described in Section 5 (**Risk Factors**) of this Prospectus.

You are urged to consider the risk factors carefully for evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. The forward-looking statements speak only as at the date of this Prospectus. Unless required by law, the Company does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the information and risks the Company describes in the reports to be filed from time to time with the ASX after the date of this Prospectus.

This Prospectus contains industry data and forecasts that were obtained from industry publications, third-party market research and publicly available information. These publications generally state or imply that the information contained in them has been obtained from sources believed to be reliable, but the Company has not independently verified the accuracy or completeness of such information. In addition, where a source has been identified in this Prospectus as the source for providing specific information included in the Prospectus, the author of that information has not given their consent to this information being included in the Prospectus and has not authorised or caused the issue of the Prospectus.

This Prospectus also includes trademarks, trade names and service marks that are the property of other organisations.

Exposure Period

The Corporations Act prohibits the Company from processing applications to subscribe for Shares under the Offer (**Application**) during the seven day period after the date of lodgement of this Prospectus (the **Exposure Period**). This period may be extended by ASIC for a further seven days. This period is an Exposure Period to enable market participants to examine this Prospectus prior to the raising of funds under the

Important Notices (continued)

Offer. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on Applications received during the Exposure Period.

Electronic Prospectus

This Prospectus, with an accompanying Application Form, may be viewed online at the Company Website, www.lithiumconsolidated.com. The Offers constituted by this Prospectus in electronic form are only available to Australian and New Zealand residents accessing an electronic version of this Prospectus in Australia or New Zealand. It is not available to persons in other jurisdictions. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

Collection Notice

LCME collects personal information about you so that we can administer our dealings with you, provide you with Company information, products and services, service your needs as a Shareholder (if you become one), carry out appropriate administration of your Application and deal with any requests that you may have. If we do not collect your personal information, we may be unable to we may not be able to process your Application, or provide you with our services, benefits and marketing information.

We may disclose your personal information to LCME, our personnel and any related entities, and to third parties such as our Share Registry, the Lead Manager, auditors, management, legal and other professional advisors, IT and other service providers, suppliers, insurers, payment processors, marketing and public relations providers. Information we collect may be disclosed outside of Australia, including but not limited to New Zealand, Hong Kong, United Kingdom, Singapore, United States of America and Canada.

Our Privacy Policy describes how you can access and correct any of your personal information, and how you can make a complaint if we have breached the Privacy Act in the handling of your personal information. Our Privacy Policy is available at www.lithiumconsolidated.com, or you can request a copy from LCME at Level 10, 110 Mary Street, Brisbane QLD 4000.

LCME Website

Any documents included on the Company Website (and any reference to them) are provided for convenience only and none of the documents or other information on the Company Website are incorporated by reference into this Prospectus. Any references to documents included on the Company Website are provided for convenience only, and none of the documents or other information on the website are incorporated in this Prospectus by reference unless specified in this Prospectus.

Definitions and abbreviations

Defined terms and abbreviations used in this Prospectus and not otherwise defined herein are defined and explained in the Glossary in Section 14 (**Glossary**).

References to time

All references to time in this Prospectus refer to the time in Melbourne, Australia (AEST), unless stated otherwise.

Photographs and diagrams

Photographs used in this Prospectus that do not have any description are for illustration or design purposes only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the Company owns the assets shown. Similarly, any assets depicted in the photographs such as equipment, buildings or other property are not necessarily assets that are owned or used by the Company and have been included for presentation and illustrative purposes unless stated otherwise. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at 8 November 2016.

Competent Person Statement

The information in the Independent Geologist Report prepared by Mr Carl Swensson and to the extent that such information is referenced elsewhere in the Prospectus (including in the summary report in Section 1) that relates to the technical assessment report is based on information compiled by Mr Swensson, who is a Fellow of the Australian Institute of Mining and Metallurgy and also holds various qualifications and professional memberships relevant to his area of expertise. Mr Swensson has more than 7 years' experience which is relevant to the style of mineralisation and type of deposit being reported and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves' (the "JORC Code and guidelines"). Mr Swensson consents to the inclusion in this technical assesment report in the form and context in which they appear.

Table of contents

Key Offer Information

Key Offer dates

Lodgement of Prospectus with ASIC	Tuesday, 8 November 2016
Opening Date of Offer	Tuesday, 22 November 2016
Closing Date of Offer	Tuesday, 13 December 2016
Settlement Date of Offer	Thursday, 13 December 2016
Allotment Date of Shares	Friday, 16 December 2016
Expected date for dispatch of holding statements	Monday, 19 December 2016
Expected commencement of trading on ASX	Wednesday, 21 December 2016

Notes: This timetable is indicative only. Unless otherwise indicated, all times given are AEST. The Company, in consultation with the Lead Manager, reserves the right to vary any and all of the above dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, or to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before Completion of the Offer, in each case without notifying any recipient of this Prospectus or Applicants). If the Offer is cancelled or withdrawn before Completion of the Offer, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

Key Offer statistics

	Minimum Subscriptions	Maximum Subscriptions[1]
Offer Price per Share	$0.20	$0.20
Shares available under the Offer	40,000,000	45,000,000
Gross proceeds from the Offer	$8.0 Million	$9.0 Million
Shares to be issued pursuant to the Nevada Option Deed	12,000,000	12,000,000
Shares on issue prior to the Offer	51,365,628	51,365,628
Total number of Shares on issue following the Offer (undiluted)	103,365,628	108,365,628
Estimate Costs of the Offer	$889,093	$960,092
Indicative market capitalisation on Completion of the Offer (undiluted)	$20,673,126	$21,673,126
Options on issue at Completion of the Offer	4,000,000	4,000,000
Performance Rights on issue at Completion of the Offer	7,500,000	7,500,000
Total number of Shares on issue at Completion of the Offer (fully diluted)	114,865,628	119,865,628
Indicative market capitalisation of the Company at the Offer Price (fully diluted)	$22,973,126	$23,973,126

1 Maximum Subscription assumes all oversubscriptions are accepted.

Proposed Use of Funds

Pursuant to the Offer, LCME will raise A$8,000,000. Oversubscriptions of up to a further 5,000,000 Shares at a subscription price of $0.20 each to raise up to a further $1,000,000 may be accepted.

The funds raised under the Offer, plus current cash reserves, are expected to be allocated over the first two years following Listing as follows:

Uses of funds	Minimum Subscription $8 million	Percentage of Funds (%)	Maximum Subscription $ 9 million	Percentage of Funds (%)
Existing cash reserves	$416,321	4.95	$416,321	4.42
Funds raised from the Offer	$8,000,000	95.05	$9,000,000	95.58
Allocation of funds:				
Big Smokey Acquisition	$100,000	1.19	$100,000	1.06
Nevada Projects	$3,742,707	44.47	$3,742,707	39.75
WA and SA Projects	$1,056,814	12.55	$1,056,814	11.22
Botswana	$150,000	1.78	$150,000	1.59
Corporate and administration	$2,306,300	27.40	$2,306,300	24.49
Working capital	$171,408	2.04	$1,100,499	11.69
Costs of the Offer	$889,093	10.56	$960,002	10.20
Total use of funds	**$8,416,321**	**100.0%**	**9,416,321**	**100.0%**

Notes: The above table is a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of sales success, operational and development activities, regulatory developments, and market and general economic conditions. In light of this, the Board reserves its right to alter the way the funds are applied.

How to Invest

Application for shares can only be made by completing and lodging an Application Form. Instructions on how to apply for Shares are set out in Section 2.7 and on the Application Form.

Letter from the Chairman

8 November 2016

Dear Investors

On behalf of the Company's Directors it is my pleasure to invite you to become a shareholder of Lithium Consolidated Mineral Exploration Ltd (**LCME**).

LCME is a lithium exploration company with mineral projects located in:

- Nevada, USA;
- Western Australia;
- South Australia; and
- Botswana.

LCME's flagship project is the Tonopah Lithium Project, located in the Big Smokey Valley, Nevada less than 4km from the only operating lithium brine mine in the USA.

LCME is seeking to raise A$8,000,000 through the issuance of forty million Shares at a price of A$0.20 per Share pursuant to the Offer. Oversubscriptions to a maximum of $1,000,000 will be accepted.

The Offer is being conducted by the Company to provide funds to realize its strategic objectives to:

(a) systematically explore and develop the Company's core projects in Nevada, USA;

(b) finalise the grants of mining tenement applications in Western Australia, South Australia and Botswana;

(c) explore and test for the potential of lithium mineralisation at those projects in Western Australia, South Australia and Botswana (upon grant of the relevant tenements);

(d) realise shareholder value accretive growth of the Company through:

  (1) exploration; and

  (2) acquisitions, joint ventures and other external growth opportunities; and

(e) provide working capital for the Company.

The Offer will also provide a liquid market for LCME's Shares, provide access to capital markets, broaden the Company's Shareholder base and provide LCME with the benefits of an increased profile as a listed entity.

LCME has assembled an experienced management, exploration and development team who are well qualified to exploit the potential of the Company's mineral assets. The Board has significant expertise and experience in mineral exploration, project development and corporate finance and aims to ensure that funds raised through the Offer will be utilised to advance the Company's projects and realise its strategic objectives.

The Offer will close at 5:00pm AEST on 13 December 2016, unless varied by the Company.

It is anticipated that the Company will be listed on ASX on or about 21 December 2016.

This Prospectus contains detailed information about the Offer and the financial position and performance, operations, Management team and future plans of LCME. Section 4 includes a description of the key risks associated with an investment in LCME and you should review this section in detail.

I encourage you to read this Prospectus carefully and in its entirety before making your investment decision and, if required, consult with your stockbroker, solicitor, accountant or other independent professional adviser.

On behalf of the Directors, I invite you to consider this opportunity to invest in the Company, and look forward to welcoming you as an investor.

Yours Sincerely,

Jim McKerlie
Chairman

Lithium Consolidated Mineral Exploration Limited

LCME

Section 1

Investment Overview

1. Investment Overview

The information in this Section 1 is a summary only. It should be read in conjunction with the information set out in the remainder of this Prospectus.

Topic	Summary	For more information
1.1 Background		
Who is the issuer of the Prospectus?	Lithium Consolidated Mineral Exploration Limited ACN 612 008 358	Section 4.4
What is LCME?	The Company was incorporated as a proprietary company limited by shares on 22 April 2016. It resolved to convert to a public company on 10 October 2016. Since incorporation the Company has established itself as a lithium minerals exploration company, with projects in: • Nevada, USA; • Western Australia; • South Australia ; and • Botswana. On 17 October 2016 the Company entered into an Option Agreement (**Nevada Option**) with Big Smokey LLC and ProspectOre LLC pursuant to which LCME may initially acquire an 80% interest in some 744 staked and filed claims and a further 1,237 staked claims in Nevada (**Nevada Project**). During the Offer, LCME will exercise the Nevada Option and have agreed to pay to Big Smokey LLC and ProspectOre LLC the sum of $100,000 and issue 12,000,000 Shares on exercise of the Nevada Option. Big Smokey LLC and ProspectOre LLC (**Nevada Vendors**) have also been granted a 3% NSR. LCME has through a wholly owned subsidiary West Resource Ventures Pty Ltd applied for 10 Exploration Licences in Western Australian, and a further 5 Exploration permits in South Australia (**Australian Tenements**). Romardo Group Pty Ltd and Darryn Hedger have been granted a 2% NSR in respect of the Australian Tenements. LCME holds 80% of South Resource Ventures Pty Ltd, which has applied for some 8 exploration licences in the Makgadikgadi Pans region in Botswana and an offer of grant has been received. All of the applications in Western Australian, South Australia are pending formal grant by the respective Government bodies and 6 of the 8 Botswana applications have been granted, with 2 pending formal grant.	Section 4.1
What is LCME's interest in the Nevada Project	On the completion of the Offer, the Company through its US wholly owned subsidiary LCME Holdings Inc will have an 80% ownership of the Nevada Projects, which comprises of approximately 744 staked and filed claims and a further 1,237 staked claims in Nevada, USA. A Joint Venture between LCME and the Nevada Vendors, would commence on completion of the exercise of the Option. Under the terms of the Joint Venture, LCME is obliged to fund the costs of all exploration up to completion of a Definitive Feasibility Study, but is entitled to be reimbursed these costs and an interest amount. LCME has a right to buy out the remaining 20% ownership interest on completion of the Definitive Feasibility Study. Refer to the Solicitor's Report on Tenements at Section 9 for further information.	Section 3

1. Investment Overview (continued)

Topic	Summary	For more information
What is the status of the applications for mining interests in Western Australia, South Australia and Botswana?	The applications for exploration permits made by West Resource Ventures Pty Ltd in both Western Australia and South Australia are progressing but pending formal grant under applicable legislation in both those States. Additionally, 6 of the 8 the applications for exploration permits made by South Resource Ventures Pty Ltd in Botswana have been granted and 2 are progressing but pending formal grant under the Botswana Mines and Minerals Act.	Section 4.1
What is the Company's business model?	The Company's main objectives on completion of the Offer are to: 1. systematically explore and develop the Company's core projects in Nevada, USA; 2. finalise the grants of mining tenement applications in Western Australia, South Australia and Botswana; 3. explore and test for the potential of lithium mineralisation at those projects in Western Australia, South Australia and Botswana (upon grant of the relevant tenements); 4. realize shareholder value accretive growth of the Company through: (a) exploration; and (b) acquisitions, joint ventures and other external growth opportunities, 5. provide working capital for the Company. The Directors are satisfied that on completion of the Offer, the Company will have sufficient funds to carry out its stated objectives.	Section 4.2
Why is the Offer being conducted?	The Offer is being conducted by the Company to provide funds to: 1. systematically explore and develop the Company's core projects in Nevada, USA; 2. finalise the grants of mining tenement applications in Western Australia, South Australia and Botswana; 3. explore and test for the potential of lithium mineralisation at those projects in Western Australia, South Australia and Botswana (upon grant of the relevant tenements); 4. realize shareholder value accretive growth of the Company through: (a) exploration; and (b) acquisitions, joint ventures and other external growth opportunities, 5. provide working capital for the Company. The Offer will also: • provide a liquid market for the Company's Shares; • provide LCME with the benefits of an increased profile that arises from being listed; and • provide LCME with additional financial flexibility and access to capital markets, to assist in pursuing exploration	Section 3

1. Investment Overview (continued)

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>What is the historical financial performance and pro-forma financial position of the Company?</td><td>LCME was incorporated on 22 April 2016.

The statutory audited historical statement of profit or loss and other comprehensive income of the Company for the financial year ending 30 June 2016 are set out in the Financial Information Section at Section 7. The statutory audited historical cash flows of the Company for the financial year ended 30 June 2016 are set out in the Financial Information Section at Section 7.

LCME's statutory historical income statements are summarised below:
<table>
<tr><th>Period ending (AU$'000)</th><th>30-Jun-2016</th></tr>
<tr><td>Revenue</td><td>-</td></tr>
<tr><td>Costs</td><td>(464)</td></tr>
<tr><td>Net (loss) after tax</td><td>(464)</td></tr>
</table>
On a pro-forma basis, following the Offer, LCME's financial position is:
<table>
<tr><th>Period ending (AU$'000)</th><th>30-June-2016 Minimum</th><th>30-June-2016 Maximum</th></tr>
<tr><td>Total assets</td><td>10.9</td><td>11.8</td></tr>
<tr><td>Total liabilities</td><td>-</td><td>-</td></tr>
<tr><td>Net assets</td><td>10.9</td><td>11.8</td></tr>
</table></td><td>Section 7</td></tr>
<tr><td>What is the financial outlook for the Company?</td><td>Given the current status of the Company's projects and the speculative nature of mineral exploration and development, the Directors do not consider it is appropriate to forecast future earnings. Any forecast or projection information could contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection on a reasonable basis.</td><td></td></tr>
</table>

Topic	Summary	For more information
1.2 Key Investment Highlights		
What are the Company's key strengths?	LCME is a lithium exploration company. The LCME assets have been secured by a geoscientific technical team with a proven track-record of discovering globally significant mining assets (eg. Olympic Dam, Cannington). LCME has large, land positions in Nevada and Western Australia, which represent 2 of the 4 globally significant, legacy lithium producing regions. The Botswana land position covers a large portion of salt lakes that form at the end of the Nata River which drains from areas in Zimbabwe that host historical lithium producing mines and hard-rock lithium mineralisation. Botswana is a favourable mining jurisdiction in Africa. The LCME portfolio has both lithium brine and hard-rock lithium exploration assets. **Strong growth prospects** Near term drilling in Nevada will focus on lithium brine aquifers and a geological lithium system, which has supported lithium production since 1967. Drilling success at any of LCME's projects could create significant shareholder value growth. LCME is strongly positioned to take advantage of the growth in the global demand for lithium. **High, quality experienced team** The LCME Management team is led by Shanthar Pathmanathan, Damien Reynolds and Duncan Cornish. The Management team members have a proven track-record of: • delivering significant shareholder value growth; • managing resources sector assets; and • delivering significant capital raising and M&A transaction outcomes. The technical team members have experience in successfully exploring and evaluating mineral projects. LCME's Advisory Board members have strong credentials and networks which could facilitate unique access and profile for the Company in the global lithium industry and from a capital markets perspective. **Strong competitive position** LCME has a portfolio of commanding lithium exploration assets in close proximity to legacy, large-scale lithium producing mines. LCME has the competitive advantage of: • an experienced and successful geoscientific technical team; and • a highly experienced Board and Management team with a history of delivering value growth for shareholders. LCME is uniquely positioned to realize strong value creation through its existing portfolio of assets and external growth opportunities.	Section 3

Topic	Summary	For more information
1.3 Summary of Key Investment Risks		
What are the key risks for the Company?	There are a number of risks associated with an investment in the Company that may affect its financial performance, financial position, cash flows, distributions, growth prospects and Share price. Further details about those listed below and other risks associated with an investment in LCME are set out in Section 5. Potential investors should consider an investment in the Company as speculative and should consult their professional advisors before deciding whether to apply for Shares under the Offer.	Section 5
	Exploration and Evaluation Potential investors should understand that mineral exploration and development are high risk undertakings. In Nevada, the Company has an interest in a large number of both staked and patented claims and will need to ensure that it takes all available steps to ensuring ownership of and access to mineral properties. While the Company has attempted to reduce this risk by selecting projects that have identified mineral targets, there is still no guarantee of success. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.	Section 5.2(a)
	Tenement Risks LCME's tenements and interests in tenements are subject to the various conditions, obligations and regulations which apply in the relevant jurisdictions including Nevada in USA, Western Australia and South Australia in Australia and Botswana . If applications for title or renewal are required this can be at the discretion of the relevant government minister or officials. If approval is refused, LCME will suffer a loss of the opportunity to undertake further exploration, or development, of the tenement. LCME currently knows of no reason to believe that current applications will not be approved, granted or renewed. Some of the properties may be subject to prior unregistered agreements or transfers or native or indigenous peoples' land claims and title may be affected by undetected defects. No assurance can be given that title defects do not exist. If a title defect does exist, it is possible that LCME may be fined or may lose all or a portion of the property to which the title defect relates.	Section 5.2(b)

1. Investment Overview (continued)

Topic	Summary	For more information
	Title Risks The exploration and prospecting permits and claims in which the Company has now, or may, in the future, acquire an interest, are subject to the applicable local laws and regulations. There is no guarantee than any claims, applications or conversions in which the Company has a current or potential interest will be granted. In Nevada, the Company has located 1981 placer mining claims. The Company has perfected 744 of its claims by filing the claim certificates of location and mining claim maps with BLM and recording them in the office of the Esmeralda County Recorder. In Nevada, third parties (including Ultra Lithium Inc.) have located unpatented mining claims near the Company's claims. In one instance, a third party, Ultra Lithium Inc., located 106 unpatented mining claims which overlie certain of the Company's claims. It is the Company's position that under Nevada law the Ultra Lithium Inc claims were void ab initio. Ultra Lithium Inc has continued to maintain its claims and the Company may be compelled to commence a legal action to quiet title against Ultra Lithium Inc.	Section 5.2(c)
	Contractual Risks The Company's interests in many of the tenements described in this Prospectus, are by virtue of contractual arrangements, including the Nevada Option Deed. Accordingly, as in any contractual relationship, the ability for the Company to ultimately be registered as a holder of an interest in the tenements is dependent upon the relevant vendor complying with its contractual obligations to deliver title.	Section 5.2(d)
	Environmental Regulation and Risks The Company's operations and projects are subject to the laws and regulations of all jurisdictions in which it has mineral interests and carries on business, regarding environmental compliance and relevant hazards. In Nevada the regulation of drilling activities for lithium in brine aquifers is overseen by the Nevada Division of Water Resources. (**NDWR**) Accordingly, the Company may be required to seek permission or waivers from the NDWR for some of the contemplated exploration activity. No assurance can be given that the Company will be successful in obtaining the same.	Section 5.2(e)
	Native Title Risk The Company has applications in both WA and SA which will be affected by native title issues. The effect of the Native Title Act 1993 (Cth) (**NTA**) is that existing and new tenements held by the Company may be affected by native title claims and procedures. There is a potential risk that a determination could be made that native title exists in relation to land the subject of a tenement held or to be held by the Company which may affect the operation of the Company's business and development activities. In the event that it is determined that native title does exist or a native title claim is registered, the Company may need to comply with procedures under the NTA in order to carry out its operations or to be granted any additional rights such as a Mining Lease.	Section 5.2 (f)

Topic	Summary	For more information
	Financing LCME's ability to effectively implement its business strategy over time may depend in part on its ability to raise additional funds. There can be no assurance that any such equity or debt funding will be available to the Company on favourable terms or at all. If adequate funds are not available on acceptable terms, the Company may not be able to take advantage of opportunities or otherwise respond to competitive pressures.	Section 5.2(g)
	Sovereign Risk LCME's operations in Nevada, USA and Botswana are subject to the risks associated in operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents. Any future material adverse changes in government policies or legislation in Nevada and Botswana that affect foreign ownership, mineral exploration, development or mining activities, may affect the viability and profitability of LCME and its projects.	Section 5.2(h)
	Operational Risk If the Company decides to develop and commission a mine, the operations of the Company including mining and processing may be affected by a range of factors. These include failure to achieve predicted grade in exploration, mining and processing, technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure, metallurgical problems which affect extraction rates and costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, unexpected shortages or increase in the costs of consumables, spare parts, plant and equipment. The Company's continued development and future value will depend in part on the performance of its senior management and other key personnel. Accordingly, there is a risk that LCME may not be able to retain or hire all personnel necessary for the operation of its business. LCME, where feasible, intends to insure its operations in accordance with industry practice and having regard to the nature of activities being conducted. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of LCME.	Section 5.2(i)

Topic	Summary	For more information
	Commodity Risk LCME's possible future revenues may be derived mainly from lithium and/or from royalties gained from potential joint ventures or from mineral projects sold. Lithium commodity products are not an exchange traded commodity and are sold directly to end users. If the Company is successful in its exploration and able to commence mining operations, the profitability of any future lithium operations will be dependent upon the market price of lithium. The price of lithium has fluctuated widely in recent years, and is affected by numerous external economic factors beyond the control of the Company. Future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations.	Section 5.2(j)
	Share Market The market price of Shares, Options and other securities (including Shares) can be expected to rise and fall in accordance with general market conditions and factors specifically affecting the Australian resources sector and exploration companies in particular. There are a number of factors (both national and international) that may affect the share market price and neither the Company nor its Directors have control of those factors.	Section 5.2(i)

1.4 Directors and Key Employees

Who are the Directors of the Company?	The Board of Directors comprises: • Jim McKerlie (Non-Executive Chairman) • Shanthar Pathmanathan (Executive Director) • Vincent Mascolo (Non-Executive Director) • Brian Moller (Non-Executive Director)	Section 10
Who are the key members of Management?	Management comprises: • Shanthar Pathmanathan (Chief Executive Officer) • Damien Reynolds (Founder and Business Development Consultant) • Duncan Cornish (Chief Financial Officer and Company Secretary) • Gordon Addie (Technical Consultant)	Section 10

Topic	Summary	For more information

1.5 Key People, Interests and Benefits

Who are the significant Existing Shareholders of the Company and what will their interests be after Completion of the Offer?

The current significant Shareholders of the Company and their interests on Completion of the Offer (assuming full oversubscription, that no Options are exercised and the Shareholders do not apply for Shares under the Offer):

Shareholder	Shares	% holding before Offer	% holding after Offer
Australian Consolidated Venture Capital Pty Ltd	24,925,000	48.52%	23.0%
Romardo Group Pty Ltd	2,250,000	4.38%	2.08%

Note: On Completion of the Offer 12,000,000 shares will be issued to the Nevada Vendors under the Nevada Option, the Nevada Vendors will collectively hold up to 11.07% (see section 12.2).

Section 3

What are the Director shareholdings?

The Directors are expected to hold a direct or indirect interest in the following Shares on Completion of the Offer (assuming full oversubscription, that no Options or Performance Rights are exercised and the Directors do not apply for Shares under the Offer):

Director	Shares	% holding after Offer
Jim McKerlie	750,000	0.69%
Shanthar Pathmanathan	636,750	0.59%
Vincent Mascolo	500,000	0.46%
Brian Moller	1,500,000	1.38%

Section 10

1. Investment Overview (continued)

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>What significant benefits are payable to the Directors?</td><td>The Directors are entitled to the following remuneration and fees:
<table>
<tr><th>Director</th><th>Remuneration/ Fees[1]</th><th>Other</th></tr>
<tr><td>Shanthar Pathmanathan</td><td>A$240,000.00 pa</td><td>5 Million Performance Rights[3]</td></tr>
<tr><td>Jim McKerlie</td><td>A$100,000 pa</td><td>1,000,000 Performance Rights[3]
250,000 Shares</td></tr>
<tr><td>Vincent Mascolo</td><td>A$40,000.00 pa</td><td>500,000 Performance Rights[1]
1 Million Options[2]</td></tr>
<tr><td>Brian Moller</td><td>A$40,000.00 pa</td><td>500,000 Performance Rights[3]</td></tr>
</table>
1. See section 10.9 and 10.10.
2. For the terms and conditions of Options see section 13.3.
3. For the terms and conditions of Performance Rights see section 13.4.</td><td>Sections 10.5 & 10.7</td></tr>
<tr><td>What escrow arrangements will be in place as at Completion of the Offer?</td><td>Shares and Options held by certain Directors and Existing Shareholders immediately prior to Completion of the Offer may be subject to escrow arrangements in the period immediately following Completion of the Offer as required by the ASX Listing Rules.</td><td>Section 10</td></tr>
<tr><td>What Corporate Governance Policies does the Company have in place?</td><td>A summary of the Corporate Governance policies adopted by the Company are set out in Section 11.</td><td>Section 11</td></tr>
</table>

Topic	Summary	For more information
Are there any significant related party transactions?	Since incorporation, the Company has entered into a number of transactions with related parties which have been entered into before the Company became a public company or have proceeded on either an "arm's length" basis or been approved by Shareholders in general meeting. These transactions encompass: • the issue of performance rights to Directors of the Company, Jim McKerlie, Vincent Mascolo, Brian Moller and Shanthar Pathmanathan; • a services agreement for services as a Director and CEO with Shanthar Pathmanathan; • a consultancy agreement with Australian Consolidated Venture Capital Pty Ltd, a company associated with Damien Reynolds, a former director of the Company. • the issue of 1,500,000 Shares to Stanburgh Pty Ltd, a company associated with Brian Moller, a Director, free of cash consideration. • the issue of 1,000,000 Options each exercisable at $0.10 on or before 1 January 2019 to Vincent Mascolo, a Director, free of cash consideration. • The issue of 500,000 Shares issued at an issue price of $0.10 each to Vincent Mascolo, a Director, on 18 May 2016 pursuant to a seed capital raising. • The issue of 250,000 Shares issued at an issue price of $0.10 each to Jim McKerlie, a Director, on 31 October 2016, free of any cash consideration, pursuant to a letter of appointment. • The issue of 600,000 Shares issued at an issue price of $0.10 each to a superannuation fund, to which Shanthar Pathmanathan, a Director, is a beneficiary of, on 30 June 2016, pursuant to a seed capital raising. • the issue of 36,750 Shares to Shanthar Pathmanathan, a Director, in consideration for Mr Pathmanathan's services prior to Mr Pathmanathan being appointed as a Director.	Section 10.15

1.6 Summary of the Offer and the Proposed Use of Funds Raised

What is the Offer?	This Prospectus provides investors with the opportunity to participate in the initial public offering of Shares in the Company. The Company is undertaking a public offer of forty million shares at A$0.20 per Share to raise $8,000,000 (before costs). The Offer is not underwritten. The minimum amount to be raised under the Offer is $8,000,000. The Company will accept oversubscription of up to a maximum of five million Shares. The purpose of the Offer is to facilitate an application by the Company for admission of the Company to the Official List and to position the Company to achieve the objectives stated at section 1.1 above. The Board believes that on completion of the Offer, the Company will have sufficient working capital to achieve its objectives.	Section 2
What are the terms of the Shares offered under the Offer?	A summary of the material rights and liabilities attaching to the Shares offered under the Offer is set out in Section 13.	Section 13

1. Investment Overview (continued)

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>What will the market capitalisation of the Company be upon Listing on the ASX?</td><td>The undiluted market capitalisation of the Company on Listing, assuming full oversubscriptions is expected to be approximately A$ 21,673,126. The Company's capital structure on a post-Offer basis is set out in Section 2.4.</td><td>Section 2.4</td></tr>
<tr><td>What is the proposed use of funds raised under the Offer?</td><td>The Offer is expected to raise eight million dollars. Provision is made for Oversubscriptions to a maximum of one million dollars. The funds raised under the Offer, plus current cash reserves, are expected to be allocated as follows:
<table>
<tr><th>Uses of funds</th><th>Minimum Subscription $8 million</th><th>Maximum Subscription $9 million</th></tr>
<tr><td>Big Smokey Acquisition</td><td>$100,000</td><td>$100,000</td></tr>
<tr><td>Nevada Projects</td><td>$3,742,707</td><td>$3,742,707</td></tr>
<tr><td>WA and SA Projects</td><td>$1,056,814</td><td>$1,056,814</td></tr>
<tr><td>Botswana</td><td>$150,000</td><td>$150,000</td></tr>
<tr><td>Corporate and administration</td><td>$2,306,300</td><td>$2,306,300</td></tr>
<tr><td>Working capital</td><td>$171,408</td><td>$1,100,499</td></tr>
<tr><td>Costs of the Offer</td><td>$889,093</td><td>$960,002</td></tr>
<tr><td>Total use of funds</td><td>$8,416,321</td><td>$9,416,321</td></tr>
</table></td><td>Key Offer Information and Section 2.2</td></tr>
<tr><td>Will the Company be adequately funded after Completion of the Offer?</td><td>The Board believes that the Company's current cash reserves plus the net proceeds of the Offer will be sufficient to fund the Company's short-term growth strategy and business objectives. The Board will consider the use of additional funding if appropriate to further accelerate growth or fund a specific project, transaction or expansion.</td><td>Section 2.2</td></tr>
<tr><td>Will the Shares be quoted on the ASX?</td><td>The Company will apply to ASX within seven days of the date of this Prospectus for Official Quotation of all Shares on the ASX under the ticker LI3.</td><td>Section 2.10</td></tr>
<tr><td>Is the Offer underwritten?</td><td>No</td><td>Section 2.5</td></tr>
<tr><td>What is the allocation policy applicable to the Offer?</td><td>The Company may, in consultation with the Lead Manager, withdraw the Offer, or any part of it, at any time before the allotment of Shares to successful Applicants in the applicable part of the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded. No interest will be paid on unsuccessful Applications.</td><td>Section 2.6</td></tr>
<tr><td>What is the minimum Application under the Offer?</td><td>Applications must be for a minimum of 10,000 Shares (A$2,000) and thereafter in multiples of 2,500 Shares (A$500).</td><td>See "Application Form"</td></tr>
</table>

1. Investment Overview (continued)

Topic	Summary	For more information
When will I receive confirmation that my Application has been successful?	Holding statements, confirming Applicants' allocations under the Offer, are expected to be dispatched to Shareholders on Monday, 19 December 2016.	Key Offer Information and Section 2.5
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisitions of Shares under the Offer.	Section 2.5
What are the tax implications of investing in the Company?	The taxation implications of investing in Shares will depend on an investor's individual circumstances. Applicants should obtain their own tax advice or financial planning advice prior to investing. Investors should also refer to the following questions in relation to the unavailability of franking credits until the Company can issue dividends on revenue derived in Australia.	Section 13.7
What is the Company's dividend policy?	The Company does not intend to declare a dividend in the coming financial year. The Company may distribute dividends in the future based on future growth prospects and capital requirements.	Section 7.7
How can I apply for Shares?	Eligible investors may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.	Section 2.7
Can the Offer be withdrawn?	The Company reserves the right not to proceed with the Offer at any time before the issue and transfer of Shares to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest) in accordance with the requirements of the Corporations Act.	Section 2.16
Where can I find more information about this Prospectus or the Offer?	All enquiries in relation to the Offer should be directed to your broker. All other enquiries in the first instance should be directed to your broker or you can contact the Company directly on +61 7 3212 6299 between 9:00am and 5:00pm AEST, Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether LCME is a suitable investment for you, you should seek professional guidance from your accountant, financial advisor, tax advisor, stock broker, lawyer or other professional advisor before deciding whether to invest in the Shares.	Section 2.5
Are there any conditions to the Offer?	The Offer is subject to: 1. the exercise of the Nevada Option Deed becoming free from all conditions save for closing of the Offer ; 2. conversion of LCME to a public company, currently scheduled for 18 November 2016; and 3. the minimum subscription of $8,000,000 being achieved.	Sections 2.2 and 12.2

LCME

Section 2

Details of the Offer

2. Details of the Offer

2.1 Overview

The Company is undertaking a public offer of forty million shares at A$0.20 per Share to raise $8,000,000 (before costs).

The Offer is not underwritten.

The minimum amount to be raised under the Offer is $8,000,000.

The Company will accept up to a maximum of five million Shares as oversubscriptions.

This Offer comprises the issue of Shares by the Company in conjunction with an application for admission of the Company to the Official List of the ASX.

2.2 Conditions

The Offer is subject to:

- the exercise of the Nevada Option Deed becoming free from all conditions save for closing of the Offer ;
- conversion of LCME to a public company, currently scheduled for 18 November 2016; and
- the minimum subscription of $8,000,000 being achieved.

2.3 Purpose of the Offer and Proposed Use of Funds

The Offer is being conducted by the Company to provide funds to realize its strategic objectives:

(a) systematically explore and develop the Company's core projects in Nevada, USA;

(b) finalise the grants of mining tenement applications in Western Australia, South Australia and Botswana;

(c) explore and test for the potential of lithium mineralisation at those projects in Western Australia, South Australia and Botswana (upon grant of the relevant tenements);

(d) realize shareholder value accretive growth of the Company through:

(1) exploration; and

(2) acquisitions, joint ventures and other external growth opportunities,

(e) provide working capital for the Company.

The Offer will also:

- provide a liquid market for the Company's Shares;
- provide LCME with the benefits of an increased profile that arises from being listed; and
- provide LCME with additional financial flexibility and access to capital markets, to assist in pursuing its growth strategy.

2. Details of the Offer (continued)

The proposed use of funds associated with the Offer (including current cash reserves) are as follows:

Uses of funds	Minimum Subscription $8 million	Maximum Subscription $9 million
Big Smokey Acquisition	$100,000	$100,000
Nevada Projects	$3,742,707	$3,742,707
WA and SA Projects	$1,056,814	$1,056,814
Botswana	$150,000	$150,000
Corporate and administration	$2,306,300	$2,306,300
Working capital	$171,408	$1,100,499
Costs of the Offer	$889,093	$960,002
Total use of funds	**$8,416,321**	**$9,416,321**

Notes: The above table is a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including operational and development activities, regulatory developments, and market and general economic conditions. In light of this, the Board reserves its right to alter the way the funds are applied.

The Board believes that the Company's current cash reserves plus the net Proceeds of the Offer will be sufficient to fund the Company's short-term business objectives. The Board will consider the use of further equity funding if appropriate to further accelerate growth or fund a specific project, transaction or expansion.

2.4 Capital Structure

The capital structure of the Company at the Prospectus Date and following Completion of the Offer (with Minimum Subscriptions) will be as follows:

Shareholder	Number of Securities	Ordinary Shares % holding before Offer	Ordinary Shares % holding after Offer
Shares			
Existing Shareholders	51,365,628	100.0%	49.7%
Big Smokey LLC and ProspectOre LLC[2]	12,000,000	Nil	11.6%
Public	40,000,000	Nil	38.7%
Sub-total (Ordinary Shares)	**103,365,628**	**100.0%**	**100.0%**
Options[3]	4,000,000	-	-
Performance Rights[4]	7,500,000	-	-
Total (fully diluted share capital)	**114,865,628**	**-**	**-**

2 Big Smokey LLC and ProspectOre LLC will receive 12,000,000 Shares on completion of the exercise of the Option Deed .

3 Details of the Options are set out in Section 13.3.

4 Details of the Performance Rights are set out in Section 13.4.

The capital structure of the Company at the Prospectus Date and following Completion of the Offer (with Maximum Subscriptions) will be as follows:

Shareholder	Number of Securities	Ordinary Shares % holding before Offer	Ordinary Shares % holding after Offer
Shares			
Existing Shareholders	51,365,628	100.0%	47.4%
Big Smokey LLC and ProspectOre LLC[5]	12,000,000	Nil	11.1%
Public	45,000,000	Nil	41.5%
Sub-total (Ordinary Shares)	108,365,628	100.0%	100.0%
Options[6]	4,000,000		
Performance Rights[7]	7,500,000		
Total (fully diluted share capital)	**119,865,628**		

5 Big Smokey LLC and ProspectOre LLC will receive 12,000,000 Shares on completion of the exercise of the Option Deed .

6 Details of the Options are set out in Section 13.3.

7 Details of the Performance Rights are set out in Section 13.4

8 This assumes that the ASX grants a waiver in respect of the application of Listing Rule 1.1 Condition 11 with respect to 3,000,000 million of the Options and all of the Performance Rights (see section 13.11). In the event that is does not, then the Total (fully diluted share capital) will be 109.365.628.

2. Details of the Offer (continued)

2.5 Terms and Conditions of the Offer

Topic	Summary
What is the type of security being offered?	Fully paid Ordinary Shares in the capital of Lithium Consolidated Mineral Exploration Limited.
What are the rights and liabilities attached to the securities?	A description of the rights and liabilities attaching to the Shares is set out in Section 13.1.
What is the Offer Price?	A$0.20 per Share.
What is the Offer Period?	The key dates, including details of the Offer Period relating to each component of the Offer, are set out in the Key Offer Information of this Prospectus.
Is the Offer underwritten?	No
Is there a minimum subscription under the Offer?	The minimum subscription is $8,000,000.
What is the minimum and maximum Application size under the Offer?	Applications under the Offer must be for a minimum of A$2,000 worth of Shares and in multiples of A$500 worth of Shares thereafter. There is no maximum value of Shares that may be applied for under the Offer. The Lead Manager and the Company also reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person.
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about Monday 19 December 2016.
When are the Shares expected to commence trading?	It is expected that trading of the Shares on the ASX will commence on or about 21 December 2016 on a normal T+2 settlement basis. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk. The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, even if such person received confirmation of allocation from LCME, a broker or otherwise.
Are there any escrow arrangements?	It is expected there will be escrow imposed on at least some of the Shares held by Existing Shareholders . Details are provided in Section 2.13.
Are there any brokerage, commission of stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.
What should I do with any enquiries?	All enquiries in relation to the Offer should be directed to your broker. All other enquiries in the first instance should be directed to your broker or you can contact the Company directly on +61 7 3212 6299 between from 9.00am and 5.00pm AEST, Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether Lithium Consolidated Mineral Exploration Ltd is a suitable investment for you, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.

2. Details of the Offer (continued)

2.6 Allocation Policy

The Company and the Lead Manager have absolute discretion regarding the allocation of Shares to Applicants under the Offer and may reject an Application or bid, or allocate fewer Shares than the number, or the equivalent dollar amount than applied or bid for.

2.7 How to Apply Under the Offer

(a) **How to apply?**

Investors may apply online by following the instructions at www.lithiumconsolidated.com. Applications may also be made on an Application Form attached to or accompanying this Prospectus.

By making an Application, you declare that all details and statements made by you are complete and accurate and that you were given a copy of this Prospectus, together with an Application Form. Please contact your broker if you require further instructions.

Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 2,500 Shares and payment for the Shares must be made in full at the issue price of $0.20 per Share.

(b) **How to pay?**

Completed Application Forms and accompanying cheques, made payable to "Lithium Consolidated Mineral Exploration Limited - IPO Account" and crossed "Not Negotiable", must be mailed or delivered to the address set out on the Application Form by no later than 5:00pm (AEST) on the Closing Date, which is scheduled to occur on 13 December 2016.

The Company reserves the right to close the Offer early. If you require assistance in completing an Application Form, please contact the Share Registry on 1300 554 474.

(c) **Closing Date for receipt of Applications**

The Offer opens on 22 November 2016 at 9.00am AEST and is expected to close on 13 December 2016 at 5.00pm AEST. LCME may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer may be closed at any earlier date and time, without further notice. Your broker may also impose an earlier Closing Date.

(d) **How to obtain a copy of this Prospectus**

Please contact your broker for instructions. You may also obtain a copy of this Prospectus as follows:

(1) you can download a copy at www.lithiumconsolidated.com; or

(2) request a copy directly from the Company via email to DCornish@corpservices.com.au or by calling +61 7 3212 6299 between 9.00am and 5.00pm AEST, Monday to Friday.

2.8 Fees and Costs Associated with the Offer

No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.

The total estimated costs to the Company in connection with the Offer, including advisory, legal, accounting, tax, listing and administrative fees as well as printing, advertising and other expenses are currently estimated to be approximately $0.9 million assuming full oversubscription.

2.9 Application Monies

The Company, the Share Registry or the Lead Manager, will hold all Application Monies in trust in a separate account, until Shares are issued to successful Applicants.

Application Monies will be refunded to the extent that an Application is rejected or scaled back, or the Offer is withdrawn. No interest will be paid on refunded amounts. The Company will retain any interest earned on Application Monies.

2.10 Trading on ASX

No later than seven days after the date of this Prospectus, the Company will apply to ASX for admission to the Official List and for the Shares to be granted Official Quotation by ASX. The Company is not currently seeking a listing of its Shares on any other stock exchange.

The admission of the Company to the Official List of ASX and Official Quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered for subscription under the Offer.

The ASX takes no responsibility for the contents of this Prospectus.

If permission for quotation of the Shares is not granted within three months after the date of this Prospectus, all Application Monies will be refunded without interest as soon as practicable.

Subject to ASX granting approval for the Company to be admitted to the Official List, the Company will issue the Shares by 16 December 2016 to successful Applicants as soon as practicable after the Closing Date. Holding statements confirming Applicants' allocations under the Offer are expected to be sent to successful Applicants on or around 19 December 2016.

Trading of Shares on the ASX is expected to commence on or around 21 December 2016 on a normal T + 2 settlement basis.

If you sell Shares before receiving an initial holding statement, you may contravene the ASX Listing Rules and do so at your own risk, even if you have obtained details of your holding from your broker or from some other source.

2.11 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. It is not possible to provide a comprehensive summary of the possible taxation positions of all potential applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

No brokerage, commission or duty is payable by Applicants on the acquisition of Shares under the Offer.

2.12 CHESS and Issuer Sponsored Holdings

The Company will apply to participate in CHESS and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are affected in an electronic form.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Security holder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub register or through the Share Registry in the case of a holding on the issuer sponsored sub register.

The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

2.13 Escrow Arrangements

Subject to the Company being admitted to the Official List, certain securities on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.

During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner. The Company will announce to the ASX full details (quantity and duration) of the Shares and Options required to be held in escrow prior to the Shares commencing trading on ASX.

2.14 Overseas Distribution

No action has been taken to register or qualify the offer of Shares under this Prospectus, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia.

2.14 Offer only made where lawful to do so

This Prospectus does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia, New Zealand, the United Kingdom, Hong Kong and Singapore. Investors in New Zealand, the United Kingdom, Hong Kong and Singapore should refer to the important information in relation to the making of the Offer in those jurisdictions as set out under the "Important Information" section at the start of this Prospectus.

Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on acquisition or distribution of this Prospectus. Any failure to comply with these restrictions may constitute a violation of securities laws.

2.16 Discretion Regarding the Offer

The Company may, in consultation with the Lead Manager, withdraw the Offer, or any part of it, at any time before the allotment of Shares to successful Applicants in the applicable part of the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded. No interest will be paid on unsuccessful Applications.

The Company also reserves the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.

2.17 Not underwritten

The Offer is not underwritten.

2.18 Lead Manager

Sequoia Corporate Finance Pty Ltd ACN 602 219 072 (a Corporate Authorised Representative No 469074 of D2MX Pty Limited, ACN 113 959 596, Australian Financial Services Licence No. 297950) has been appointed as Lead Manager to the Offer. The terms of the Lead Manager Mandate with Sequoia Corporate Finance Pty Ltd are summarised in Section 12.5.

2.19 Commissions payable

The Company reserves the right to pay a commission of up to 6% (exclusive of goods and services tax) of amounts subscribed in excess of $5,000 per Applicant and 8% in respect of amounts subscribed less than $5,000 per Applicant, through any licensed securities dealers or Australian financial services licensees in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee.

Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian Financial Services licensee. Sequoia Corporate Finance Pty Ltd will be responsible for paying all commissions that Sequoia Corporate Finance Pty Ltd and the Company agree with any other licensed securities dealers or Australian financial services licensee out of the fees paid by the Company to Sequoia Corporate Finance Pty Ltd under the Lead Manager Mandate.

2.20 Questions or Further Information

If you have any queries in relation to this Prospectus, including how to complete the Application Form or how to obtain additional copies, then you can:

(a) contact your broker;

(1) contact the Company directly on +61 7 3212 6299 between 9.00am and 5.00pm AEST, Monday to Friday; or

(2) visit the LCME Website to download an electronic copy of this Prospectus at www.lithiumconsolidated.com.

If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your stockbroker, solicitor, accountant, financial advisor or other independent professional advisor before deciding whether to invest.

2.21 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer (assuming full oversubscription) are set out in the table below (assuming no substantial shareholder acquires Shares under the Offer).

Shareholder	Shares	Options	% holding prior to the Offer	% holding after Offer (undiluted)	% holding after Offer (fully diluted)
Australian Consolidated Venture Capital Pty Ltd	24,925,000	Nil	48.52%	23.00%	20.79%
Nevada Vendors	12,000,000	Nil	Nil	11.07%	10.01%

LCME

Section 3

Lithium Industry Overview

October 2016

Lithium Industry Overview

A report prepared for

Lithium Consolidated Mineral Exploration Limited

IPO Prospectus

This report has been prepared for Lithium Consolidated Mineral Exploration Limited for inclusion in a prospectus in relation to initial public offering of its shares. CRU International has given its written consent for this report to be included in this Prospectus. CRU has not authorised or caused the issue of this Prospectus. Although reasonable care and diligence has been used in the preparation of this report, we do not guarantee the accuracy of any data, assumptions, forecasts or other forward-looking statements.

CRU THE INDEPENDENT AUTHORITY
MINING | METALS | FERTILIZERS

Page

Contents

1. Introduction

The lithium raw materials sector has historically been an oligopoly, largely dominated by a few large lithium brine deposits in Latin America, in what is otherwise known as the ”Lithium Triangle”.

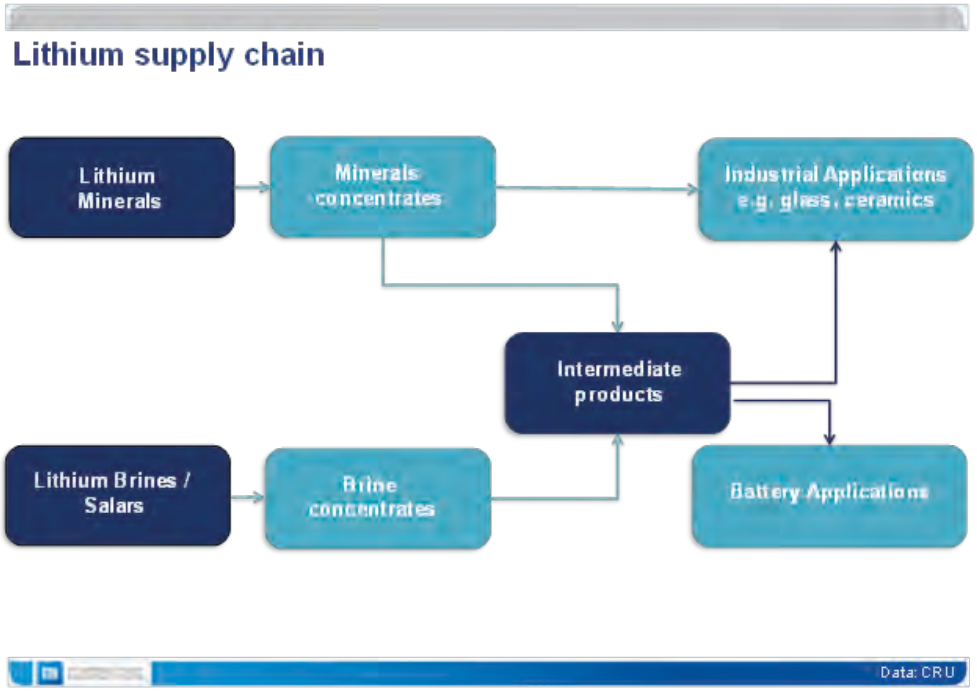
The deposits are owned by Sociedad Quimica y Minera de Chile (“SQM”), FMC and Rockwood Lithium, a subsidiary of Albemarle Corporation, a global chemicals manufacturer. The biggest player in the oligopoly is Chengdu Tianqi (Group) Co., Ltd (“Tianqi”), which has mineral and brine deposits in Australia and South America. CRU estimates that these four companies accounted for approximately 82% of global lithium production in 2015. The following map outlines lithium operations by location and type.

Lithium operations by location and type, 2015

Data: CRU

Key Players and Intermediate Products
SQM – Brine operation in Chile. Intermediates: Li_2O_3, LiOH, LiCl.
FMC – Brine operation in Argentina. Intermediates: Li_2O_3, LiOH, LiCl & others in China, India, UK, and US.
Albemarie – Brine operations in Chile. US. Minerals in Australia (Rockwood 49% JV with Tianqi), Intermediates: Li_2O_3, LiOH, LiCl & others in Chile, China, India, UK, US, Taiwan and Germany.
Tianqi – Brine in Tibet (20% stake). Brine in Chile and Minerals in Australia (51% JV with Rockwood). Intermediates: Lithium concentrates and Li_2O_3 (Galaxy) in Australia. Li_2O_3, LiOH, LiCl in China.
Orocobre – Brine operation in Argentina. JV with Toyota Tsushu (25%). Intermediates: Li_2O_3.

The figure below displays the structure of the lithium industry from raw materials (lithium minerals and brines) to intermediate products (including lithium carbonate and lithium hydroxide) and end use products for the technical and chemical markets.

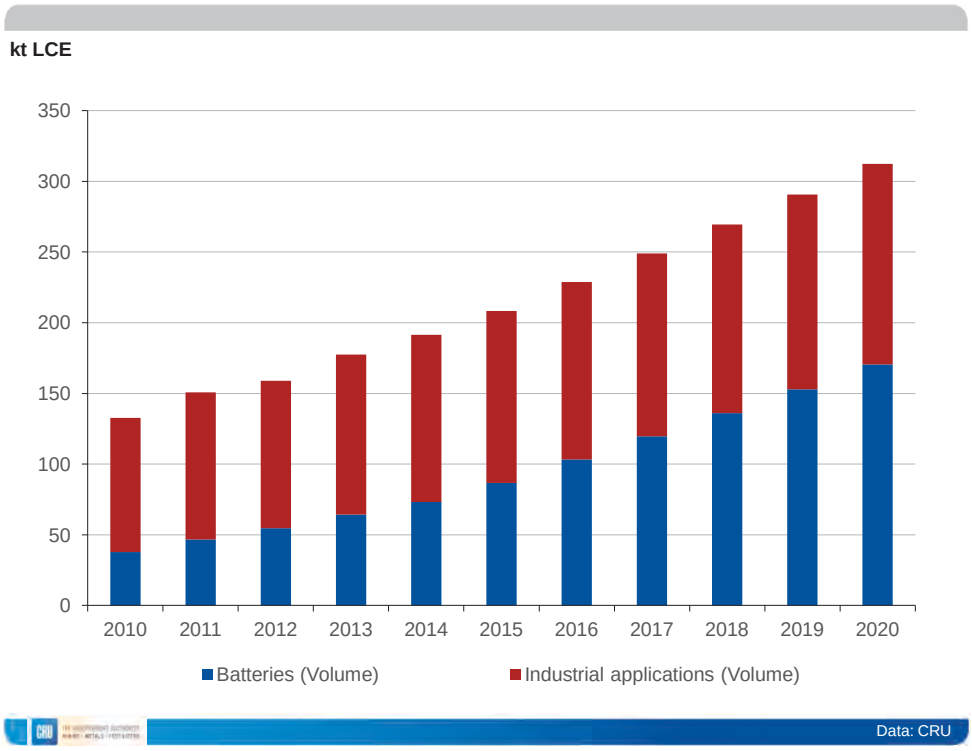


2. Lithium demand considerations

As shown in the chart below, the global demand for lithium reached approximately 208kt LCE (lithium carbonate equivalent), in 2015, and was split as follows:

- 58% was used for industrial applications
- 42% was used for lithium-ion batteries (LIBs).

LCE here refers to "lithium carbonate equivalent". Given the variety of compounds of lithium and their different lithium content, we adopt the industry standard of LCE and standardise all our analysis based on this measure.



CRU expects total lithium demand across all applications to grow at a CAGR of 8.4% per annum from 2015 to 2020 with the lithium demand for batteries to grow at a CAGR of 14.5% from 2015 to 2020, leading to batteries accounting for around 55% of the total lithium demand in 2020.

2.1 Lithium demand for lithium-ion batteries

CRU expects that LIBs will account for the largest share of total lithium demand by 2018. Since 1990, the number of LIB cells manufactured on an annual basis has increased at approximately 16% per annum.

The key factor driving growth in lithium demand for LIBs is the uptake of electric vehicles (EVs), particularly in China. EVs are zero emission vehicles depending solely on stored electrical energy, typically in the form of a battery. The source of electricity is connected to an electric motor. Refuelling is done directly from an electricity source.

The number of electric (EVs), hybrid (HEVs) and plug-in hybrid electric vehicles (PHEVs) is expected to grow at a total CAGR of 21.7% between 2015 and 2020. CRU also expects strong growth in LIBs for portable applications such as mobile phones and laptops.

The following table shows CRU's estimates of growth in lithium demand from key LIB markets.

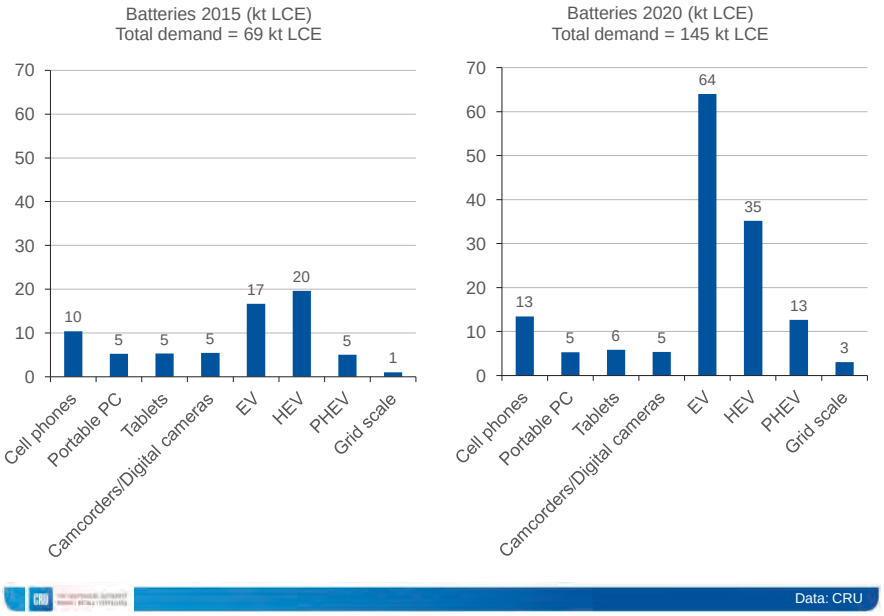
Table 1.1: Lithium demand growth (between 2015 and 2020) by key battery markets

LIB Sector	CAGR (2015 to 2020)
Evs	22.0%
Cell Phones	5.2%
Tablets	2.0%
Grid scale storage (Energy Storage)	24.4%

Data: CRU

CRU also estimates that the demand for LIBs for energy storage could increase by 24.4% from 2015 to 2020, largely as a result of the anticipated uptake in renewable energy power generation. The higher proportion of intermittent renewable energy power generation resources will require integration with existing distribution networks and which can be provided by large scale LIBs.

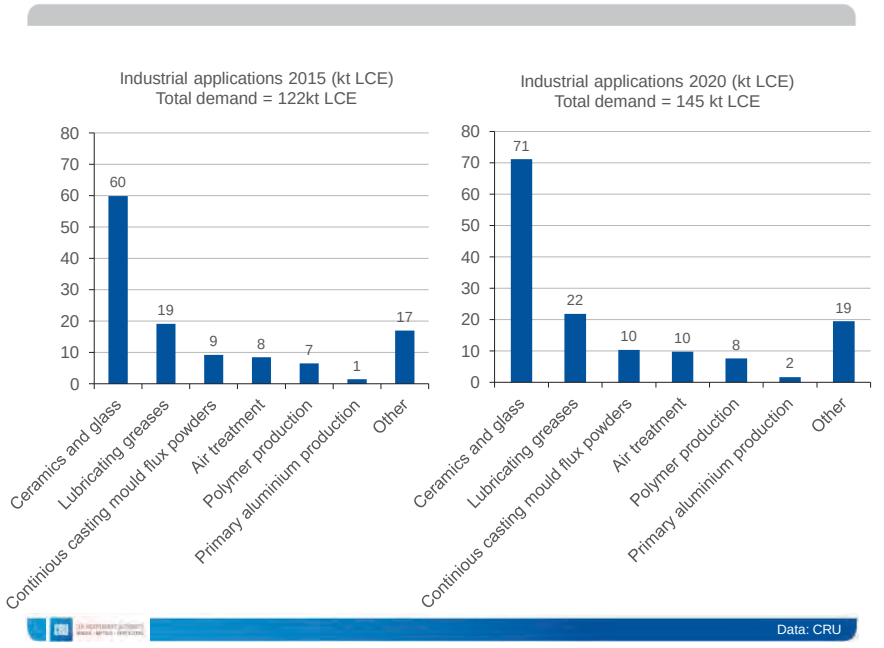
The charts below show the share of lithium demand for key LIB applications (in 2015 and as expected in 2020).



2.2 Lithium demand for industrial applications

In 2015, the demand for lithium from the industrial applications sector reached 122ktpa LCE and CRU expects this to reach 145kt LCE by 2020 at a CAGR of 3.1%

The figure below illustrates the share of lithium demand from industrial applications by end use in 2015 and 2020.



2.3 Lithium demand by region

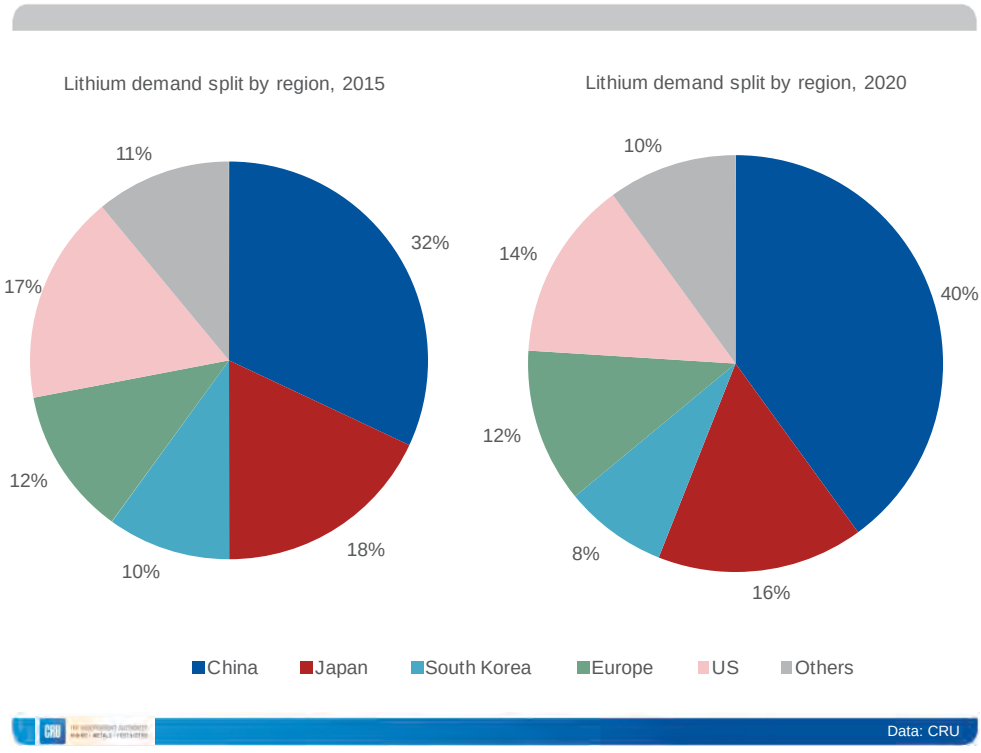
CRU estimates that the demand for lithium was been reasonably distributed across Europe, North America and Asia until 2010. However, Asia has experienced the strongest growth in lithium demand primarily due to the production of LIBs for electronics and EVs since 2010.

CRU estimates global production capacity for LIBs at 97 GWh/yr in 2015. China, Japan and Korea account for approximately 81% of this capacity.

There is an additional 81.2GWh/yr of LIB cell manufacturing projects that are partially commissioned, under construction or announced across the globe.

The Tesla Gigafactory in Reno, Nevada, United States is under construction and is expected to provide additional LIB capacity of 35GWh per annum. According to CRU, the Tesla Gigafactory will require approximately 25 kt LCE if it reaches full production.

The chart below shows the global share of lithium demand by region, in 2015 and CRU's forecast for 2020.



2.4 Upside factors for lithium demand growth

(1) Vehicle electrification

The scaling of the electrification of vehicles is the most significant growth driver for LIB materials demand, and could be depend on a number of factors, including:

- The ongoing progress being made in lowering the manufacturing cost of a battery cell; and
- Growth in ride sharing and / or the potential introduction of autonomous vehicles, should lead to considerably higher use of the vehicles and facilitate more rapid amortization of the upfront cost of EV.

(2) Growth in lithium demand from China

China has increased its share of the global EVs market from 7% in 2012 to 48% in 2015. Chinese government has announced and issued incentives such as subsidies and financial support for electric transportation. CRU forecasts an increase in sales of EVs in China at a CAGR of 34% from 2015 to 2020.

Key factors behind this forecast are:

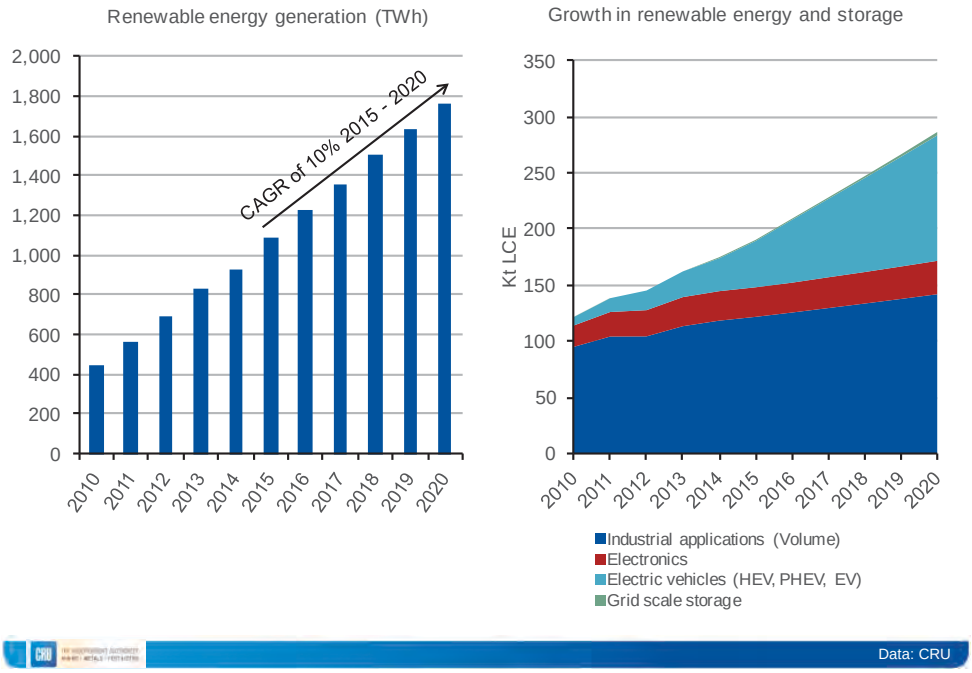
- Cash incentive and tax subsidies from governments looking to make their cities more environmentally friendly.
- Government target of 5m New Energy Vehicles on the road by 2020. Along with:
  - Financial incentives to purchase EVs
  - No restrictions on license plates or waiting times for EVs
  - EVs exempted from rush hour restriction
  - Mandated EVs purchases by public institutions to 50%
- A potential introduction of an air pollution levy by the Chinese government in the coming years, to narrow the gap between EVs and traditional vehicles (in terms of the total ownership cost).

- Strong near term growth in hybrid and electric bus penetration (underpinned by the various government initiatives).

(3) Growth in the renewable energy sector

CRU predicts significant upside to lithium demand growth from an increase in renewable energy power generation and smart grid systems which involve the development of low cost grid storage systems including LIBs. CRU also expects renewable energy generation to grow at a CAGR of 11% from 2015 to 2020. This could lead to an additional 2 kt LCE demand for LIBs for energy storage by 2020.

The following charts demonstrate CRU's forecast of renewable energy generation growth and its impact on lithium demand growth.

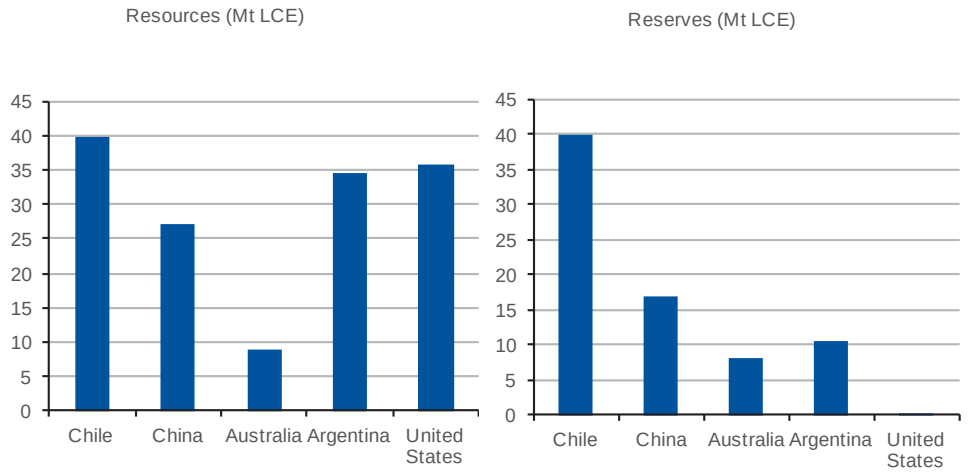


3. Lithium supply considerations

3.1 Geology and sources of lithium

According to the US Geological Survey (**USGS**), identified global lithium resources and reserves are estimated to be approximately 201 Mt LCE and 76 Mt LCE respectively[1]. Approximately 60% – 65% of those reserves are located in the 'Lithium Triangle'. The majority of the remainder is located in China and Australia.

Global lithium resources and reserves



Data: USGS

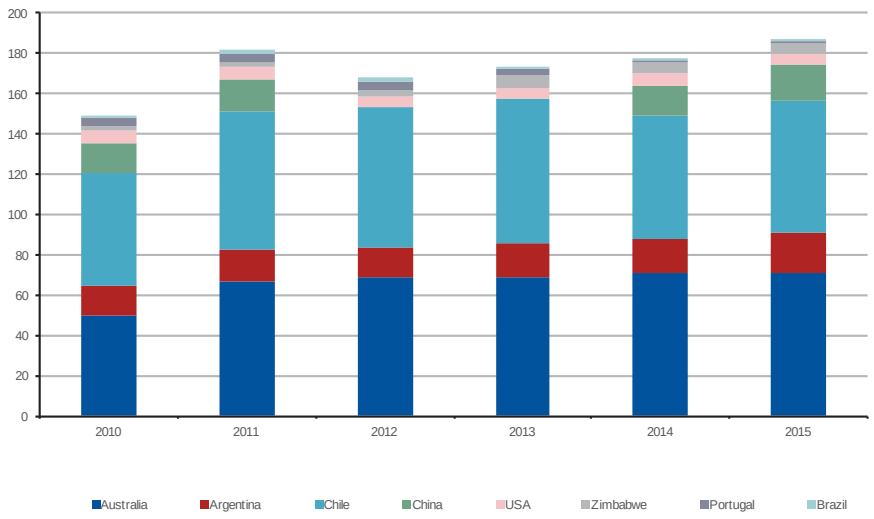
3.2 Lithium production by region and processing route

CRU estimates suggest that in 2015 Chile, Australia, Argentina and China accounted for 90% – 95% of global lithium production with Chile and Australia being the major producers. In 2015, lithium production is estimated to have increased 5.5% to 187kt LCE up from 177kt LCE in

[1] US Geological Survey, www.usgs.gov

2014. The majority of the production gain came from Argentina with Orocobre Limited's ("Orocobre") Salar de Olaroz starting production.

Lithium production by region, 2010 - 2015 (kt LCE)



Data: CRU

Lithium brine production has historically, been the dominant source of lithium given its relatively lower production costs compared to hard rock mining.

However, hard rock based lithium production has increased from 35% of global production in 2005 to 54% in 2015. This has been underpinned by the double digit growth in demand and the inability of brine based operations to keep up with this demand.

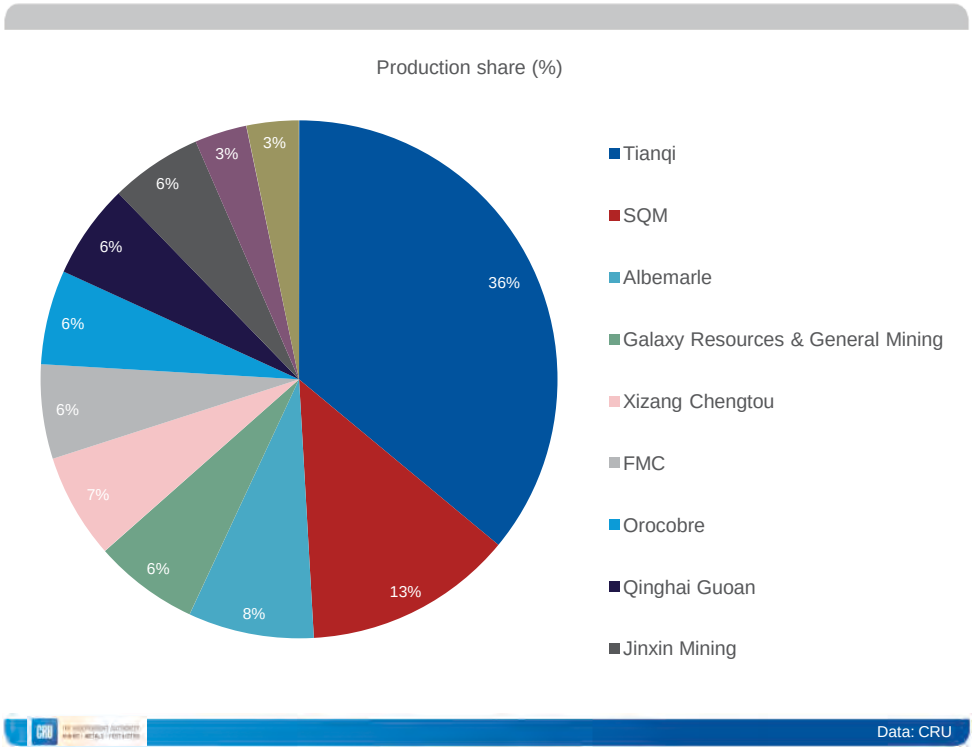
3.3 Major lithium producers

The lithium industry is highly concentrated with only a dozen or so large-scale operations.

CRU estimates that in 2015, Tianqi Lithium, Albermarle Corporation ("Albermale"), Sociedad Quimica y Minera de Chile ("SQM"), FMC and Orocobre accounted for approximately 90 – 95% of global production.

Tianqi Lithium is the world's largest producer of lithium from operations in Greenbushes, Western Australia and Zhabuye Salt Lake, Tibet (20% ownership). Tianqi is likely to expand further from probable operations in Cuola, Sichuan.

The companies listed in the following chart supply to the international markets for lithium.



3.4 Lithium projects: new capacity growth

CRU estimates cumulative potential production from projects currently at various stages of development to be in excess of 400 ktpa LCE, of which approximately 150 Ktpa LCE could be in operation by 2020.

It is difficult to estimate the timing and the amount of capacity that will be added as there has been a history of setbacks in delivering new capacity (and in some cases, maintaining and utilizing existing capacity at optimal levels). For example, Orocobre initially announced the completion of its large-scale Olaroz lithium brine mine in Argentina, in early 2014, but the project has still not reached nameplate lithium carbonate production.

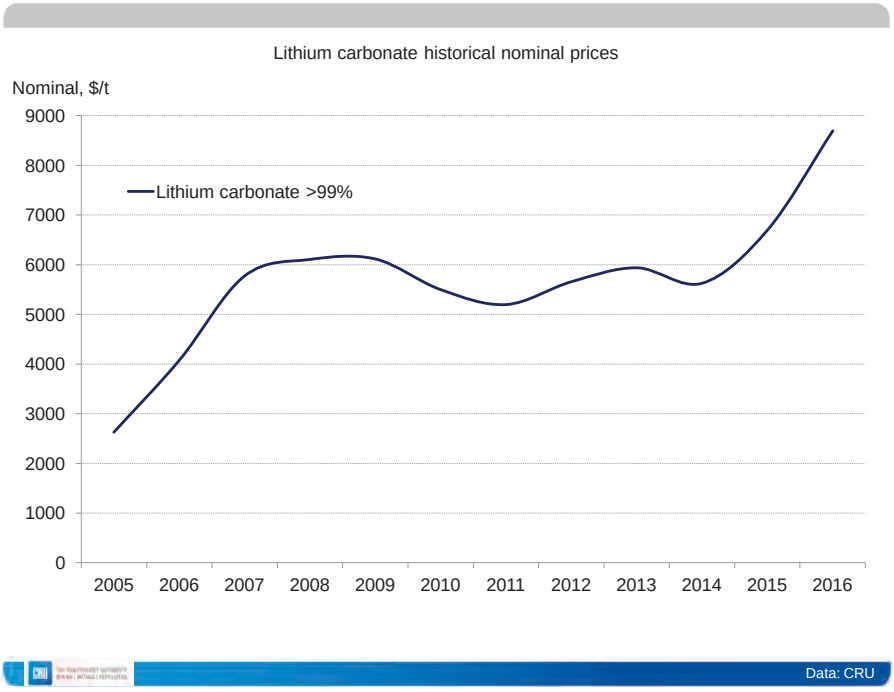
The lithium manufacturing industry is small in comparison to other natural resources industries and undergoing unprecedented levels of growth. There is no well-defined manufacturing process and new entrants lack the capabilities of the incumbents. Lithium in brines need to be upgraded through complex processes for export and sale as a solid-state product. Lithium as a

stand-alone element is highly unstable and highly reactive with air, making it challenging to establish and maintain production capacity.

A significant amount of the latent lithium producing capacity and reserves are located in the "golden triangle" of Chile, Argentina and Bolivia. Political and regulatory risks, could impact supply from existing and new lithium mines in the region.

4. Lithium price considerations

The price of lithium carbonate has risen from 2005 due to the growth in LIB demand. Given the higher costs involved in bringing new lithium projects to life, there was a gap between supply and demand up until 2008. As a result, over this period, Battery grade lithium carbonate prices more than doubled to around US$6,000/t, but fell by 7.5%, to $US 5,658/t following the the global financial crisis (2009 to 2012). Battery grade lithium carbonate prices increased by 5% between 2012 and 2013, but since 2014 prices have almost doubled. This increase has been driven by greater demand for LIBs for EVs, portable electronics and grid storage. The following chart illustrates the historical lithium battery grade carbonate prices from 2005 to 2016.



Blank Page

LCME

Section 4

Company Overview and Projects

4. Company Overview and Projects

4.1 Background

LCME is an Australian incorporated company that was incorporated as a proprietary company limited by shares on 22 April 2016. It resolved to convert to a public company on 10 October 2016.

Since incorporation the Company has established itself as a lithium minerals exploration company, with projects in:

- Nevada, USA;
- Western Australia;
- South Australia; and
- Botswana.

4.2 Corporate Objectives

The Company's main objectives on completion of the Offer are to:

(a) systematically explore and develop the Company's core projects in Nevada, USA;

(b) finalise the grants of mining tenement applications in Western Australia, South Australia and Botswana;

(c) explore and test for the potential of lithium mineralisation at those projects in Western Australia, South Australia and Botswana (upon grant of the relevant tenements);

(d) realize shareholder value accretive growth of the Company through:

(1) exploration; and

(2) acquisitions, joint ventures and other external growth opportunities,

(e) provide working capital for the Company.

The Directors are satisfied that on completion of the Offer, the Company will have sufficient funds to carry out its stated objectives.

4.3 LCME History and Background

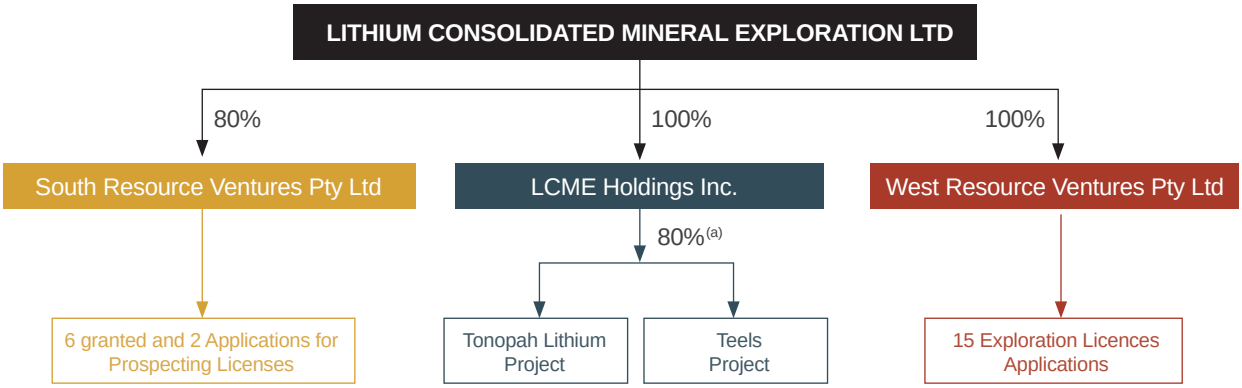
The Company was founded by Damien Reynolds, who has had the support of external investors. Mr Reynolds is an associate of Australian Consolidated Venture Capital Pty Ltd, the major shareholder in the Company.

The Company's growth since inception, to the date of this Prospectus, has been funded privately by Australian and foreign investors. The proceeds of capital raising to date totals approximately A$ 1,700,000.

4.4 Corporate Structure

LCME owns:

- 100% of LCME Holdings Inc, a USA company which holds the interest in the Nevada Projects;
- 100% of West Resources Pty Ltd, which holds the Western Australia and South Australian Projects; and
- 80% of South Resources Ventures Pty Ltd, which holds the Botswana Project.



Notes: (a) The Tonopah Lithium Project and Teels Lithium projects are owned subject to the terms and conditions described in section 12.2.

4.5 Nevada Projects (USA)

(a) **Background**

LCME holds two large lithium brine exploration projects in West Central Nevada, in the United States of America.

The two key project areas are the Tonopah Lithium Project (**TLP**), located in south Big Smokey Valley, and the Teels Project (**Teels**), located in the Teels Marsh Valley.

TLP covers a total area of 24,780 acres (101 km2) and the southern boundary is within 2 miles (3.2 km) of Albemarle's Silver Peak lithium mine (**Silver Peak Mine**), which has been in production since 1967 and is North America's only producing lithium brine mine.

TLP is made up of a total of 1,244 placer claims, where 744 have been filed and an additional 500 have been staked and are pending filing.

Teels is made up of 737 placer claims covering an area of 15,351 acres (62 km2) which have been staked and are pending filing.

The Nevada Projects are both considered highly prospective for lithium brine mineralisation.

(b) **Ownership**

LCME currently holds an 80% ownership interest in the Nevada Projects, subject to the terms and conditions described in Section 12.2.

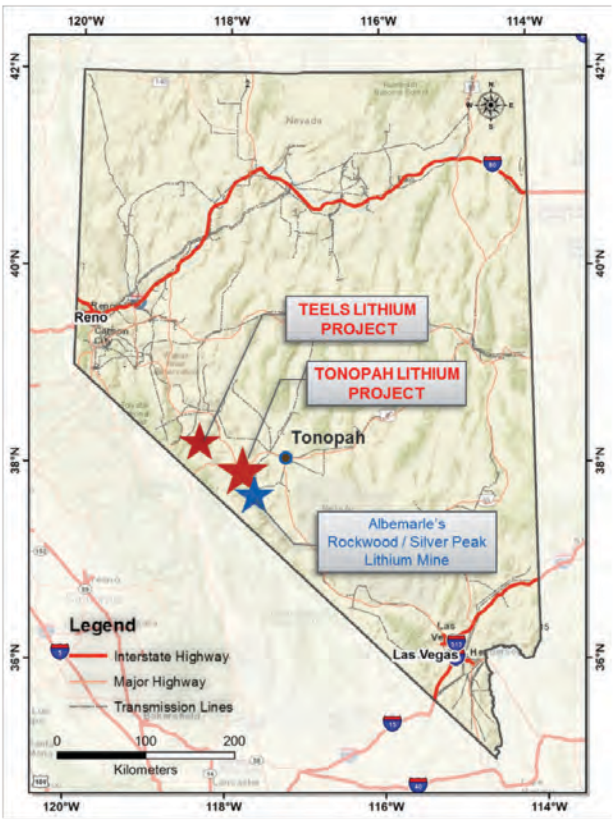
The remaining interests are held by Big Smokey Exploration LLC (**Big Smokey**) and ProspectOre LLC (**ProspectOre**).

(c) **Overview of the Nevada projects**

The Nevada Projects are in proximity to each other. TLP is located in Esmeralda County, and Teels is located in Mineral County.

The Nevada Projects can be accessed through a combination of sealed and well graded roads and both projects are within a 40 minute drive from the regional mining centre of Tonopah, which is located 336km from Las Vegas and 380km from Reno, Nevada (Figure 1).

Figure 1: Location of the Tonopah and Teels Lithium Projects



Source: ESRI ArcGIS Basemap and Nevada State-wide datasets

(d) **Key geological features:**

The lithium brine deposit model has the following key geological features associated with it:

- closed basin structures, with lithium bearing host rocks in an area of high evapotranspiration;
- basin fill that includes clay, sand and ash horizons that can act as traps and lithium-brine reservoirs, respectively;
- expected presence of key stratigraphic marker horizons, including the Bishop Tuff, which is a key lithium brine-hosting horizon at the Silver Peak Mine;
- known active and paleo geothermal activity and recent faulting;
- anomalous lithium in the surface sediments and near-surface waters;
- little to no drilling has penetrated the key buried, paleo brine targets; and
- the commercial viability of the in-situ lithium mineralisation is established by continuous production at the Silver Peak Mine since 1967.

There is considerable data on the geology, hydrology and structural controls on the mineralisation of the Silver Peak Mine, as a result of its long history.

The TLP and Teels projects are directly analogous to the Silver Peak Mine deposit model, both geologically and structurally.

(e) **Geological setting and hydrography**

The Great Basin is a large region in the western United States where rainfall and geothermal waters do not flow into an ocean but typically seep into local basins or evaporates leaving salts, due to high evapotranspiration rates.

Basins along the western edge of the Great Basin, in the area of the Mina Deflection, have enrichment up to economically viable concentrations of lithium (as evidenced by the Silver Peak mine), from the migration of water through the lithium in:

- host rocks which are around and under basins;
- enriched clays; or
- other lithium bearing salt horizons.

Figure 2: Oblique panoramic computer-generated image of the physiography of the southwestern U.S. courtesy of Dr. William A. Bowen - California Geographical Survey (http://geogdata.csun.edu). Source of Base Image: Arizona Geological Society Digest 22, 2008, Tectonic influences on the spatial and temporal evolution of the Walker Lane: An incipient transform fault along the evolving Pacific – North American plate boundary, James E. Faulds and Christopher D. Henry.

4. Company Overview and Projects (continued)

The area of interest is a transtension zone known as the Mina Deflection, within the Central Walker Lane, which has been created through Sierra Nevada mountain range moving at a rate of 14mm per year to the NW and the Basin and Range Basin moving 2-3mm per year to the WNW. This extension has been active from about 16Ma (until now).

This accommodation results in a series of long-lived graben and half graben structures which are of critical importance for closed basin formation and provide the plumbing for hydrothermal fluids. These long-lived plumbing systems are key to both epithermal gold-silver mineralisation in the district and for part of the lithium leaching and transport processes leading to brine formation, concentration and ponding.

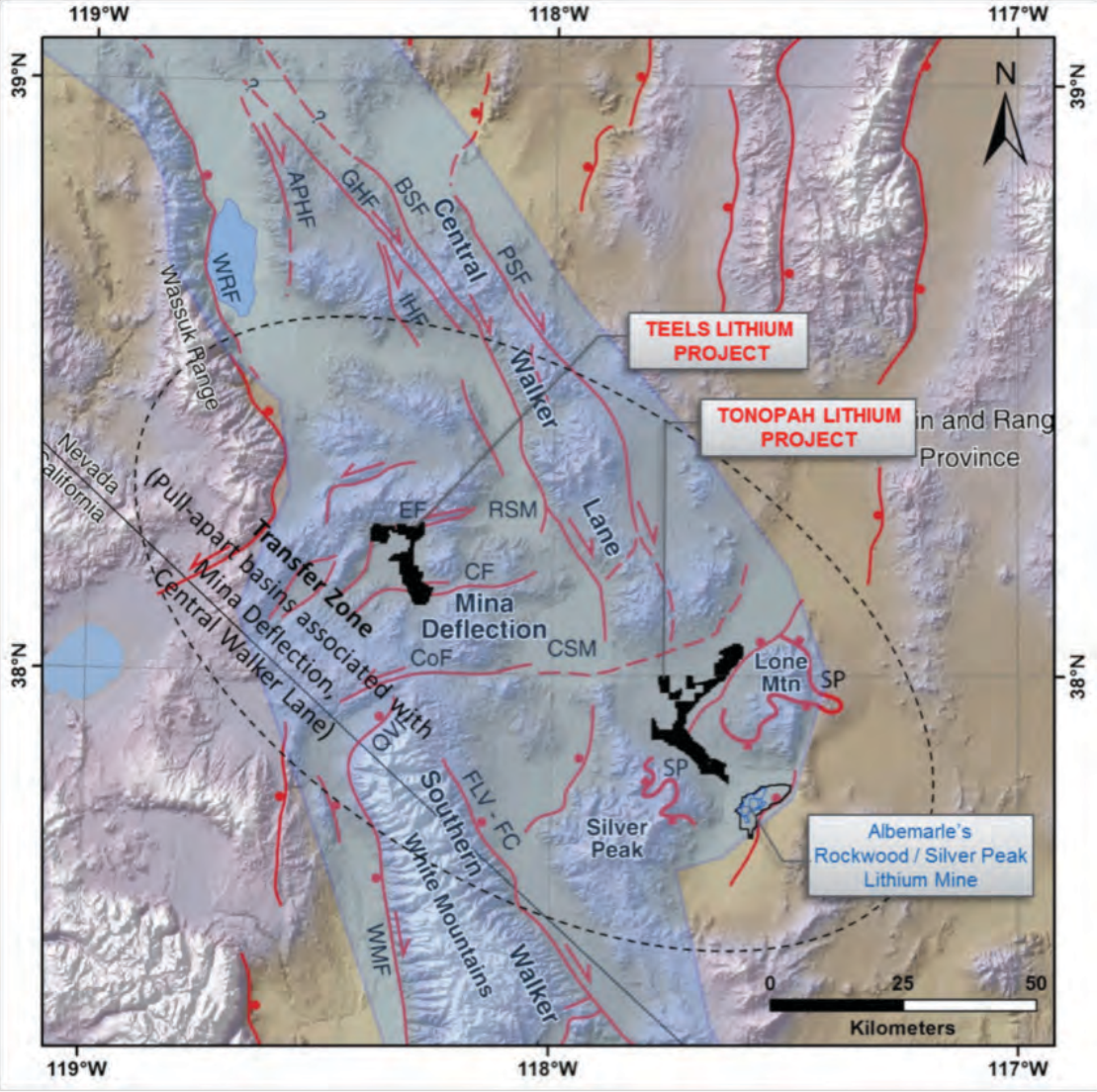
Tonopah Lithium Project - TLP

The TLP project extends from Clayton Valley at the south end, northwards to the larger south Big Smokey Valley.

The TLP minerals property consists of 1,244 placer claims, located in Esmeralda County, Nevada.

TLP includes 744 registered placer claims covering 14,780 acres (60 km2) and another 500 placer claims that have been staked (located) with filing pending, and comprising an additional 10,000 acres (41 km2) bringing the TLP Project size to 24,780 acres (~101 km2).

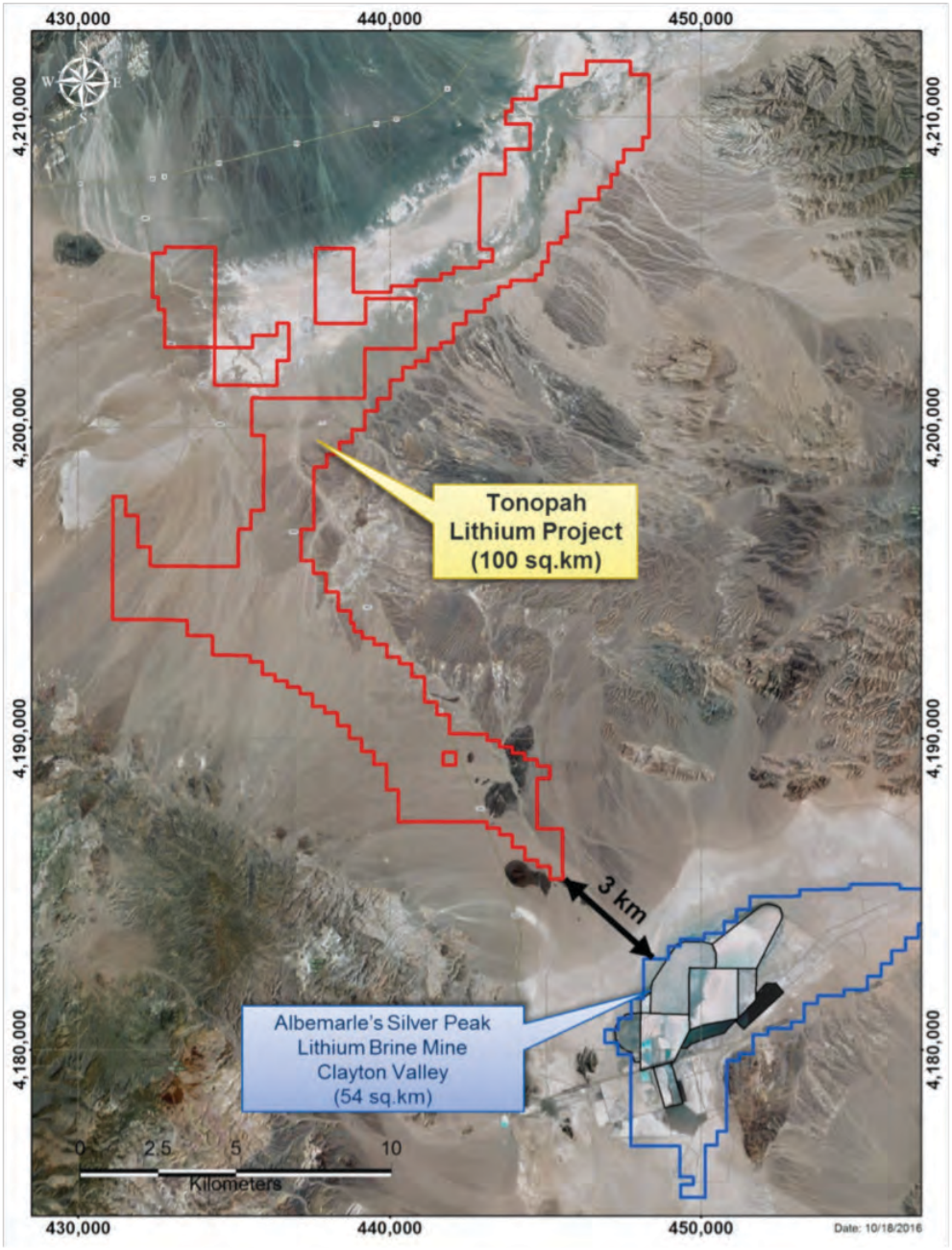
Figure 3: Shaded relief map of major faults and physiographic features of the southern and central Walker Lane and their connection through the Mina deflection; also shows selected faults of the adjacent Basin and Range. Source of Base Image: Arizona Geological Society Digest 22, 2008, Tectonic influences on the spatial and temporal evolution of the Walker Lane: An incipient transform fault along the evolving Pacific – North American plate boundary, James E. Faulds and Christopher D. Henry.



The TLP is the largest lithium brine exploration property in Esmeralda County.

The south end of the property is located in Clayton Valley, less than 2 miles (3 km) from Silver Peak Mine, which is the only producing lithium brine mine in the United States. The property outline is shown in Figure 4.

Figure 4: Location of the Tonopah Lithium Project tenements in relation to the Silver Peak Mine

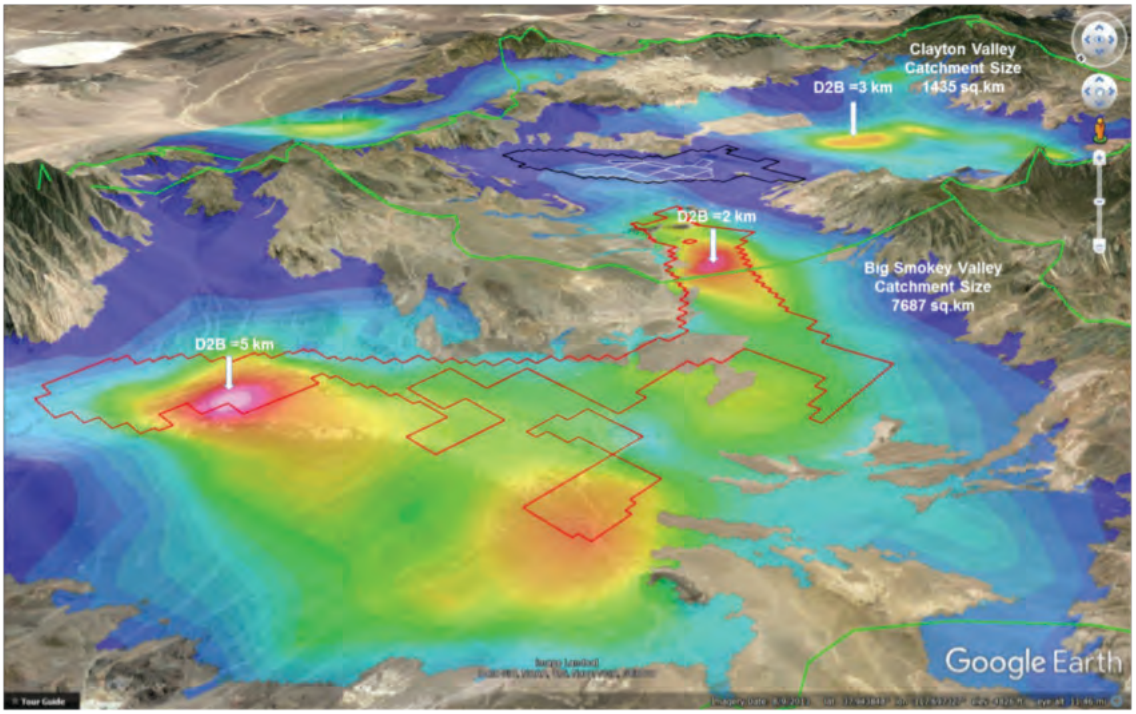


The South Big Smokey Valley is an "L"-shaped closed basin with the eastern end of the NE-SW portion of the valley being of higher elevation than the south end of the NW-SE section with drainage from the NE to the SW.

(1) Geological setting and hydrography

Clayton Valley, host of the Silver Peak Mine, has a smaller water catchment area and is a smaller, shallower basin than the adjacent Big Smokey Valley Basin to the north.

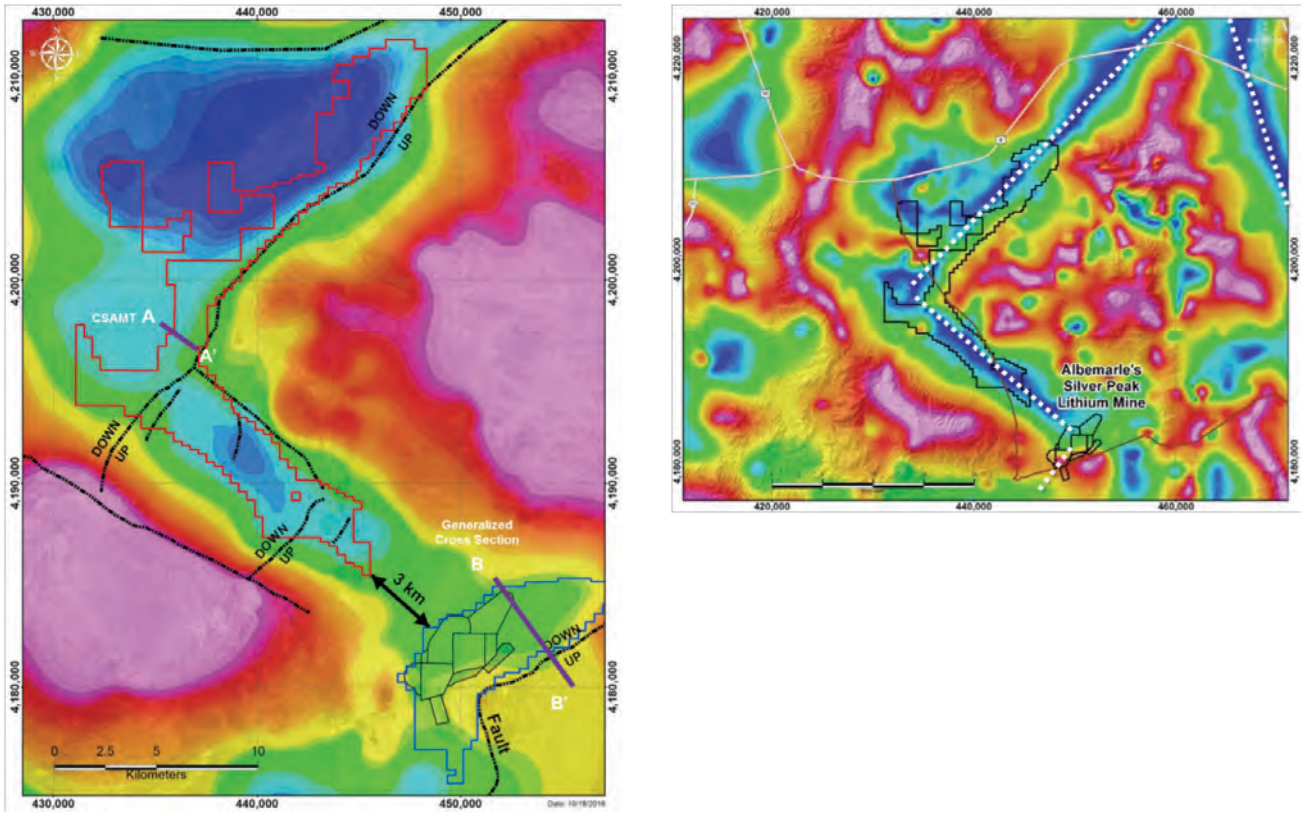
Figure 5: 3D view of TLP, looking south to the Silver Peak lithium mine in Clayton Valley. The gravity model suggests a deeper basement (D2B=5km) in the Big Smokey valley.



Source: Depth to pre-Cenozoic basement in the Death Valley ground-water model area, Nevada and California, By R.J. Blakely and D.A. Ponce , USGS MF 2381-E, 2001

The regional gravity database of the US Geological Survey modeled the depths of the Big Smokey Valley and Clayton Valley basins to be approximately 5km and 2km deep, respectively. The materially greater depth of the Big Smokey Valley basin suggests the potential for accumulation of the same ash horizons and allows for similar lithium concentration mechanisms. Gravity data strongly suggests continuity of deep structures between Big Smokey Valley and the north end of Clayton Valley, where the mine is located.

Figure 6: Bouguer Gravity Image (LHS) and Tilt Derivative Image (RHS) of the Big Smokey Valley showing the overall structural geometry of the basement in the Big Smokey Valley.



Source: Big Smokey Exploration LLC has acquired government gravity data and has undertaken close spaced in-fill gravity measurements and merged this with the regional data.

The Big Smokey and Clayton Valleys are located along the edges of the same tectonic block. Bouguer gravity and tilt derivative data show the Big Smokey Valley and Clayton Valley basins are connected at depth.

Section 4.3.1 of the IEGR refers to the geology and mineralisation of TLP

(2) Geological lithium system

The south end of TLP is located only 2 miles (3.2km) north of North America's only producing lithium brine, located in the Clayton Valley.

The Silver Peak Mine is owned and operated by Albemarle Corporation and previous owners include Newmont (Foote Mineral Company), Chemetall-Foote Corporation and Rockwood Holdings, Inc. Albemarle Corporation purchased Rockwood Holdings Inc. in 2014 for US$6.2 billion, which included the Salar de Atacama brine operation in Chile, a lithium chemical processing plant in North Carolina and the Silver Peak Mine in Nevada.

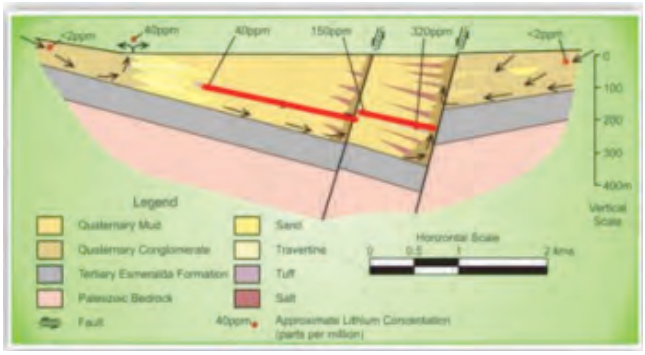
The Silver Peak Mine has pumped lithium brine and produced lithium carbonate, on-site, since 1967.

See Figure 4 above for a map detailing the location of the Tonopah Lithium Project tenements in relation the Silver Peak Mine

Figure 7: View of the Silver Peak lithium brine operation, Clayton Valley. The hill in the centre skyline is a cinder cone, attesting to recent volcanic and hydrothermal activity. The southern boundary of the TLP claims commence just on the north side of cone. View looking north to the southern "arm" of the Big Smokey Valley.

The source rocks for the lithium system in the Clayton Valley include rhyolite and rhyolitic tuff on the basin margins reported to contain up to 22 ppm lithium but importantly, tuffaceous and hectorite clays within the Esmeralda Formation and basin infill which contain up to 1,000 ppm lithium. Concentration of the lithium in the brines is through leaching of surrounding rocks, basin infill and the basement rocks.

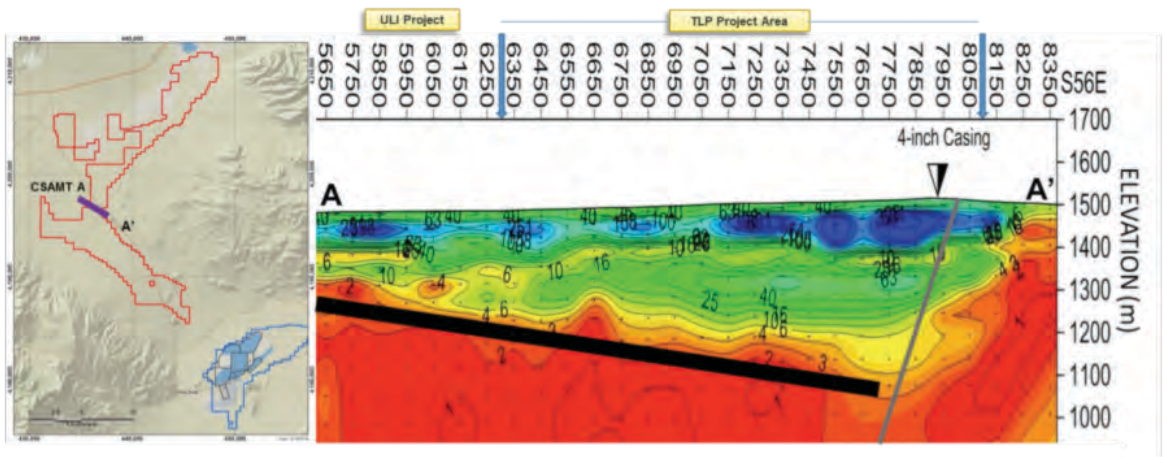
Figure 8: Generalised Section Through Silver Peak Lithium Brine Deposit.



Source: USGS Bulletin 1622, 1986

A third party CSAMT (Controlled Source Audio-Frequency Magneto-telluric) ground geophysical survey over some of the TLP claims indicate conductive horizons that may represent brine-charged aquifers.

Figure 9: Part of a pseudo section from Ultra Lithium Inc.'s CSAMT Line A. The thick black line marks the top of conductor (red area) dipping towards an interpreted fault plane (thin black line). The interpretation is similar to the generalised geological section for the Silver Peak Mine in figure 8



Source: Ultra Lithium Corporation www.ultralithium.com

Section 4.2 of the IEGR has additional information on the geological lithium system at TLP.

(3) Lithium brine traps

Key features of the lithium ponds and traps at the Silver Peak Mine:

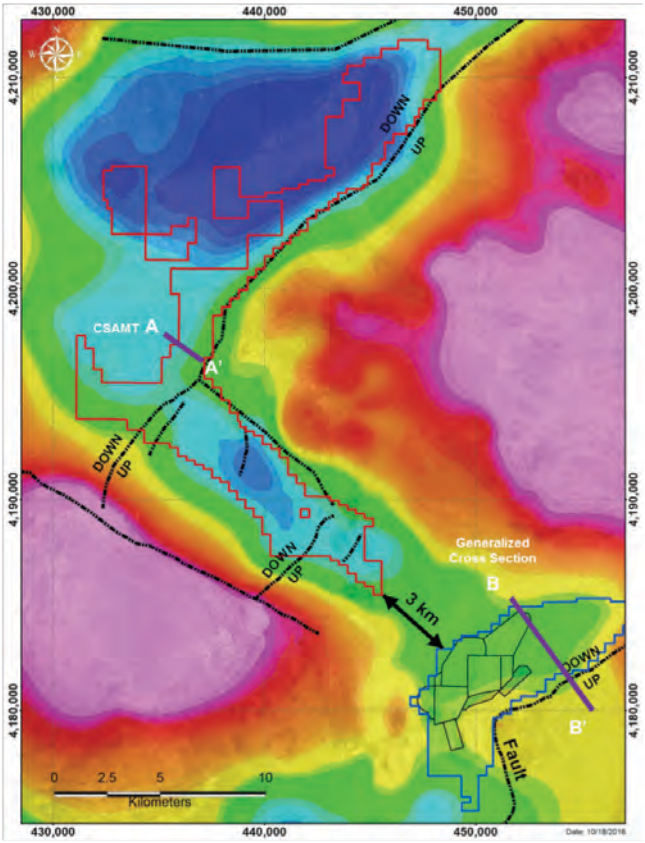
- are not located at the centre or deepest portion of Clayton Valley, but at relatively shallow levels at the north end of the valley; and
- brines have ponded in aquifers against the down-thrown side of WNW, north side down faults where the fault face acting as an impermeable barrier to the aquifer, allowing for both accumulation and concentration

The photograph of a production well at the Silver Peak mine shows a rock face in the background, which is the fault plane of the Angel Island Fault, against which brines have ponded at depth and which the bore hole in the foreground is targeted.

Figure 10: A production well at Silver Peak

The primary targets within the TLP are the deeper traps along the north side of a series of normal faults that run parallel to the Angel Island Fault that acted as a trap at the Silver Peak Mine.

Figure 11: Bouguer Gravity Image of the Big Smokey Valley basin

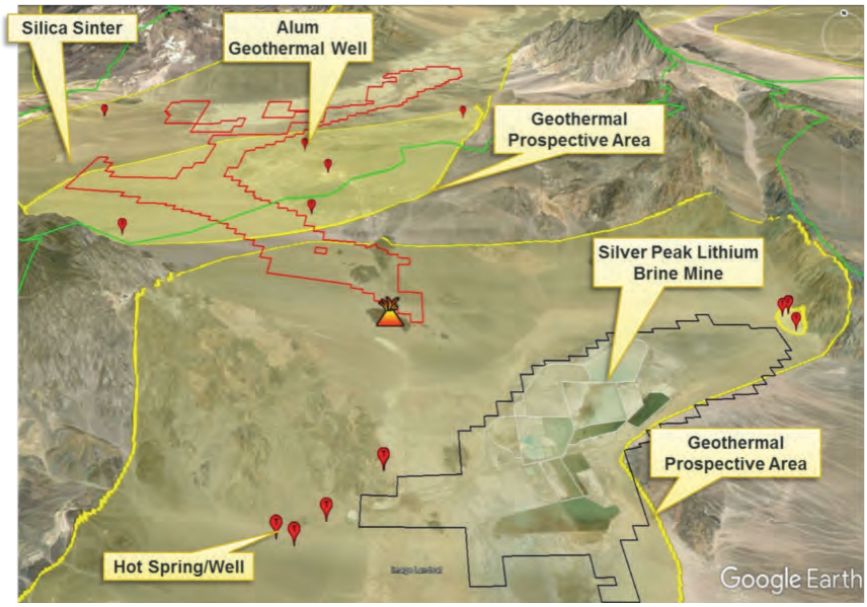


Source: Big Smokey Exploration LLC has acquired government gravity data and has undertaken close spaced in-fill gravity measurements and merged this with the regional data.

(4) Geothermal activity

TLP claims and Silver Peak are in areas with historical and active geothermal activity, as evidenced by warm and hot wells, silica sinter, cinder cone and hot springs.

Figure 12: 3D view of geothermal prospective areas (yellow line) in Big Smokey and Clayton Valleys, Source: Nevada Geothermal Resources, Map 161, 2010.



Note: The green outline represents the catchment area for the basins

(5) Historical mineral exploration and production

(A) Historical data from Silver Peak

The Silver Peak Mine is the United States primary source of lithium. This mine has been producing lithium since 1967, pumping brines from depths ranging from 10's of metres to +300 m.

There are no JORC or NI 43-101 compliant resources or reserves published at any stage for the Silver Peak operations by the current or previous owners. The brines are pumped from depths of 100-250m and in 1970 were reported to contain 300ppm lithium which was subsequently increased to 5,000ppm lithium by solar evaporation before processing and by 2001 the brine concentration was reported to have dropped to 160 ppm lithium and concentrated to 6,000 ppm lithium by evaporation.

There is considerable data on the geology, hydrology and structural controls on the mineralisation of the Silver Peak Mine, as a result of its long history.

(B) Recent exploration results

The following table summarises exploration results announced by stock exchange listed exploration companies operating close to TLP:

Non-exhaustive list of announcements of exploration activity in the Clayton Valley Basin

Exploration company Announcement Date	Commentary on results
Advantage Lithium Nov 1, 2016	Drilling adjacent to the east side of the Silver Peak lithium mine confirmed lithium in brine values in both the 'MainAsh Horizon' (10 feet of 217ppm Lithium) and 'Lower Aquifer system' brine horizons. They also confirmed the direct relationship between brine concentration (TDS) and lithium values. Confirmation that lithium mineralization and known resource horizons extend beyond the mine property boundary.
Pure Energy Oct 12, 2016	Pump test of brine horizons yielded 69 gallon per minute over a 46 hour test at hole CV-3 Drilling by Pure along the southeast edge of the mine confirms that the lithium mineralization and known resource horizons extend beyond the mine property boundary.

(g) **Exploration program**

LCME has sufficient data to identify:

- a large primary basin and sub-basins;
- key faults; and
- large, continuous horizontal conductors at depth.

The available data is sufficient to underpin an initial drilling program.

However, LCME considers it prudent to maximise the chance of success by undertaking further geophysics to refine the positions of favourable structure, conductors (potential brines) and the position of aquifers prior to drilling.

LCME plans to complete:

- 50 line-km of CSAMT survey, for better definition of the size and geometry of larger, closed conductive blocks;
- 19 line kilometres of seismic reflection survey located along key CSAMT profiles, for more confident discrimination between a conductive thick clay package and a clay-brine sequence; and
- 2 initial drill holes to a depth of approximately 600m. Drilling will initially target large, downthrown conductive blocks with multiple reflectors.

2 year exploration budget

All figures in A$	2017	2018
Tenement fees	(480,347)	(353,680)
Geo consultant	(13,333)	-
Geophysics & mapping		
Sample Testing	(120,000)	-
Drilling	(1,000,000)	-
Travel & accommodation	(54,400)	(54,400)
Other (Project specific employees)	(152,000)	(152,000)
Total	**(1,820,080)**	**(560,080)**

(h) **Regulatory approvals**

The lands appropriated by the Claims are federal public lands. The lands were open to location under the Mining Law of 1872, as amended, on the dates of location of the Claims.

The federal annual mining claim maintenance fees have been paid for the Claims for the annual assessment year September 1, 2016, to September 1, 2017. The BLM mining claim maintenance fees must be paid in advance of the annual assessment year on or before September 1, 2017, and September 1 of each succeeding year. The failure of the owner of the Claims to properly and timely pay the BLM annual mining claim maintenance fees will cause the Claims to be forfeited and void.

The Claims are unpatented mining claims located on public lands owned and administered by the United States government. A valid unpatented mining claim is an interest in real property that can be bought, sold, mortgaged, devised, leased and taxed, but it is always subject to the paramount title of the United States and, subject to BLM's management authority, the rights of third parties to use the surface of the claim in a manner that does not unreasonably interfere with the claimant's activities.

An unpatented mining claim can be located without application to or invitation from the federal government, however, the claim must be located on public lands which have not been withdrawn from the location of mining claims by legislation, regulation or executive order and which have not been appropriated by a third party's location of senior mining claims.

The location of an unpatented mining claim is initiated by the locator. The location process requires the locator to construct a monument of location on the claim and to post on the monument a notice of location which describes the claim.

A valid unpatented mining claim must include a discovery of valuable minerals. Before discovery, however, a mining claimant has a possessory right to conduct mineral exploration and development activities on the claim. The locator of a valid unpatented mining claim has the right to explore for, develop and mine minerals discovered on the claim, subject to compliance with the annual mining claim maintenance requirements under the United States Federal Land Policy and Management Act of 1976 and other applicable federal statutes and regulations.

In Nevada , the Company has located 1981 placer mining claims. The Company has perfected 744 of its claims by filing the claim certificates of location and mining claim maps with BLM and recording them in the office of the Esmeralda County Recorder.

In Nevada , third parties have located unpatented mining claims near the Company's claims. In one instance, a third party, Ultra Lithium Inc., located 106 unpatented mining claims which overlie certain of the Company's claims. The Ultra Lithium Inc. claims were located over claims previously located by Big Smokey which had not expired. It is the Company's position that under Nevada law, because the Ultra Lithium Inc. claims were located on senior pre-existing claims, the Ultra Lithium Inc's claims were void ab initio and that on expiration of the pre-existing claims, the lands became open for the location of new claims. The Company located its claims on the lands in conflict after expiration of the pre-existing claims. Ultra Lithium Inc has continued to maintain its claims and the Company may be compelled to commence a legal action to quiet title against Ultra Lithium Inc.

The federal public lands in Sections 29 and 32, T1N, R381/2, MDB&M, are within the boundaries of a lease for potassium issued by the United States in accordance with the Mineral Leasing Act of 1920. The potassium lease does not invalidate unpatented mining claims located on the federal lands within the potassium lease. BLM must administer the potassium lease and unpatented mining claims on the subject lands in a manner which minimizes interference by one interest with the activities of the other interest holder.

Some of the lands the subject of the Claims are within active federal geothermal leases. Issuance by BLM of the federal geothermal leases did not withdraw the leased lands from mineral entry. The geothermal leases do not invalidate unpatented mining claims located on the federal lands within the geothermal leases. BLM must administer the geothermal leases and the unpatented mining claims on the subject lands in a manner which minimizes interference by one interest with the activities of the other interest holder.

An unpatented mining claim must be located and maintained in accordance with the mining laws of the United States and the State of Nevada. Given the county and Federal records do not necessarily indicate that the locator or owner of an unpatented mining claim has complied with Federal and State laws and regulations concerning the location and maintenance of an unpatented mining claim, an unpatented mining claim that appears regular from the record may, in fact, later be shown to be invalid.

The adjudicated rights and the validity or current status of any water rights or water rights permits which may be appurtenant to the Claims and the reservation of water resources by the United States pursuant to Executive Order Public Water Reserve No. 107; under Nevada law, water resources are owned by the State of Nevada and are subject to appropriation and regulation in accordance with the water law; use of groundwater resources without a permit is prohibited under Nevada law.

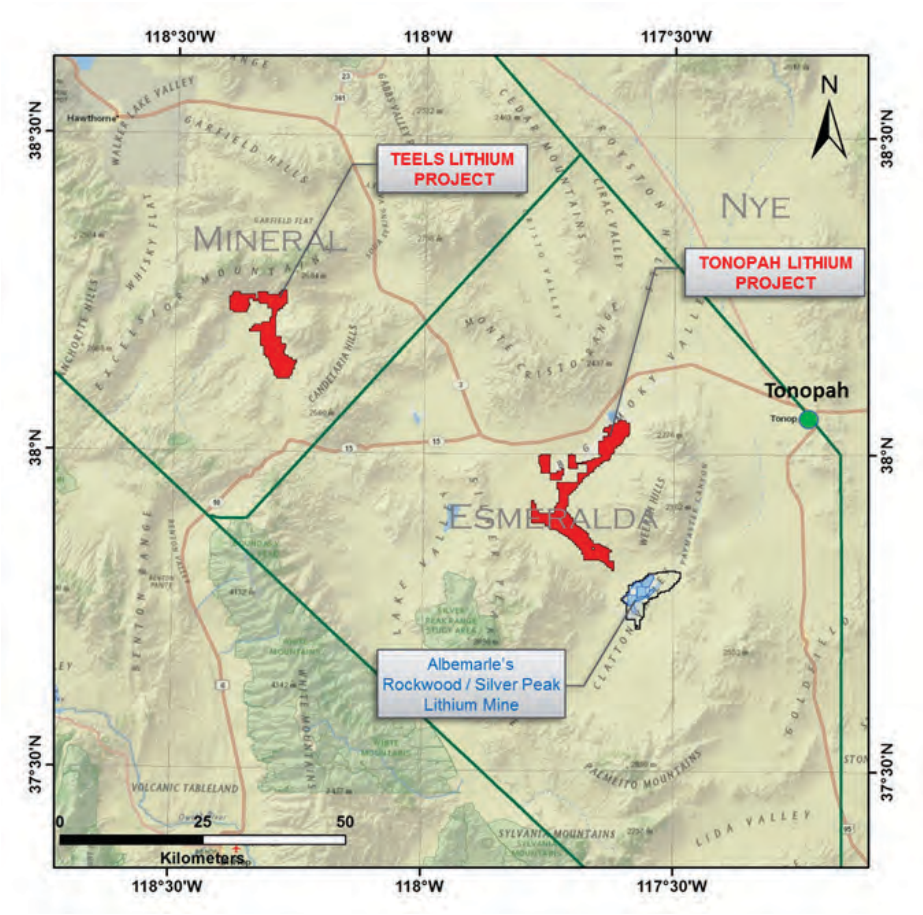
4. Company Overview and Projects (continued)

(i) **Teels Project - Teels**

The Teels Project is accessed from Tonopah via the US 95 highway then via highway 6 from Coaldale and then via route 360, a distance of approximately 110km. Teels is located in Mineral County, on land administered by the Bureau of Land Management.

The Teels project is located in Teels Marsh, which is an internally drained basin located approximately 100km WNW from Tonopah and approximately 80km NW of Silver Peak in Mineral County.

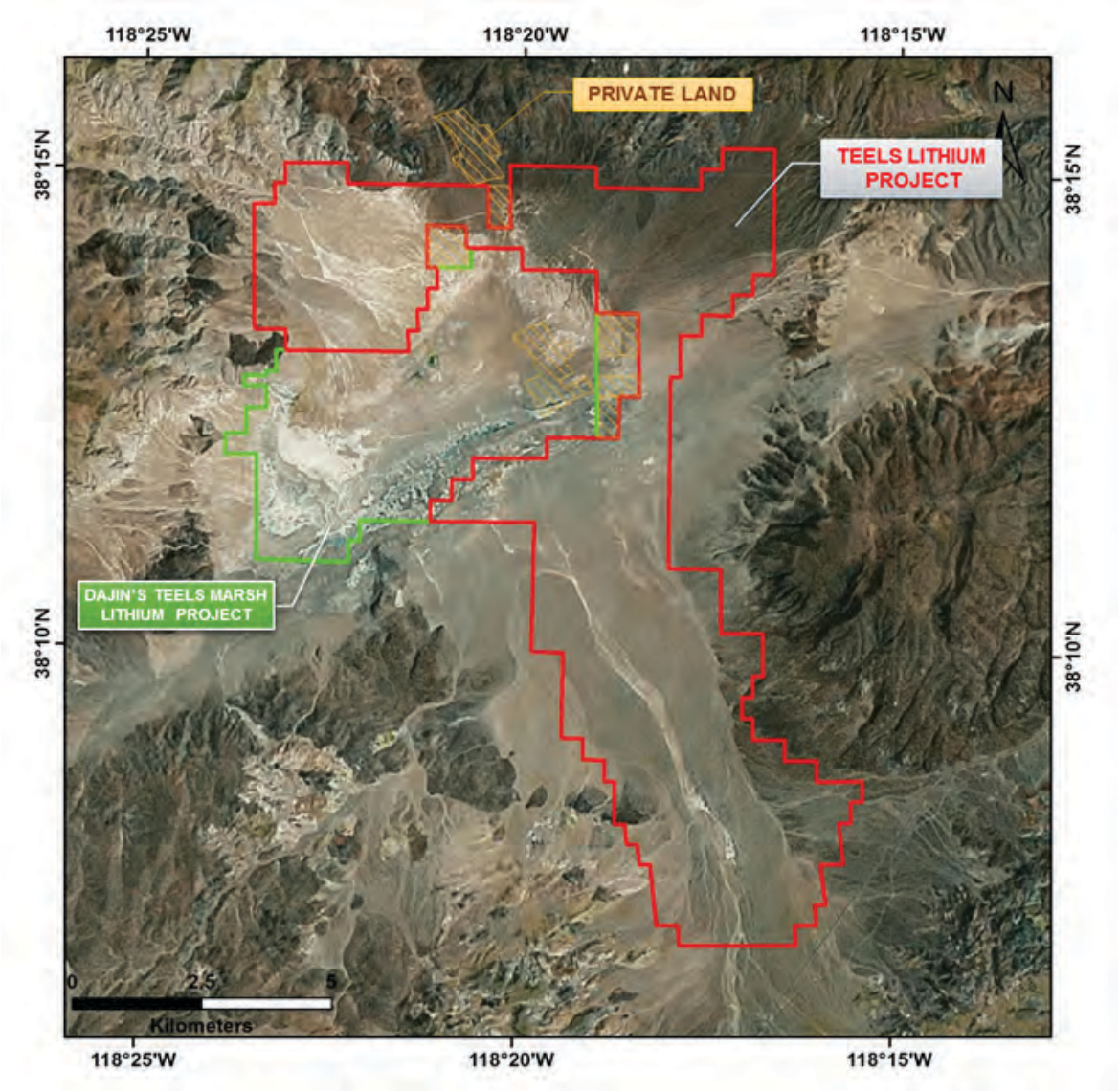
Figure 13: Location of Teels project



The Teels minerals property consists of 737 placer claims covering 15,351 acres (62km2). These placer claims have been staked (located) with filing pending.

These claims surround a central claim block of 24km2 held by Dajin Resources Corporation (**Dajin**). The Dajin block covers the current extent of the playa. Dajin is a Toronto Stock-Exchange listed company, which is actively exploring the area for lithium brine deposits.

Figure 14: Location of Teels Project claims and the relative position of the claim block to Dajin's claims



In assessing the potential of the Teels project, similar conclusions can be reached to those for the Tonopah Lithium Project:

- favourable lithium source rocks with anomalous levels of lithium in surface and near-surface basin sediments and waters;
- potential for porous aquifers as demonstrated by shallow drilling;
- potential for ponding structures as evidenced by the gross basin architecture; and
- active hydrothermal systems

(1) Geological setting and hydrography

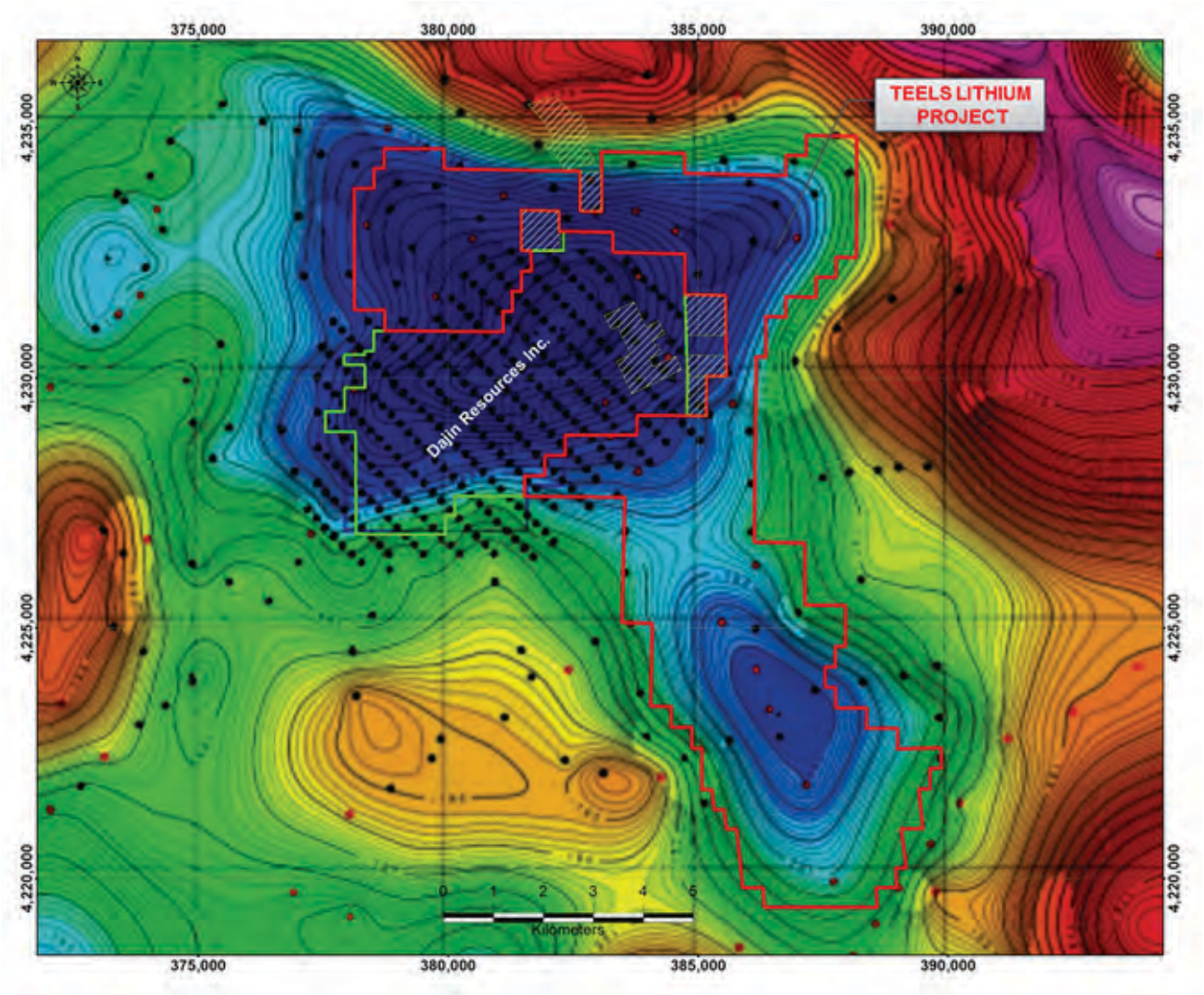
Teels Marsh is a closed basin with a playa similar to the Clayton Valley and Big Smokey Valley basins.

Teels Marsh is an oval basin oriented NE-SW approximately 6x2km with a central playa. The Bouguer Gravity image (see Figure 19) shows that true basin morphology to be much larger, forming a 'T' shaped basin.

The geological architecture is similar to the Big Smokey Valley and Clayton Valley areas.

Felsic tuffs are believed to achieve a thickness up to 150m, south of Teels Marsh and there is strong potential for tuff aquifers to be lithium bearing, given the Bishop Tuff, the main aquifer at Silver Peak, spread ash over thousands of square kilometres.

Figure 15: Bouguer Gravity image of Teels Marsh



Shallow (<60m) auger and drill holes show laucastrine clays, sands, silts, evaporites and tuffs. These lithologies offer the potential for permeable aquifers, with the exception of clays.

Gravity modelling by Dajin indicates a possible depth to the basement of approximately 2km.

Figure 16: Teels Marsh looking west with the current playa in the centre ground

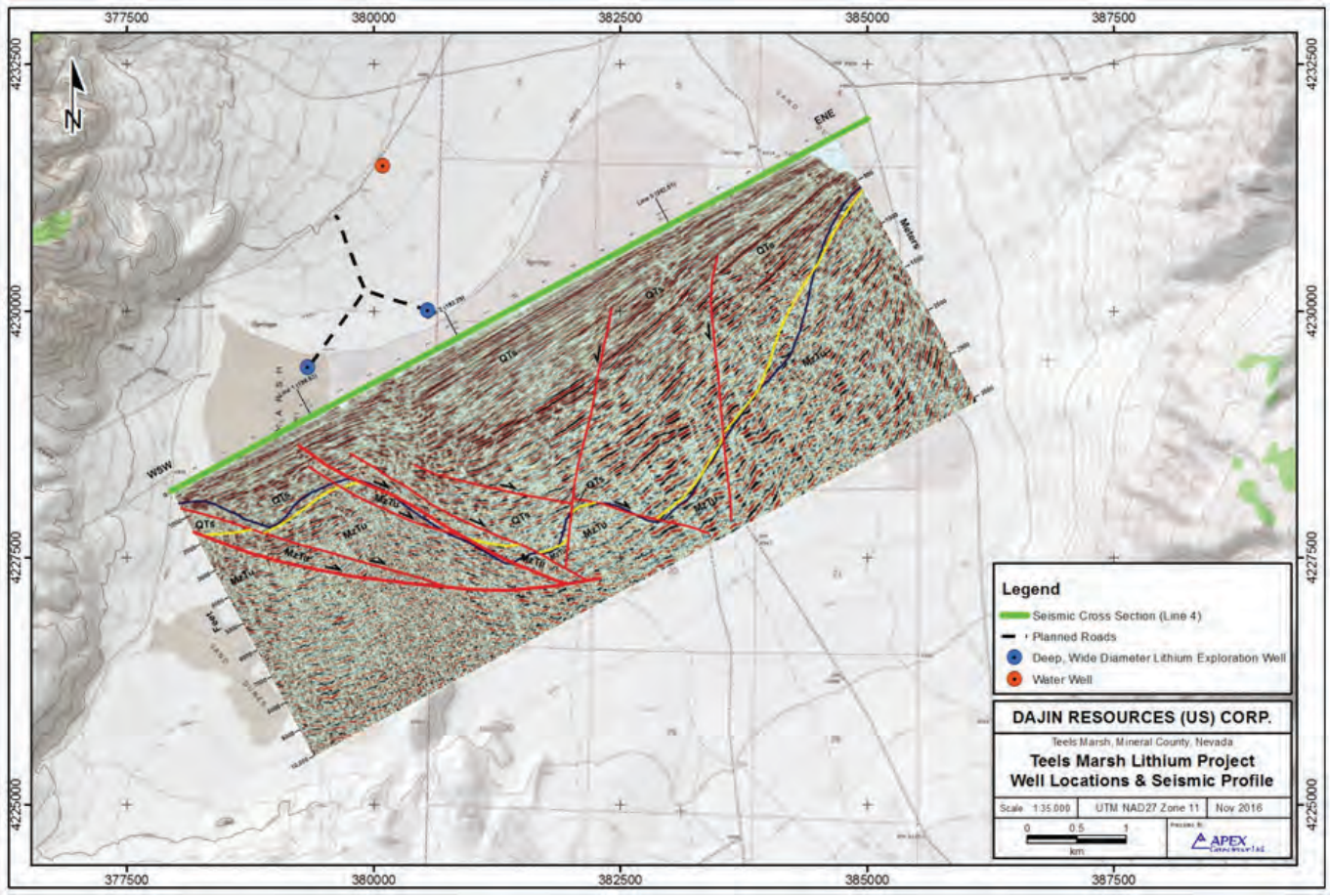
4. Company Overview and Projects (continued)

The Teels Project is in the Mina Deflection area of the Central Walker Lane structural setting. The regionally extensive zone of transpression has created the graben which hosts the Teels Marsh basin.

The structural interpretation of the gravity survey undertaken by Dajin, has inferred multiple normal fault structures that may provide ponding sites for brines, similar to the Silver Peak deposit.

There is evidence of strong hydrothermal activity at Teels Marsh which has no surface expresson, which are highly encouraging within the context of the lithium brine exploration model.

Figure 17: Dajin seismic Interpretation



Source: Dajin Resource (US), Corp.

(2) Historical mineral exploration and production

(A) Historical mining

The Teels Marsh basin has been mined since 1867 for small quantities of sodium chloride and later from 1873 to 1892 for borates under the control of US Borax which still holds the private ground in the east of the playa.

(B) Historical mining

The only lithium exploration undertaken at Teels Marsh has been conducted by Dajin.

Dajin's exploration activities at Teels Marsh is summarised in the following table.

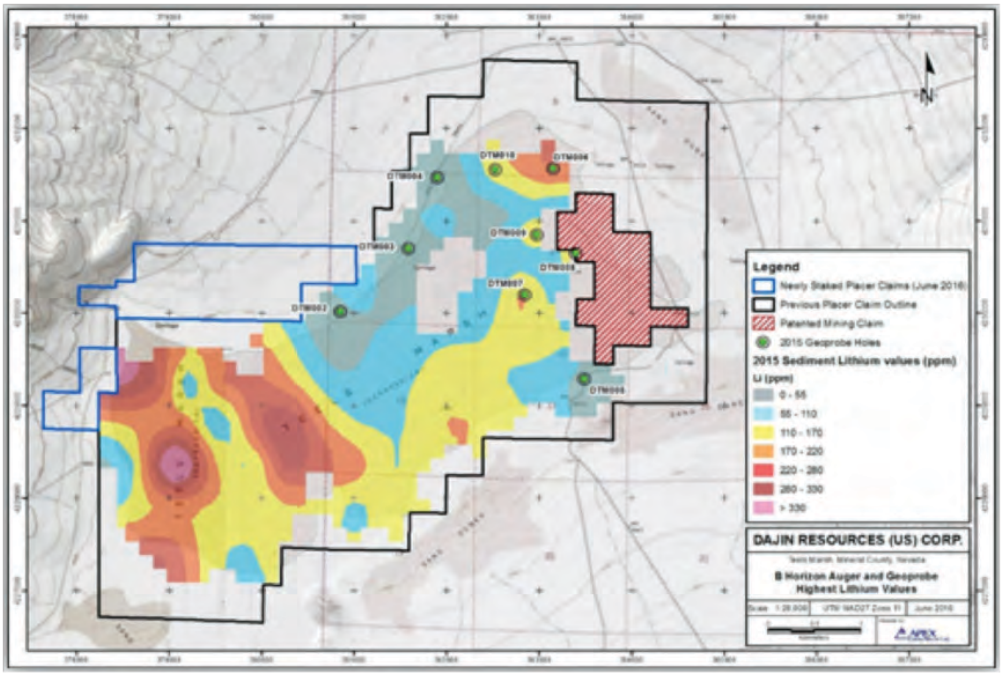
Summary of Dajin's exploration activities at Teels Marsh

Type of exploration	Date	Commentary on results
Surface sampling	Since 2014	• Anomalous lithium zone 5.4km long in an E-W direction and 1.82 km long in an N-S direction • 74 samples on a 300x487m grid (see Figure 18 for mapping of results) • These are sediment samples, not water samples and the relatively high levels of lithium are most likely due to hectorite, a lithium-bearing clay mineral.
Gravity survey	2015 - 2016	• Results merged with the US Geological Survey public domain gravity data (See Figure 18 for gravity data mapping)
9 x Geoprobe holes	2015	• Depths of 59m • A maximum assay of 310 ppm Li and 8,600 ppm boron (See Figure 18 for location of the holes)
Reflection Seismic Survey 2016 19 km of reflection seismic survey	2016	• Confirmation of basin depth (+2km) • Confirmed location of key faults • Confirmed areas with lateral continuity of layers

The results shown above are a non-exhaustive list of exploration activity at Teels Marsh.

The significance of Dajin's surface-sampling is that the results confirm the presence of lithologies with elevated lithium contents which are amenable to leaching. However, it should be noted that surface-sampling is not necessarily indicative of the presence of lithium bearing brines at depth in the basin.

Figure 18: Results of surface sampling undertaken by Dajin and location of Geoprobe holes



Source: Dajin Resource (US), Corp.

(j) **Exploration program**

Historical exploration and data at Teels Marsh has confirmed a primary basin and a sub-basin, but the potential for brines at Teels needs to be demonstrated as there are no electromagnetic surveys or deep drilling to confirm the presence of brines.

LCME plans to complete:

- 200 infill gravity measurements;
- 500 line-km of ground magnetic survey;
- 55 line-km of CSAMT survey, for better definition of the size and geometry of larger, closed conductive blocks;
- 15 line kilometres of seismic reflection survey located along key CSAMT profiles, for more confident discrimination between a conductive thick clay package and a clay-brine sequence; and
- 1 initial drill holes to a depth of approximately 600m.

Dajin has advanced their adjacent property to drill-ready status, and their results will influence the location of seismic profiles and drill target depths.

Teels: 2 year exploration budget

All figures in A$	2017	2018
Tenement fees	(400,407)	(242,140)
Geo consultant, Geophysics & mapping	(373,333)	(13,333)
Drilling	-	(333,333)
Total	(773,740)	(588,807)

4.6 Yilgarn Projects (Western Australia)

- LCME's 100%-owned Australian hard rock tenement portfolio has the potential for hard-rock lithium deposits, analogous to the giant Greenbushes deposit.
- 10 Exploration Licence Application areas, covering 444km^2.
- Concealed targets with no previous lithium exploration.
- Associated pegmatite "fertile" granites and large regional structural zones.
- Highly favourable geophysical signatures.
- Pegmatites found in outcrop along strike.
- High grade metamorphics with potential for β-spodumene (metallurgically preferable) bearing pegmatites.
- Encouraging lithium and pathfinder geochemistry in surface materials.
- Potential tantalum and niobium bi-products.
- Some potential for gold mineralisation.

(a) **Background**

LCME's Western Australian hard rock application and tenement portfolio has potential for hard-rock lithium deposits and consists of 10 Exploration Licence Application areas, covering 444km^2 within extensions of known lithium-fertile "belts" and with inferred potential for lithium-fertile granites in the Yilgarn Craton in Western Australia.

(b) **Ownership**

Lithium Consolidated holds a 100% ownership interest in West Resource Ventures Pty Ltd, which has a direct interest in the 10 Exploration License Applications over the Yilgarn Projects.

(c) **Geologic setting**

The Yilgarn Craton is a:

- large geological terrane of Archaean age covering the south west part of Western Australia;
- major precious and base metal province; and
- contains metamorphosed lithium-bearing pegmatites including the giant Greenbushes Li deposit (3.1Mt Li2O).

(d) **Geological lithium system**

Historical exploration within the province has identified lithium fertile belts containing Li-Ta-Cs bearing pegmatites similar to those which form the Greenbushes deposit.

Lithium pegmatites in the greenstone belts of the Yilgarn Craton can have less demanding metallurgical characteristics and a higher value feedstock product for processing in lithium carbonate or lithium hydroxide.

Lithium-pegmatites also have the potential to generate valuable by-product metals, in-particular tantalite and niobium (which are known to occur in the Yilgarn pegmatites).

(e) **Data available**

Historic exploration and state generated geophysics, geochemistry and geological mapping.

(f) **Key indicators**

- Distinctive magnetic and radiometric signatures, ascertained from the study of known Li-pegmatite deposits in the craton.
- Presence of "fertile" granite adjacent to regional scale structural zones and potential host rock packages.
- Areas which are concealed beneath shallow, mainly transported cover sequences outcropping pegmatites or Li pegmatite deposits along strike.
- Regional surface geochemistry shows elevated lithium and/or indicative "pathfinder" elements.

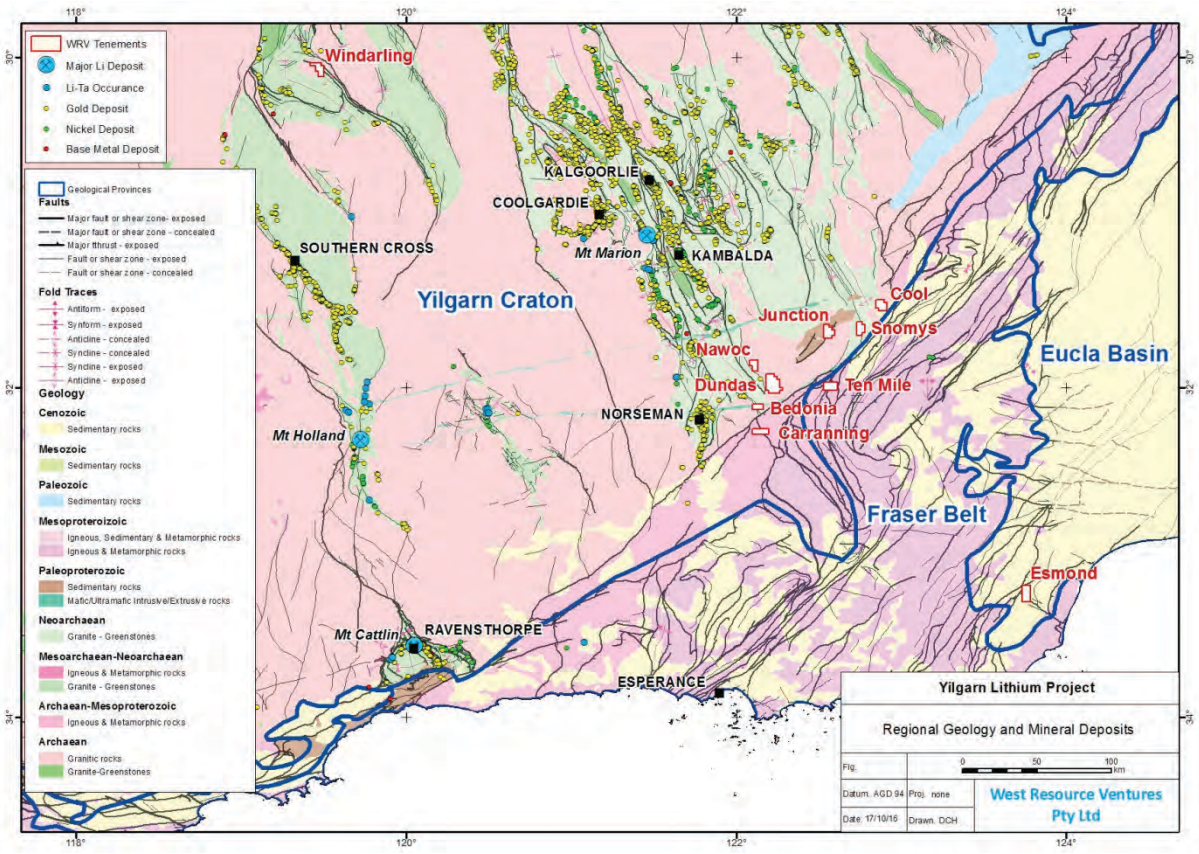
(g) **Historical mineral exploration and production**

The Yilgarn Craton has been explored and mined for over 100 years and hosts numerous large lithium, gold and nickel deposits including:

- the world famous Greenbushes lithium deposit (120Mt @ 2.6% Li2O, 4.7Mt @ 0.06% Ta & 10.8Mt @ 0.48% Nb);
- Kalgoorlie Au goldfield (>45Moz Au);
- Mt Marion lithium deposit (61Mt @ 1.36% Li2O); and
- Mt Cattlin lithium deposit (16Mt @ 1.06% Li2O).

(h) **Location of Exploration License Applications**

Figure 19: Location of Yilgarn Project ELAs



(i) **Summary of Exploration Licence Applications**

Summary of Yilgarn Exploration License Applications

Exploration License Application	Application Date	Area (km2)	Location
E 6301814 (Bedonia)	30/06/16	23	SE Yilgarn
E 6301815 (Caranning)	30/06/16	35	SE Yilgarn
E 7702384 (Windarling)	30/06/16	42	SE Yilgarn
E 6903455 (Esmond)	30/06/16	52	SE Yilgarn
E 2802631 (Junction)	30/06/16	47	SE Yilgarn
E 2802632 (Snomys)	30/06/16	38	SE Yilgarn
E 6301813 (Ten Mile)	30/06/16	44	SE Yilgarn
E 1501542 (Nawoc)	18/07/16	29	SE Yilgarn
E 2802651 (Cool)	22/09/16	41	SE Yilgarn
E 6301826 (Dundas)	3/10/16	32	SE Yilgarn

(j) **Exploration program**

The objectives of the exploration program will be to identify:

- areas with characteristic magnetic signatures;
- distinctive geological and geochemical zonation;
- resistate minerals known to be associated with lithium-bearing pegmatites in surface media; and
- pegmatitic rocks under thin cover.

LCME plans to complete:

- aerial magnetic surveying to define potential pegmatite bodies;
- heavy mineral/lag sampling across the magnetic targets to define discrete drill targets; and
- RAB drilling to assess potential pegmatites.

The statutory minimum expenditure for all titles is expected to be approximately $212,000 for the first two years (following grant of the licences).

Yilgarn Projects: 2 year exploration budget

All figures in A$	2017	2018
Tenement fees	(87,189)	(58,189)
Geo consultant, Geophysics & mapping	(158,500)	(76,000)
Drilling	0	(184,000)
Other (Project specific employees)	(32,654)	(34,196)
Total	**(278,344)**	**(352,386)**

(k) **Regulatory approvals**

(1) In Western Australia , an application for an exploration licence is made under the Mining Act 1978 (WA) (**Mining Act**) to the Department of Mines and Petroleum (**DMP**) The process for determining exploration licence applications requires the application to be lodged at a mining registrar's office or lodged electronically on the DMP's website and a copy of the application is served on affected parties and advertised on the DMP website. From service there is a 35 day objection period;

(2) If an objection is not lodged, the application is recommended for grant by the mining registrar. Id an objection is lodged, the application is submitted to the Warden's court where the evidence is heard .

(3) If the objection is upheld, then the application is refused and if the objection is dismissed, the Warden makes a recommendation to the Minister and then there is a 14 day period to appeal the Warden's decision or recommendation to the Minister;

(4) If no objection is lodged or an objection is dismissed the DMP appraises the exploration licence application for compliance;

- where private property is affected, consent of the owner/occupier must be obtained by the applicant, otherwise such private land is not included in any grant of tenement. Where reserved land (such as national parks) is affected, the application is referred to the responsible Government Department for recommendation/concurrence of the relevant Minister.. Any proposed conditions for the tenement are then formulated;
- the Native Title Act 1993 (Cth) (**NTA**) procedures are then initiated ; and
- the application is then granted or refused by the Minister.

(5) The WA Tenements were lodged on 30 June 2016 and the 35 day objection period has now expired.

(6) Six of the seven WA Tenements have been referred to the Native Title process. E77/2384 has not yet been referred. E77/2384 falls within a Crown Reserve and the application has been referred to the Department of Parks and Wildlife. The Mining Act classifies various "reserves" and provides different rules relating to mining (which includes exploration) on the different classes of reserve.

(1) Registered Native Title claimants and determined Native Title holders have certain rights under the NTA when governments intend to takes actions which are considered 'future' acts under the NTA.

(2) A 'future act' is an act done after 1 January 1994, which affects Native Title. The future act can be a proposed activity or development on land and/or waters that has the potential to affect Native Title: by extinguishing it or by creating interests that are inconsistent with the existence or exercise of Native Title. The proposed grant of an exploration licence constitutes a 'future act' and will be valid only if there has been compliance with the requirements of the NTA.

(3) The 'future act' procedures vary depending on the act being carried out. There are typically three alternatives: the right to negotiate, an indigenous land use agreement (**ILUA**) or the expedited procedure.

(4) There are no ILUAs overlapping the Western Australian Tenements. However applications for exploration licence E28/2631, E28/2632, E63/1813 and E63/1814 are each fully overlapped by the Ngadju native title determination WCD 2014/004 (WAD6020/1998), applications for exploration licence E63/1815 (23.44%) and E69/3455 (84.36%) are partially overlapped by the Ngadju native title determination and application for exploration licence E77/2384 is not subject to any overlapping claim or determination.

(5) The NTA affords any holder or claimant for Native Title the right to be notified of the application for the mining title and of the government's intention to grant the title. The NTA stipulates that a future act process need only apply where Native Title exists or is claimed to exist; however, these processes are also followed where Native Title may exist.

(6) A tenement cannot be granted unless it has satisfied the future act requirements of the NTA (except in some special circumstances where pre-existing rights apply) or where appropriate evidence is available that proves Native Title has been extinguished, such as the granting of freehold tenure.

(7) Tenements which have the potential to cause major disturbance to the ground (such as mining leases) are subject to the 'right to negotiate' procedure. In broad terms, this involves notification to the following parties of its intention to grant titles to native title holders and claimants, representative bodies, the National Native Title Tribunal, the proposed grantee, and the public.

(8) The applicant must negotiate in good faith with a view to obtaining the agreement of each of the native title parties affected by the proposed grant of the tenement to the doing of the act or the doing of the act subject to conditions.

  (a) If agreement is reached it is likely to include heritage protection protocols and other benefits depending on the type of applicant (corporate or individual) and the extent of the project.

  (b) If the parties are unable to reach an agreement within the statutory six month minimum period of the original notice, any party may apply to the NNTT for a final determination as to whether the proposal may proceed – provided that the parties are able to demonstrate that negotiations have been carried out "in good faith".

(9) Importantly the right to negotiate process is not required to be followed in a case where the 'expedited procedure' applies. Section 237 of the NTA defines a future act that attracts the expedited procedure as one that is:

  (c) not likely to interfere directly with the community or social activities; and

  (d) not likely to interfere with areas or sites of particular significance; and

  (e) not likely to involve major disturbance to any land or waters concerned.

(10) A Native Title party affected by the proposed grant has the right to object to the expedited procedure statement within four months of the notification day. If no objections to the statement are received, the application may be granted.

(11) If one or more Native Title parties objects against the inclusion of the expedited procedure statement, the NNTT must make a determination whether the act is in fact an act attracting the expedited procedure. If the determination is that the expedited procedure applies the DMP may grant the tenement. If the objection is upheld the application proceeds into the right to negotiate process referred to above.

(12) Often parties reach agreement within the expedited inquiry process resulting in the objection being withdrawn and the grant proceeding.

(13) The Western Australian State Government has a policy whereby applicants for exploration licences have to sign and offer a Regional Standard Heritage Agreement (**RSHA**), or prove they have an existing Alternative Heritage Agreement (**AHA**) in place with the Native Title Representative Body (**NTRB**) (or native title parties who are not represented by the NTRB) before an application will be submitted to the NTA expedited procedure. In the absence of such an agreement being offered, the applications will not be processed and could result in refusal action being instigated under section 111A of the Mining Act.

(14) The Company is aware that a series of RSHAs have been negotiated between mining peak industry groups and NTRBs. The RSHAs provide Aboriginal heritage protection and offer all parties with standard fees and procedures for heritage clearances that are at an acceptable standard to industry.

(15) The DMP asserts that the expedited procedure applies to exploratory titles based on the protection offered by RSHAs and by the combination of the regulatory procedures offered under the Aboriginal Heritage Act 1972 (WA) and the Mining Act.

(1) If the exploration licences are granted, an exploration licence authorises the holder to enter the land the subject of the exploration licence to explore for minerals with vehicles, machinery and equipment as may be necessary or expedient for the purpose of exploring for minerals in, on or under the land.

(2) An exploration licence permits the holder to explore over a much larger area of land than under a prospecting licence. Exploration licences are described by graticular blocks, with individual graticular blocks ranging in area from approximately 2.8km^2 to 3.3 km^2 depending on where a block is located within the State. One exploration licence may include up to a maximum of 70 graticular blocks. There is no limit on the number of exploration licences which may be held by any one person.

(3) An exploration licence remains in force for a period of five years from the date of grant. The whole or any part of the land the subject of the granted exploration licence may be extended by one period of five years and then by a further period, or periods, of two years if the Minister is satisfied that a prescribed ground for extension exists.

(4) Prescribed grounds include where the Minister is satisfied that insufficient work has been carried out due to difficulties or delays arising from governmental, legal, climatic or heritage reasons, or where the Minister considers that the land has been unworkable for the whole or a considerable part of any year of the term, or where the Minister considers that work carried out justifies further exploration.

(5) During the first year of the term of an exploration licence, a legal or equitable interest in or affecting the exploration licence cannot be transferred or otherwise dealt with, whether directly or indirectly, without the prior written consent of the Minister.

(6) At the end of the initial period of five years, the registered holder of an exploration licence must surrender 40% of the area of the exploration licence. The Minister may defer the requirement to surrender if satisfied that a prescribed ground for deferral exists (similar to those outlined above in relation to the grant of an extension).

(7) Within 28 days after the application has been lodged, a security for compliance with the conditions of the licence (if granted) must be lodged for an amount of $5,000. An exploration licence cannot be granted until the security is lodged. Securities have been lodged for each of the WA Tenements.

(8) Annual rent for an exploration licence is $129.50 (including GST) per block for years one to three of the term of the licence, $201.45 (including GST) per block for years four and five of the term of the licence, $273.35 (including GST) per block for years six and seven of the term of the licence and $517.60 (including GST) per block for year eight and each subsequent year of the term of the licence (based on rental rates as at 1 July 2016).

(9) Exploration licences are subject to minimum annual expenditure requirements. The holder of an exploration licence may apply for exemption from compliance with minimum expenditure requirements on certain grounds set out in the Mining Act or at the discretion of the Minister.

(10) A failure to comply with expenditure requirements, unless exempted, renders the exploration licence liable to forfeiture.

(11) The registered holder of an exploration licence may, as of right, while the exploration licence continues in force, apply for and, subject to the Mining Act and any conditions on which the exploration licence is held, have granted one or more mining leases over any part or parts of the land the subject of the exploration licence.

(12) Mining tenements granted in Western Australia are subject to various conditions prescribed by the Mining Act. The conditions provide for the payment of rent, minimum expenditure and reporting requirements. In addition, standard conditions are imposed addressing environmental and heritage issues.

(13) If a registered mining tenement holder fails to comply with the annual minimum expenditure or fails to comply with a condition imposed on a granted exploration licence, fails to pay rent or a statutory royalty, fails to comply with certain provisions of the Mining Act, or is convicted of an offence under the Mining Act, then the Minister may cause the exploration licence to be forfeited, or impose a penalty not exceeding $50,000.

4.7 Eucla Basin Projects (South Australia)

- Large exposed salt lakes with additional concealed potential for lithium bearing brine.
- Potential for multiple brine horizons in a deep cyclic terrestrial sedimentary package.
- Groundwater sampling has identified brines with >50,000ppm TDS.
- Elevated Li has been recorded in the groundwater.
- Potential lithium sources “upstream” from the salt lakes.
- Strong potassium signatures in the exposed salt lakes indicate potential for potash resources.
- Large tenement application holding.

(a) **Introduction**

LCME’s South Australian Li brine tenement portfolio consists of 5 Exploration License Applications which cover a total of 5,680 km2 of the Eucla Basin.

The licence applications have been placed cover a series of partially exposed salt-bearing playa lakes (salt lakes) and their concealed extensions in the Lake Maurice area of the Eucla Basin.

(b) **Ownership**

LCME holds a 100% ownership interest in West Resource Ventures Pty Ltd, which has a direct interest in the 5 Exploration License Applications over the Eucla Basin Projects.

(c) **Geologic setting**

The Eucla Basin is a large sedimentary basin of Cenozoic age located along the southern Australian coastline, in the region known as the Great Australia Bight.

The prospective part of the Eucla Basin, along its northern edge, is covered by aeolian sand and dunes and hosts several large, partial exposed, playa salt lake systems. The underlying lacustrine sediments within the basin are also known to host evaporate (halite-bearing) units.

The older parts of the lake systems appear to be concealed to the south where they abut a line of Tertiary to Quaternary coastal dunes, the Ooldea Range, which possibly acts as asouthern barrier to brine flow, thereby forming a closed basin..

An examination of a digital elevation model (**DEM**) revealed several large ovate depressions within the basin, suggesting that the playa lakes are the exposed parts of much larger and older salt lake systems.

(d) **Lithium system**

The target is lithium-brine with potash (**K2O**) potential in closed terrestrial lake systems with specific radiometric and multi-spectral signatures that have a long history of arid climatic events and are downstream from lithium bearing source rocks.

(e) **Data available**

Historic exploration and ground water monitoring water samples, drill hole data, detailed Federal (1sec) DEM and topographic data and State based radiometrics and ASTER multi-spectral imagery.

(f) **Key indicators**

- Closed terrestrial basin with cyclic sedimentary history containing lacustrine and evaporitic sediments.
- Airborne radiometric data showing strong potassium signatures.
- ASTER multi-spectral imaging identify calcium-rich carbonates within the exposed salt lakes.
- Large ovate depressions with exposed salt lakes along their northern edges.
- Very high total dissolved solids (**TDS**) levels in the groundwater samples.
- Elevated Lithium up to 5ppm in historic groundwater samples
- Presence of potential Li bearing evaporate stratigraphy and rock upstream from the basin.

(g) **Historical mineral exploration and production**

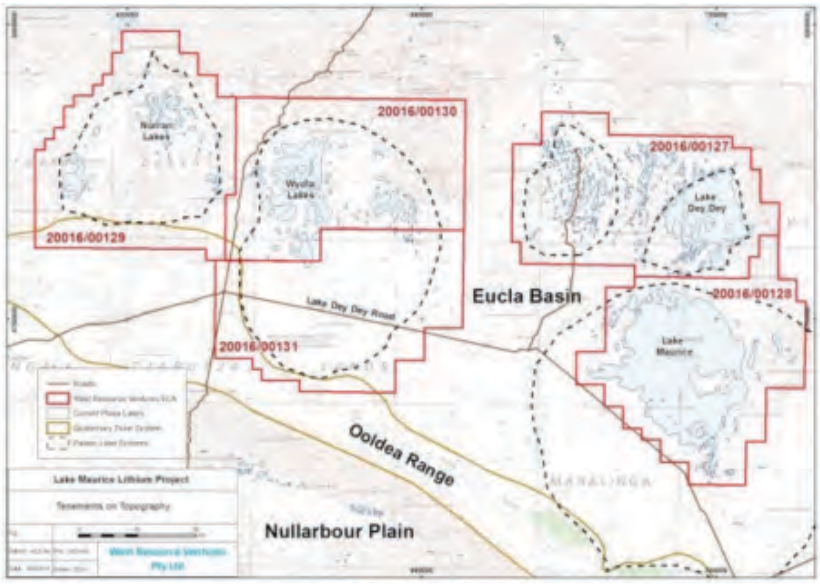
Historical exploration in the northern part of the basin has focused on heavy mineral sands in the Paleo dune systems and Calcrete hosted uranium in the salt lakes.

There has been no historical exploration for lithium brines in the basin but lithium-bearing brines have been identified in a similar salt lake system at Lake Frome on the western side of the ELAs in South Australia.

Groundwater hydrochemistry in the region has identified brines (> 5%TDS) and super brines (>10% TDS) while limited historic water analyses have recorded Li up to 5 mg/l.

(h) **Location of Exploration Licence Applications**

Figure 20: Location of the Eucla Basin ELAs



Source: West Resource Ventures Pty Ltd

(i) **Summary of Exploration Licence Applications**

Summary of Eucla Basin Exploration Licence Applications

Exploration License Application	Application Date	Area (km2)	Location
2016/00127 (Lake Dey Dey)	6/09/16	997	NE Eucla Basin (SA)
(2016/00128 (Lake Maurice)	6/09/16	989	NE Eucla Basin (SA)
2016/00129 (Nurrari)	6/09/16	997	NE Eucla Basin (SA)
2016/00130 (Wyola North)	6/09/16	961	NE Eucla Basin (SA)
2016/00131 (Wyola South)	6/09/16	914	NE Eucla Basin (SA)

(j) **Exploration program**

The objectives of the exploration program will be to identify lithium (& potash) bearing brines:

(1) at surface in and around the salt lakes; and

(2) in thick porous stratigraphy under the lakes and their concealed extensions.

It is anticipated that the first year will involve negotiations for a land access agreement with the Maralinga People who have freehold status over the title areas.

Exploration in the second year will involve:

(1) surface sampling of the exposed areas of the playa lakes;

(2) a water sampling program utilising existing water bores and historic drill holes; and

(3) sampling of sediment material from stored historic drill holes.

A deep drilling program will be designed using rotary mud drilling, based on the results from the sampling programs.

The statutory minimum expenditure for all titles is expected to be approximately $620,000 for the first two years (following grant of the Licences).

It is considered that the proposed budget will be sufficient to meet statutory expenditure as the first year is expected to be taken up in land access negotiations as noted above.

Eucla Basin Projects: 2 year exploration budget

All figures in A$	2017	2018
Tenement fees	(54,240)	(96,050)
Geo consultant, Geophysics & mapping	0	(109,200)
Drilling	0	(116,009)
Other (Project specific employees)	(9,432)	(41,154)
Total	(63,672)	(362,412)

(k) **Regulatory approvals**

(1) An exploration licence (**EL**) is the principal title issued for mineral exploration in the state of South Australia. An exploration licence authorises the licensee, subject to the Mining Act, Regulations and conditions of the licence, to explore for all minerals and/or opal other than extractive minerals (i.e. building construction materials). An EL excludes current mining tenements (mineral claims, retention leases and mining leases) and any other areas not available for exploration (wilderness areas, certain parks, Mining Act reserves, coastlines etc.)

(2) ELs have a maximum term of 5 years. Three months prior to expiry, a new application for the area may be lodged. Favourable consideration will be given to the granting of a subsequent EL over the same area, or a reduced area, when a licensee has satisfactorily fulfilled all obligations of the previous EL.

(3) Alternatively, the applicant may apply for renewal of the term one month prior to the expiry of the EL.

(4) There are no native title claims over the tenements , however the land underlying the ELAs is already Aboriginal Land granted under the *Maralinga Tjarutja Land Rights Act 1984 (SA)*(**MTLRA**).

(5) That Act, the native title legislation operating at the Commonwealth and State levels and the *Mining Act 1971 (SA)*(**MA**) interact in a complex manner. Ordinarily, because of section 233(3) of the *Native Title Act 1993 (Cth)*(**NTA**), the land granted under the MTLRA would not require duplicate native title agreements and Aboriginal Land agreements to be entered into to enable access to the land. For the purposes of the NTA, only Aboriginal land agreements negotiated under the MTLRA would be required. That negotiation is provided for in the MTLRA, as follows.

(6) The negotiation with the traditional owners of the Aboriginal Land required under the MTLRA must be conducted:

- By first obtaining the permission of the Minister to engage with the Council established under the MTLRA and its accompanying regulations; and
- Conducting negotiations with the Council and obtaining its agreement to the mining operations being conducted on the Aboriginal Land.

(7) The **ELAs cannot be granted** until this agreement is successfully concluded and the Council has agreed to permit the mining operations on the Aboriginal land.

(8) The Council **has a right of veto**, and can refuse permission for the mining operations to be conducted on the Aboriginal land. If the veto right is exercised, the EL applicant may seek arbitration and the arbitrator may uphold the veto or allow access after hearing from the parties.

(9) South Australia, though, has its own alternative native title scheme which means that the NTA does not apply. Part 9B of the MA deals with native title in respect of exploration licence grants and that Part does not take account of section 233(3) of the NTA (despite section 63Y of the MA, whose section heading does not form part of the MA (see section 19 of the *Acts Interpretation Act 1915 (SA)*)).

(10) If there are no registered native title parties under section 63N of the MA, the exploration licence holder can apply to the Environment, Resources and Development (ERD) Court to obtain a summary determination that it may enter the land and not be affected by any further native title considerations.

(11) If the ELA is granted as a result of obtaining the Council's permission, the native title procedure will then need to be followed.

(12) There are no provisions in either the MA or the *Petroleum and Geothermal Energy Act 2000 (SA)* dealing expressly with overlaps between petroleum and mining tenements. If the operations of each tenement holder affect each other there is a duty on each party to avoid as much interference with each other's activities as possible.

(13) If petroleum and mining operations are in close proximity to each other a commercial arrangement or agreement may need to be reached to manage the impacts of each upon the other.

4.8 Botswana (Lithium Brine Project)

- 6 prospecting licences and 2 exploration license applications over a total area of 5680 km2 in the Makgadikgadi Pans in north eastern Botswana
- The Makgadikgadi Pan system is one of Africa's largest internal evaporative basins, coving over 16,000km2.
- The main drainage into Makgadikgadi pan system sheds from metamorphic geology with pegmatites which host operating lithium mines to the northeast in neighbouring Zimbabwe.
- Brines containing lithium from the Sua Pan, the largest pan in the system, have been documented in historical reports to have grades up to 0.224g/l.
- Botswana Ash Pty Ltd (**Botash**) has been producing soda ash (sodium carbonate) and salt (sodium chloride) from the Sua Pan since 2001.
- Botswana is a favourable location in Africa for exploration and mining, with a stable democratic government and a modern mining legislation.

(a) **Overview of the Botswana Project**

LCME holds 6 prospecting licences and 2 exploration license applications over a total area of 5,680 km2 in the Makgadikgadi Pans in north eastern Botswana.

Lithium mineralisation has been historically reported as a constituent of brines in the Makgadikgadi Pans in north eastern Botswana.

(b) **Ownership**

Lithium Consolidated holds a 80% ownership interest in South Resource Ventures Pty Ltd, which has a direct interest in the Botswana Applications. Corsa All'Oro Pty Ltd holds the remaining 20% ownership interest in South Resource Ventures Pty Ltd.

(c) **Geological setting**

The Makgadikgadi Depression, which hosts the Makgadikgadi Pan System, lies at the centre of interior basin drainage system in North Eastern Botswana. The pan system is a remnant of the former Lake Makgadikgadi, which once covered an area larger than Switzerland, but dried up approximately 200,000 years ago.

The basement rocks of the Makgadikgadi Depression are a series of precambrian (Archean) metamorphics, which are overlain by post-Cretaceous rocks known as the Kalahari beds. The bedrock for the brine aquifer is believed to be consolidated units of this series.

The Botash soda ash and salt operation is located on the Sua Pan and has been in operation since 2001.

(d) **Geological lithium system**

The lithium rich pegmatites that host operating lithium mines to the North East in neighbouring Zimbabwe have been identified as a potential source of lithium in the Makgadikgadi Pans.

Waters running into this large area evaporate or become trapped in the underlying aquifers. The mixture of salts from the surface of the Sua Pan is redissolved and carried with the water to the centre of the basin, where the salts migrate down to the brine aquifer or, through evaporation are redeposited on the surface of the pan. The aquifers have become hypersaline brines rich in minerals including lithium.

This geological system supports an existing soda ash operation and has potential for sodium chloride and potassium chloride mineralisation.

(e) **Data available**

The principal data is based on GIS provided by the Botswanan Government, which includes magnetics, radiometrics, and historical reports. Additional GIS datasets have been sourced from third parties.

(f) **Key indicators**

- Globally significant intra-cratonic evaporative lake/pan system with historic reported lithium in underlying brines.
- The existing soda ash and salt mine, using evaporation ponds operated by Botash, demonstrate the viability of an industrial minerals operation in the region.
- The brine system hosts other salts that may be complimentary to a lithium operation (or viable on a stand-alone basis).

(g) **Historical mineral exploration and production**

There is limited publicly available data on the Makgadikgadi Pan system, however there is a study of salt and soda ash in Botswana, principally focused on the Sua Pan. This study was commissioned in 1980 by the Trade and Development Program of the United States Government. The report discusses the variability in the brine chemistry across the Pan system and areas with higher lithium grades.

Botash has been producing soda ash (sodium carbonate) and salt (sodium chloride) from the Sua Pan since 2001.

(h) **Summary of Prospecting Licence Applications**

Exploration License Application	Application Date	Grant Date	Area (km2)	Location
263/2016	25/8/16	17/10/16	878.08	Central District
264/2016	25/8/16	17/10/16	626.05	Central District
265/2016	25/8/16	17/10/16	532.48	Central District
266/2016	25/8/16	17/10/16	632.81	Central District
267/2016	25/8/16	17/10/16	751.21	Central District
268/2016	25/8/16	17/10/16	468.12	Central District
269/2016	25/8/16			Central District
270/2016	25/8/16			Central District

(i) **Exploration program**

The objectives of the exploration program will be to:

- confirm historically documented and identify new lithium bearing brines in and around the Makgadikgadi Pans; and
- determine if there are variations in lithium distribution across the pan system or with depth under the pan system.

LCME plans to:

- review of historical data over the Prospecting Licenses / Applications (eg. reports from the Botswanan Geological Survey Library);
- convert maps into digital format for analysis and acquire additional detailed recent satellite and DTM digital data; and
- review brine water, core or chips samples from historic drill holes in the Makgadikgadi Pan area, as held by the Botswanan Geological Survey.

The total cost of the exploration program is expected to be less than $150,000.

(j) **Regulatory approvals**

All rights of ownership in minerals are vested in the Republic of Botswana.

Mining is regulated by the Mines and Minerals Act (the Act) which makes provision for the issue of mining concessions comprising;

- prospecting licence;
- retention licence;
- mining licence; or
- minerals permit.

A prospecting licence enables a holder to intentionally search for minerals and includes determining their extent and economic value.

The holder of a prospecting licence may enter upon any land to which the licence relates together with his servants and agents and may:

- prospect thereon for the mineral to which his prospecting licence relates;
- drill boreholes and make such excavations as may be necessary; and
- erect camps and put up temporary buildings for machinery necessary for prospecting purposes.

The holder of a prospecting licence is obliged to:

- commence prospecting operations within three months or such further period as the Minister may allow, of the date of issue of his licence;
- carry on prospecting operations in accordance with the programme of prospecting operations;
- notify the Minister of the discovery of the mineral within 30 days of such discovery;
- notify the Minister of the discovery of any mineral deposit of possible economic value within 30 days of such discovery;
- backfill or otherwise make safe any excavation made during the course of his prospecting operations, to the reasonable satisfaction of the Director of Geological Survey (**Director**);
- permanently preserve or otherwise make safe any borehole in the manner directed by the Director and surrender the same t and any water rights to the Government without compensation on termination;
- unless the Director otherwise stipulates, remove, within 60 days of the expiry or termination of the prospecting licence, any camp, temporary buildings or machinery erected or installed, and repair or otherwise make good any damage to the surface of the ground , to the reasonable satisfaction of the Director;
- subject to the conditions of his prospecting licence , expend on prospecting, not less than such amount as may be specified in his prospecting licence;

A prospecting licence shall not exceed three years. The holder of a prospecting licence may apply to the Minister for renewal.

The applicant shall be entitled to the grant of no more than two renewals thereof, each for the period applied for, which periods shall not in either case exceed two years.

The Minister may renew a prospecting licence for a longer period where a discovery has been made and evaluation work has not, despite proper efforts, been completed.

A holder of a prospecting licence is required to pay the Government of Botswana (**GoB**) a non-refundable annual charge at a rate of P5.00 per km2 (of the prospecting area) or part thereof subject to a minimum of P500 for industrial minerals and P1000 for all other minerals.

A prospecting licence or any controlling interest in the holder thereof may be transferred to any other person provided that the Minister is notified not less than 30 days before the intended transfer and where the Minister is satisfied that the transferee is not disqualified under any provision of the Act from holding a prospecting licence.

The holder of a prospecting licence has the right to apply for a mining licence in respect of an area within the prospecting licence.

(1) A mining licence gives the licence holder the right to mine minerals listed in the mining licence and occurring within the mining area.

(2) A mining licence is valid for as long as may be required but not longer than 25 years.

(3) No mining licence or any interest therein shall be transferred, assigned, encumbered or dealt with in any other way without the approval of the Minister.

(4) Upon the issue of a mining licence, the GoB shall have the option of acquiring up to 15% working interest participation in the proposed mine other than to mine diamonds.

(5) Upon its exercise of the option, GoB shall be issued a single P1.00 special share at par, which shall carry the right to appoint up to two directors, and to receive all dividends in respect of its working interest percentage.

(6) Upon exercise of its option, GoB is obliged to contribute its working interest percentage of all audited arms-length expenditure incurred by the company to which the licence was issued that is directly attributable to the acquisition of the licence.

(7) Prospecting licence holders after carrying out a feasibility study may apply for a retention licence in respect of the area and mineral covered by their licence.

(8) The holder of a mineral concession shall be liable to pay royalties to the GoB on any mineral obtained by him in the course of the exercise of his rights thereunder at prescribed rates of between 3-5% for metals and or mineral products other than precious stones.

(9) The Minister may suspend or cancel a mineral concession if the holder thereof, amongst other things fails to make any of the payments required by or under the Act on the due date or contravenes any provision of the Act or the conditions of his mineral concession or the provisions of any other written law relating to mines and minerals.

LCME

Section 5

Risk Factors

5. Risk Factors

5.1 Introduction

As with any equities investment, there are risks involved with investing in the Company. This Section 5 seeks to identify the major areas of risk associated with an investment in the Company , but should not be viewed as an exhaustive list of all risk factors to which the Company and its Shareholders are exposed.

Potential investors should read this Prospectus in its entirety and consult their professional advisors before deciding whether to apply for Shares.

5.2 Specific Risks

In addition to the general market and economic risks noted in Section 5.3, investors should be aware of the risks specific to an investment in the Company. The major risks are described below.

(a) **Exploration and Evaluation Risks**

Potential investors should understand that mineral exploration and development are high risk undertakings. In Nevada , the Company has an interest in a large number of both staked and patented claims and will need to ensure that it takes all available steps to ensuring ownership of and access to mineral properties . While the Company has attempted to reduce this risk by selecting projects that have identified advanced mineral targets, there is still no guarantee of success. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

(b) **Tenement Risks**

The rights to mineral tenements carry with them various obligations which the holder is required to comply with in order to ensure the continued good standing of the tenement and, specifically, obligations in regard to minimum expenditure levels and responsibilities in respect of the environment and safety. Failure to observe these requirements could prejudice the right to maintain title to a given area and result in government action to forfeit a permit or permits.

There is no guarantee that current or future exploration permit applications or existing permit renewals will be granted, that they will be granted without undue delay, or that the Company can economically comply with any conditions imposed on any granted exploration permits.

(c) **Title Risk**

The exploration and prospecting permits and claims in which the Company has now, or may, in the future, acquire an interest, are subject to the applicable local laws and regulations. There is no guarantee than any claims, applications or conversions in which the Company has a current or potential interest will be granted.

In Nevada , the Company has located 1981 placer mining claims. The Company has perfected 744 of its claims by filing the claim certificates of location and mining claim maps with BLM and recording them in the office of the Esmeralda County Recorder.

In Nevada , third parties have located unpatented mining claims near the Company's claims. In one instance, a third party, Ultra Lithium Inc., located 106 unpatented mining claims which overlie certain of the Company's claims. The Ultra Lithium Inc. claims were located over claims previously located by Big Smokey which had not expired. It is the Company's position that under Nevada law, because the Ultra Lithium Inc. claims were located on senior pre-existing claims, the Ultra Lithium Inc's claims were void ab initio and that on expiration of the pre-existing claims, the lands became open for the location of new claims. The Company located its claims on the lands in conflict after expiration of the pre-existing claims. Ultra Lithium Inc has continued to maintain its claims and the Company may be compelled to commence a legal action to quiet title against Ultra Lithium Inc.

All of the projects in which the Company has an interest will be subject to application for claim renewal from time to time. Renewal of the term of each claim is subject to applicable legislation. If the claim is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that claim.

Although the Company has taken steps to verify the title to the resource properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title. Title to resource properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

5. Risk Factors (continued)

(d) **Contractual Risks**

The Company's interests in many of the tenements described in this Prospectus, are by virtue of contractual arrangements , including the Nevada Option Deed . Full details of the Nevada Option Deed and other contractual arrangements are described in Section 12 of this Prospectus. Accordingly, as in any contractual relationship, the ability for the Company to ultimately be registered as a holder of an interest in the tenements is dependent upon the relevant vendor complying with its contractual obligations to deliver title. To the extent that such third parties default in their obligations under the option contracts, it may be necessary for the Company to approach a Court to seek a legal remedy. Such legal action may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms.

(e) **Environmental Regulation and Risks**

The Company's operations and projects are subject to the laws and regulations of all jurisdictions in which it has mineral interests and carries on business, regarding environmental compliance and relevant hazards.

In Nevada the regulation of drilling activities for lithium in brine aquifers is overseen by the Nevada Division of Water Resources. (**NDWR**)

On July 27, 2016, the NDWR circulated an informational letter to lithium exploration companies on the regulatory implications of lithium brine exploration in Nevada. A copy of the letter is available online at: http: //water.nv.gov/documents/WD_Lithium_Wells_Letter.pdf.

Under Nevada laws a well can be drilled in a **non-designated** basin without a permit or waiver however the well must not be quipped or water pumped from a well unless a waiver or permit has been approved.

A well cannot be drilled in a **designated** basin until a permit or waiver is approved. Some of the Company's claims are in the Teels Marsh Valley and some in the Clayton Valley.

Accordingly, the Company may be required to seek permission or waivers from the NDWR for some of the contemplated exploration activity. No assurance can be given that the Company will be successful in obtaining the same.

These laws and regulations set standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards. They also establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted.

Significant liability could be imposed on the Company for damages, clean-up costs, or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property acquired by the Company, or non-compliance with environmental laws or regulations. The Company proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and where possible, by carrying appropriate insurance coverage. There is also a risk that the environmental laws and regulations may become more onerous, making the Company's operations more expensive.

(f) **Native Title Risk**

The Company has applications in both WA and SA which will be affected by native title issues. The effect of the Native Title Act 1993 (Cth) (NTA) is that existing and new tenements held by the Company may be affected by native title claims and procedures. The Company has not undertaken the historical, legal or anthropological research and investigations at the date of this Prospectus that would be required to form an opinion as to whether any existing or future claim for native title could be upheld over a particular parcel of land covered by a tenement.

There is a potential risk that a determination could be made that native title exists in relation to land the subject of a tenement held or to be held by the Company which may affect the operation of the Company's business and development activities. In the event that it is determined that native title does exist or a native title claim is registered, the Company may need to comply with procedures under the NTA in order to carry out its operations or to be granted any additional rights such as a Mining Lease. Such procedures may take considerable time, involve the negotiation of significant agreements, may involve a requirement to negotiate for access rights, and require the payment of compensation to those persons holding or claiming native title in the land which is the subject of a tenement. The administration and determination of native title issues may have a material adverse impact on the position of the Company in terms of cash flows, financial performance, business development, ability to pay dividends and the Share price.

The Directors believe that in Western Australia, the impact of Native Title with respect to land access on the project for the purpose of exploration, other than causing delays, is likely to be minimal. In South Australia the Company will need to negotiate with the Aboriginal Council and no assurance can be given as to the likely timing or outcome at the date of the Prospectus. These Native Title and land access rights and obligations are set out further in Section 4.

5. Risk Factors (continued)

(g) **Financing**

LCME's ability to effectively implement its business strategy over time may depend in part on its ability to raise additional funds. There can be no assurance that any such equity or debt funding will be available to the Company on favourable terms or at all. If adequate funds are not available on acceptable terms, the Company may not be able to take advantage of opportunities or otherwise respond to competitive pressures.

(h) **Sovereign Risk**

Any future material adverse changes in government policies or legislation in Nevada, Australia or Botswana that affect foreign ownership, mineral exploration, development or mining activities, may affect the viability and profitability of LCME and its projects.

(i) **Operational Risk**

If the Company decides to develop and commission a mine, the operations of the Company including mining and processing may be affected by a range of factors. These include failure to achieve the predicted grade in exploration, mining and processing, technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure, metallurgical problems which affect extraction rates and costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, unexpected shortages or increase in the costs of consumables, spare parts, plant and equipment.

(j) **Commodity Risk**

LCME's possible future revenues may be derived mainly from lithium and/or from royalties gained from potential joint ventures or from mineral projects sold. Lithium carbonate and other lithium based products are generally not exchange traded commodities and are sold directly to end users. If the Company is successful in its exploration and able to commence mining operations , the profitability of any future lithium operations will be dependent upon the market price of lithium. Lithium prices fluctuate and are affected by numerous factors beyond the control of the Company, including demand for lithium, forward selling by producers, production cost levels in major producing regions and macroeconomic factors, e.g. inflation, interest rates, currency exchange rates and global and regional demand for, and supply of, lithium. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments.

The price of lithium has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations.

(k) **Sustainability of Growth and Margins**

The sustainability of growth and the level of profit margins from operations are dependent on a number of factors outside of the Company's control. Industry margins in all sectors of the Company's activities are likely to be subject to continuing but varying pressures, including competition from other current or potential suppliers.

(l) **Management Actions**

Directors of the Company will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for the same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its security.

(m) **Exchange Rate Risk**

The revenues, earnings, assets and liabilities of the Company may be exposed adversely to exchange rate fluctuation.

(n) **Industrial Risk**

Industrial disruptions, work stoppages and accidents in the course of the Company's operations could result in losses and delays, which may adversely affect profitability.

(o) **Insurance Arrangements**

The Company intends to ensure that insurance is maintained within ranges of coverage that the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance however, can be given that the Company will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

(p) **Land Access Risk**

Land access is critical for exploration and evaluation to succeed. In all cases the acquisition of prospective tenements is a competitive business, in which propriety knowledge or information is critical and the ability to negotiate satisfactory commercial arrangements with other parties is often essential.

Access to land for exploration purposes can be affected by land ownership, including private (freehold) land, pastoral lease and regulatory requirements within the jurisdiction where the Company operates.

(q) **Government Policy**

Changes in relevant taxation, interest rates, other legal, legislative and administrative regimes, and Government policies in Australia , Botswana and Nevada, may have an adverse effect on the assets, operations and ultimately the financial performance of LCME. These factors may ultimately affect the financial performance of LCME and the market price of its securities.

In addition to the normal level of income tax imposed on all industries, LCME may be required to pay government royalties, indirect taxes, GST and other imposts which generally relate to revenue or cash flows. Industry profitability can be affected by changes in government taxation policies.

Changing attitudes to environmental, land care, cultural heritage and indigenous land rights' issues, together with the nature of the political process, provide the possibility for future policy changes. There is a risk that such changes may affect the Company's exploration plans or, indeed, its rights and/or obligations with respect to the tenements.

(r) **Reliance on Key Personnel**

Whilst the Company has just a few executives and senior personnel, its progress in pursuing its exploration and evaluation programmes within the time frames and within the costs structure as currently envisaged could be dramatically influenced by the loss of existing key personnel a failure to secure and retain additional key personnel as the Company's exploration programme develops. The resulting impact from such loss would be dependent upon the quality and timing of the employee's replacement.

Although the key personnel of the Company have a considerable amount of experience and have previously been successful in their pursuits of acquiring, exploring and evaluating mineral projects, there is no guarantee or assurance that they will be successful in their objectives pursuant to this Prospectus.

5.3 General Risks

(a) **Liquidity Risk**

In accordance with the escrow requirements in Chapter 9 of the ASX Listing Rules, at Completion of the Offer it is likely a substantial number of the Shares on issue at the date of the Prospectus will not be able to be traded for a period of between 12 to 24 months commencing on the date of Listing. This will impact on the liquidity of trading of Shares in the Company until such time as applicable escrow periods end.

The Shares issued under the Offer will only be listed on ASX and will not be listed for trading on any other securities exchanges in Australia, the United States or elsewhere. As such, there can be no guarantee that an active market will develop or continue, or that the market price of the Shares will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their Shares. If illiquidity arises, there is a real risk that Shareholders will be unable to realise their investment in the Company.

(b) **Investment Risk**

There are a number of risks associated with any stock market investment. The market price of Shares can be expected to rise and fall in accordance with general market conditions and factors and there can be no certainty that, following listing, an active market for the Shares will develop.

The value of the Shares will be determined by the stock market and will be subject to a range of factors beyond the control of the Company or its Directors. These factors include movements in local and international stock exchanges, local interest rates and exchange rates, domestic and international economic and political conditions, government taxation, market supply, competition and demand and other legal, regulatory or policy changes.

The trading price after listing may also be affected by the financial and operating performance of the Company.

(c) **Management actions**

Directors of the Company will, to the best of their knowledge, experience and ability (in conjunction with Management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for the same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its security.

(d) **Future funding requirements**

Although the Directors believe that on Completion of the Offer the Company will have sufficient working capital to carry out its short-term business objectives, there can be no assurance that such objectives can be met without further financing or, if additional financing is necessary, that financing can be obtained on favourable terms or at all. Further, if additional funds are raised by issuing equity securities, this may result in dilution for some or all of the Shareholders.

If adequate funds are not available on acceptable terms, the Company may be required to reduce the scope of its anticipated activities and may not be able to take advantage of opportunities or respond to competitive pressures.

(e) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation point of view and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of applying for Shares under this Prospectus.

(f) **Foreign currency risk**

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in US Dollars.

(g) **Force majeure events**

Acts of terrorism, an outbreak of international hostilities or fires, floods, earthquakes, labour strikes, civil wars and other natural disasters may cause an adverse change in investor sentiment with respect to LCME specifically or the stock market more generally, which could have a negative impact on the value of an investment in the Shares.

(h) **Speculative nature of investment**

The above list of risk factors ought not to be taken as an exhaustive list of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may materially affect the financial performance of the Company and the value of the Shares offered under the Offer. The Shares issued under the Offer carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on ASX. Potential investors should therefore consider an investment in the Company as speculative and should consult their professional advisers before deciding whether to apply for Shares under the Offers.

(i) **Share Market Risk**

The market price of Shares, Options and other securities (including Shares) can be expected to rise and fall in accordance with general market conditions and factors specifically affecting the Australian resources sector and exploration companies in particular.

There are a number of factors (both national and international) that may affect the share market price and neither the Company nor its Directors have control of those factors.

LCME

Section 6

Independent Geologists Report

6. Independent Geologists Report

Carl Swensson
Swensson Integrated Natural Resource Management Services
P.O. Box 334
Bermagui
NSW 2546

The Directors
Lithium Consolidated Minerals Exploration Pty. Ltd.
Level 10
110 Mary Street,
Brisbane
QLD 4000

Dear Sirs,

Re: **Independent Geologists Report On Mineral Properties in Nevada, USA, the Yilgarn Craton, Western Australia and the Eucla Basin South Australia**

Swensson Integrated Natural Resource Management Services ("SINRMS") has been commissioned by the Directors of Lithium Consolidated Minerals Exploration Pty. Ltd. ("LCME") to provide an independent technical report ("Report") on mineral exploration projects held by the Company in SW Nevada, USA and in Australia located in the Yilgarn Craton of Western Australia and in the Eucla basin of South Australia ("Projects"). The Report is to be included in a prospectus ("Prospectus") to be lodged by LCME with the Australian Securities and Investments Commission offering investors the opportunity to subscribe for 40 million shares at an issue price of $0.20 cents per share to raise a minimum of $8,000,000 ("Offer"). The funds raised from the Offer will be used for exploration and evaluation of the Projects.

Reporting Standard

The Report is a Technical Assessment Report and has been prepared in accordance with the Australian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets ("VALMIN Code, 2015 Edition). The VALMIN Code is binding upon Members of the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG") as well as the rules and guidelines issued by the Australian Securities and Investments Commission and the ASX Limited pertaining to Independent Expert Reports (Regulatory Guides RG111 and RG112).

The Report is not a Valuation Report as defined in the VALMIN Code and does not express an opinion on the value of the mineral assets or make any assessment on the fairness or reasonableness of any transactions related to the Offer. Aspects reviewed in the Report may include product prices, socio-political issues and environmental considerations; however SINRMS does not express an opinion regarding the specific value of the assets and tenements involved.

Sources of Information

P.O. Box. 334, Bermagui, N.S.W. 2546 Australia. Phone/Fax: +61 2 64940087; Mobile +61 (0) 412 299340.
EMAIL: carl.swensson@bigpond.com

The statements and opinions in the Report are given in good faith and are based on information provided by LCME and its consultants together with relevant information from State Government public domain sources, scientific publications and company announcements. SINRMS has taken all reasonable checks to confirm the authenticity, accuracy and completeness of the technical data upon which the Report is based. Draft and final copies of the Report have been provided to LCME with written requests to identify any material errors or omissions prior to lodgment. SINRMS does not accept responsibility for any errors and omissions in information supplied by LCME and its consultants.

In compiling the Report, a site visit was made to the Nevada projects. No site visits were undertaken in relation to LCME's Western Australian or South Australian projects. Based on SINRMS professional knowledge and experience and numerous previous visits to the Yilgarn Craton, the availability of extensive public information and the detailed discussions with those responsible for generating the projects, it was considered that sufficient current information was available to allow an informed appraisal to be made without such a visit. SINRMS has no reason to doubt the authenticity or substance of any information used in compiling the Report.

Reliance on Other Experts

SINRMS has not independently verified the ownership and current standing of LCME's tenements and tenement applications or any agreements with third parties in relation to the tenements and tenement applications and is not qualified to make legal representations in this regard. SINRMS has prepared the Report on the understanding that the mineral titles constituting LCME's projects are in good standing at the date of this Report. SINRMS has not attempted to establish the legal status of each of the mineral titles with respect to competing claims or potential environmental or access restrictions.

In reviewing the Nevada projects, SINRMS, consulted Mr. Matthew Banta of Confluence Water Resources LLC, in regard to the administration of water rights and in the permitting process associated with those rights and for the drilling of exploration holes and permitting bores. Mr. Banta was also consulted in regard to aquifer-specific water sampling and assaying procedures in relation to lithium brines. Mr. Banta is a qualified hydrologist with over 15 years of technical and professional experience in groundwater and surface water resource development and management. Mr. Banta has professional expertise in environmental natural resource studies, permitting, regulatory compliance, and drilling campaign planning and management, with specific expertise in Nevada.

In reviewing LCME's Western Australian projects, SINRMS consulted with Mr. Douglas Haynes of Douglas Haynes Discovery Pty Ltd in regard to the targeting criteria used to generate the lithium pegmatite projects in the Yilgarn Craton. Mr. Haynes was commissioned by LCME to undertake this generative work. Mr. Haynes has 43 years of extensive experience in the exploration and project generation over a broad range of commodities. He is considered an expert in defining new ore discovery opportunities and in appraising current projects for new ore discovery opportunities using a global, holistic approach to data analysis.

Qualifications and Experience

Mr. Swensson has 38 years experience in mineral exploration and property evaluation working for both multinational and junior exploration companies. He has worked on various deposit

P.O. Box. 334, Bermagui, N.S.W. 2546 Australia. Phone/Fax: +61 2 64940087; Mobile +61 (0) 412 299340.
EMAIL: carl.swensson@bigpond.com

styles in varied geological terrains from the Archean to Quaternary for copper, lead, zinc, nickel, gold, tin-tungsten, diamonds, lithium, coal, uranium and graphite. He has worked throughout Australia and South America, Indonesia, Irian Jaya, Cambodia, Turkey, Greece and Tanzania. Since 2002 he has managed his own consulting company involved in project generation and exploration management. He has been involved in the establishment of new mineral exploration companies and has held board positions at all levels with both listed and unlisted companies. He holds a BSc (Hons.) geology from the University of Tasmania (1978) and is a Member of the Australasian Institute of Mining and Metallurgy and the Society of Economic Geologists.

Independence

SINRMS or its employees and associates are not a director, officer or employee of LCME and has no material interest in the projects, the subject of the Report. The relationship with LCME is one of professional association between client and independent consultant. The review work and the Report are prepared in return for a professional fee based upon agreed commercial rates and the payment of these fees is not contingent on the results of the Report.

Competent Persons Statement

The information in this Report that relates to Exploration Results has been reviewed by Carl Swensson who is a Member of the Australasian Institute of Mining and Metallurgy and is not a permanent employee of LCME.

Mr. Swensson has sufficient experience relevant to the styles of mineralisation and type of deposits under consideration and to the activity he is undertaking to qualify as a Competent Person as defined under the VALMIN Code and in the 2012 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Consents

SINRMS consents to the inclusion in full of the Report in the Prospectus and to the inclusion of statements made by SINRMS, in the form and context in which the Report and those statements appear and has not withdrawn that consent before lodgment of the Prospectus with the ASIC.

Yours faithfully

Carl Swensson
B. Sc. (Hons), M. AusIMM, M. SOG.
Swensson Integrated Natural Resource Management Services

P.O. Box. 334, Bermagui, N.S.W. 2546 Australia. Phone/Fax: +61 2 64940087; Mobile +61 (0) 412 299340.
EMAIL: carl.swensson@bigpond.com

Contents

List of Figures

List of Tables

Summary

Lithium Consolidated Minerals Exploration Limited ("LCME") and its subsidiaries hold or have a right to acquire mineral exploration licence applications and rights to acquire mining claims in Australia and the USA respectively over ground considered to be prospective for lithium mineralisation. These projects have the potential for discovery of both pegmatite-hosted lithium mineralisation and lithium brines.

In the USA, LCME Holdings Inc holds the rights to acquire 80% of the Tonopah and Teels Lithium Brine Projects located in southwestern Nevada. The southern end of the Tonopah Lithium Project is located 3km from Albemarle's Silver Peak lithium brine mine, America's only producing lithium brine mine. The Tonopah and Teels Projects cover a combined area of 162km^2 and are considered to be located in an area of high prospectivity which has been underexplored for lithium brine mineralisation to date. The Tonopah Lithium Project has immediate drill targets. The Teels Project requires some additional geophysical work before drill targets may be selected. Both projects exhibit the criteria for the lithium brine exploration model developed for Nevada.

In Western Australia, a wholly owned subsidiary of LCME holds 10 Exploration Licence Applications ("ELA's") over an area of 444 km^2 within the Yilgarn Craton. The Yilgarn has been targeted for its demonstrated prospectivity for high grade pegmatite-hosted lithium mineralisation with the Greenbushes deposit being the world's largest known single lithium reserve [(10)]. The potential of the Yilgarn Craton has been enhanced in recent years with the markedly increased resources at historical deposits (Mt Marion, Mt Cattlin, and Cocanarup) and new discoveries (Mt. Holland). LCME's projects have been generated from a detailed study which identified common genetic characteristics of known large deposits in both the Yilgarn and Pilbara cratons and applied these criteria using a number of relevant data sets to identify target areas considered to be of high prospectivity in areas of shallow cover where there has been no previous exploration for lithium. The projects are conceptual and at an early exploration stage.

In the Eucla Basin, a wholly owned subsidiary of LCME holds 5 ELA's in South Australia covering an area of 5680km^2. The licence applications target the potential for lithium-bearing brines ponded below a series of salt lakes and their concealed extensions against the Tertiary paleo coastal dune barrier system of the Ooldea Range. The project is the result of a project generation study utilising the key selection criteria of the lithium brine model. The project is conceptual with support from the model and from elevated lithium assays from water bores in the area and is at an early stage of exploration. No exploration for lithium has been undertaken in the project area.

LCME has proposed logical and cost effective exploration programs commensurate with prospectivity of the projects and statutory expenditure requirements. The proposed programs are designed to reach decision points on each project in relatively short time frames.

2.0 Introduction

LCME and its subsidiaries hold or have rights to acquire mineral exploration licence applications and mining claims in Australia and the USA over ground considered to be prospective for lithium mineralisation. These projects hold the potential for discovery of both pegmatite-hosted lithium mineralisation and lithium brines; both deposit types accounting for the entire world's mined lithium production at present.

In the USA, LCME Holdings Inc holds the rights to acquire 80% of the Tonopah and Teels Lithium Brine Projects located in southwestern Nevada. The southern end of the Tonopah Lithium Project is located 3km from Albemarle's Silver Peak lithium brine mine, America's only producing lithium brine mine. The Tonopah and Teels Projects cover a combined area of 162km^2.

In Western Australia, a wholly owned subsidiary of LCME holds 10 Exploration Licence Applications ("ELA's") over an area of 444km^2 within the Yilgarn Craton. The projects are located in high grade metamorphic terrane with the potential to host spodumene-bearing pegmatites. The tenements are located in areas interpreted to be of shallow cover and previously unexplored for lithium.

In the Eucla Basin, a wholly owned subsidiary of LCME holds 5 ELA's in South Australia covering an area of 5680km^2. The licence applications target the potential for lithium-bearing brines ponded below a series of salt lakes and their concealed extensions.

The status of LCME's portfolio of projects ranges from drill ready targets at the Tonopah Lithium Project to early stage exploration targets in the Yilgarn Craton and Eucla Basin.

3.0 Lithium Deposits

Lithium occurs in three major classes of deposits; pegmatites, continental brines and clays. Since the late 1990's, continental brines became the dominant source of lithium production worldwide [(11)] due to lower exploration, production and development costs compared to pegmatite deposits. Lithium production from brines reached about 70 %[(2)] of world production by 2011 but a significant demand surge led by China has seen lithium from hard rock sources regain market share and accounted for about 50% of world production by 2015[(17)]. A number of new brine operations under development in Argentina, Bolivia, Chile and the USA are likely to result in the proportion of lithium production from brines increasing in the near future. The distribution of major deposits is shown in figure 2.

There is no production from lithium-bearing clays at present, although Lithium Americas Corporation's Lithium Nevada Project in Nevada and Bacanora Minerals Sonora Project in Mexico, both lithium clay projects, have completed pre-feasibility studies. It is considered likely that the projected increasing demand for lithium and further refinement of lithium clay processing will result in the commercial production of lithium from lithium-bearing clays in the near future.

Lithium is generally reported as elemental lithium (Li) in parts per million (ppm) for reporting the grade of deposits or for geochemical samples. For reserves and resources, lithium is commonly

reported as lithium carbonate (Li_2CO_3) equivalent, the most common end product of most lithium mines and the form most commonly sold for further processing. Lithium carbonate contains approximately 18.8% lithium by weight.

3.1 Pegmatite Deposits

Lithium occurs as silicate and phosphate minerals within pegmatites with spodumene being the most important mineral followed by petalite, amblygonite and lepidolite. Pegmatites are coarse grained igneous rocks of generally granitic composition that evolve from the cooling of granite plutons and are generally emplaced some distance away from the parent granite pluton as dyke-like bodies[(1)]. Pegmatites are generally distinguished as common, which have the simple mineralogy of granites and rare-element pegmatites. The later class are mineralogically more complex than common pegmatites and are further grouped into lithium-caesium-tantalum (LCT) and niobium-yttrium-fluorine (NYF) pegmatites.

Figure 1: Global Distribution of LCT Pegmatite deposits and districts Deposits are colour coded by age. Giant deposits are represented by larger symbols. [(5)]

Because LCT pegmatites are associated with orogenic periods (Fig.1) with associated compression, they are associated with metamorphic host rocks of generally amphibolite to upper greenschist facies. The timing of most pegmatite deposits is from late syntectonic to early post-tectonic emplacement. In high temperature terrains, the common monoclinic form of spodumene (alpha spodumene) is converted to the tetragonal beta form. The beta form of spodumene is metallurgically easier to treat, requiring less energy. This form of spodumene occurs at the Greenbushes pegmatite deposit in Western Australia and the Yilgarn Craton in general associated with the high grade of regional metamorphism.

Treatment of pegmatite spodumene ores involves crushing, roasting to convert the alpha spodumene to the beta form, cooling, grinding and mixing with sulphuric acid and roasting again. The subsequent concentrated liquor is filtered off, soda ash added to produce lithium carbonate which is crystallised, heated, filtered and dried as 99% pure lithium carbonate[3]. Important by products from the mining of lithium silicates include tin, tantalum and caesium. Most of the world's tantalum production and all of the world's caesium production comes from pegmatites [1].

3.2 Lithium Brine Deposits

Lithium may occur as a dissolved salt in continental brines. Lithium brine deposits exhibit a number of common primary characteristics [2, 15]:

- Arid climate
- Closed basin containing a playa or salar
- Tectonically driven subsidence
- Associated igneous and/or geothermal activity
- Suitable lithium-bearing source rocks
- Porous strata (aquifers) for brine migration, concentration and extraction
- Sufficient time for brine concentration

Lithium is highly soluble and is not precipitated as salts from the process of brine evolution and concentration in contrast to the salts of calcium, sodium and potassium which produce evaporitic minerals on concentration. Lithium is therefore concentrated in increasingly concentrated brine. Evaporation is the major but not the only process by which continental brines are concentrated which is reflected in the association of lithium brines with arid climates. Economic lithium brine operations have lithium concentrations in the range of 160-4000 ppm Li [7,11]. Depending on the source rocks contributing to the evolution of the brine, other dissolved elements such as boron and potassium may be recovered as coproducts of a brine operation.

Figure 2: (A) Global distribution of lithium brine deposits. (B) Detail in South America. (C) Histogram showing the bimodal distribution of lithium brine deposits in northern and southern arid belts. [2]

Lithium is sourced by weathering of lithium bearing rock types, typically rhyolites, felsic tuffs, lithium-bearing clays and related lithologies internal to the basin and by geothermal fluids dissolving lithium from the same sources by upward and lateral circulation through permeable strata and structures. A closed basin results in the brine being captured and allows the concentration of the brine through evaporation, the latter process resulting in the development of a playa or salar.

The shared characteristics noted above reflect the global distribution of lithium bearing brines located within arid, tectonically active continental margins with associated acid to intermediate volcanism and geothermal activity (Fig.2). Current economic deposits are all of Quaternary age, probably indicating that the closed basin has not been compromised by erosional or long term tectonic movements breaking through the basin and allowing brines to escape or climate change resulting in dilution of the brines. The deposits tend to be located in arid zones north and south of the equator between 19^0 and 37^0 north and south [(2)].

Examples of the major lithium brine deposits include the Salar de Atacama in Chile, the Salar del Hombre Muerto in Argentina and the Salar de Uyuni in Bolivia (Fig.2). These South American examples are located on the Andean convergent margin at high altitude along the Altiplano, a linear internally drained plateau that follows the spine of the Andes. The Clayton Valley and other closed basins in the Basin and Range Province of the Western USA are located in systems that have allowed the accumulation of thick sedimentary sequences. In the Tibetan Plateau, Lake Zabuye is one of a number of closed basins associated with the Himalayan-Tibetan collision zone. Bradley et al [(2)] make the point that these deposits all locate in globally exceptional tectonic settings.

As lithium is already in solution in brine deposits, mining and processing is much cheaper and simpler compared to hard rock deposits. Brine is pumped to the surface and concentrated by solar evaporation in a series of evaporation ponds. Potassium, if present, is harvested early in the process as potash (potassium chloride). The concentrated brine is pumped to a recovery plant and after removal of magnesium and boron, is treated with sodium carbonate which precipitates the lithium as lithium carbonate as a saleable product.

4.0 Nevada Lithium Brine Projects

LCME Holdings Inc has the right to acquire 80% of both the Tonopah Lithium Project ("TLP") and the Teels Lithium Project ("Teels") located in southwestern Nevada, USA, on terms detailed in section 11 of the prospectus. Both projects are prospective for lithium brine mineralisation. Access to the projects is excellent on a combination of sealed and well graded roads. Both projects are within a 40 minute drive from the regional mining centre of Tonopah which is located 336km from Las Vegas and 380km from Reno (Fig.3).

The projects are situated in the large geographical and geological region known as the Basin and Range Province that covers most of Nevada and parts of the adjacent states. The region is arid within the rain shadow of the Sierra Nevada Range with annual average rainfall of 11.2cm with 6.2cm of snowfall. Annual evaporation is approximately 130cm. Temperatures range from an average maximum of 35^oC in August to -8^oC in December. Field work is possible throughout the year.

Vegetation is sparse, consisting dominantly of salt tolerant woody and herbaceous scrub and grasses. The region is characterised by north-south oriented ridges and ranges separated by broad

valleys, many of which are internally drained and contain playas. The project areas locate at an altitude of 1450m. The majority of the land in the region is federally administered by the Bureau of Land Management.

Exploration and mining titles are administered by the Bureau of Land Management. Titles are in the form of claims. Brine targets require the registration of placer (alluvia) claims. Removal of water for any use requires the ownership of water rights which are issued by the Nevada Division of Water Resources and are basin specific. Temporary water rights allow access and extraction of water to enable drilling.

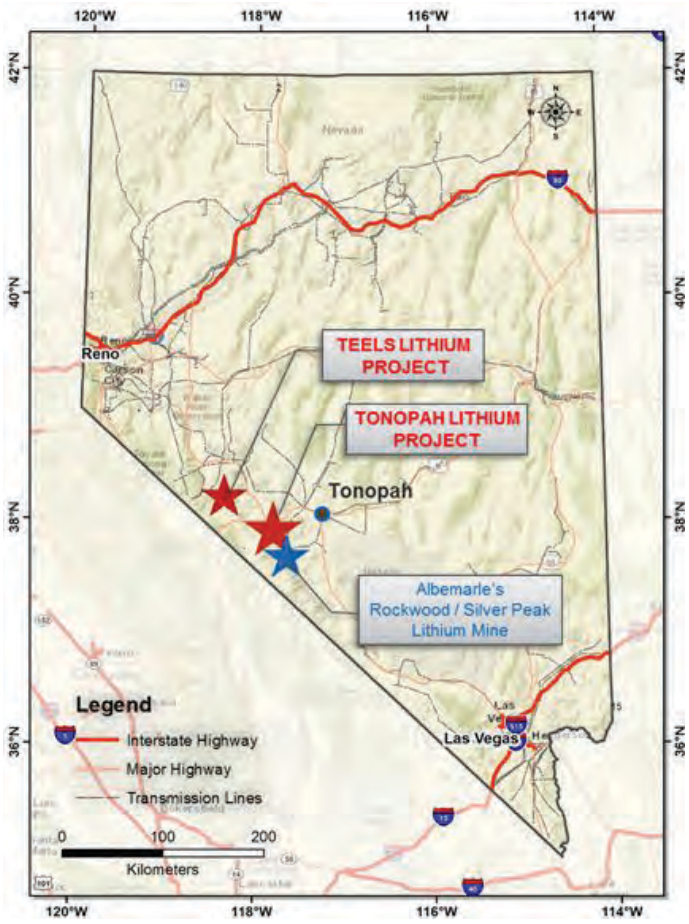


Figure 3: Location of the Tonopah and Teels Lithium Projects

4.1 Regional Geology, Structure and Mineralisation

The area of interest lies between the rigid structural block of the Sierra Nevada mountain range to the west and the Basin and Range district to the east. The Sierra Nevada block is moving at a rate of approximately 14mm per year to the NW while the Basin and Range domain is moving 2-3mm per year to the WNW[9] (Fig.4). The differential in the rate of travel and vector difference is taken up by a zone of transtension, known as the Walker Lane. Within this zone, NW directed shear is taken up by extension along WNW directed normal to oblique strike slip faults with a north side down movement. Extension has been active from about 16Ma to the present [12]. A series of long-lived graben and half graben structures provide the 'accommodation space' required to allow for

continued growth, and provide conduits for geothermal fluids to continue entering these basins. Figure 5 shows the Big Smokey Valley and Teels Basins in context to this extensional architecture.

This accommodation results in a series of long-lived graben and half graben structures which are of critical importance for closed basin formation and in providing the plumbing for hydrothermal fluids, both for epithermal gold-silver mineralisation in the district and for part of the lithium leaching and transport processes leading to brine formation, concentration and ponding.

Figure 4: Oblique panoramic computer-generated image of the physiography of the southwestern U.S. courtesy of Dr. William A. Bowen - California Geographical Survey (http://geogdata.csun.edu). SOURCE of Base Image: *Arizona Geological Society Digest 22, 2008, Tectonic influences on the spatial and temporal evolution of the Walker Lane: An incipient transform fault along the evolving Pacific – North American plate boundary, James E. Faulds and Christopher D. Henry.*

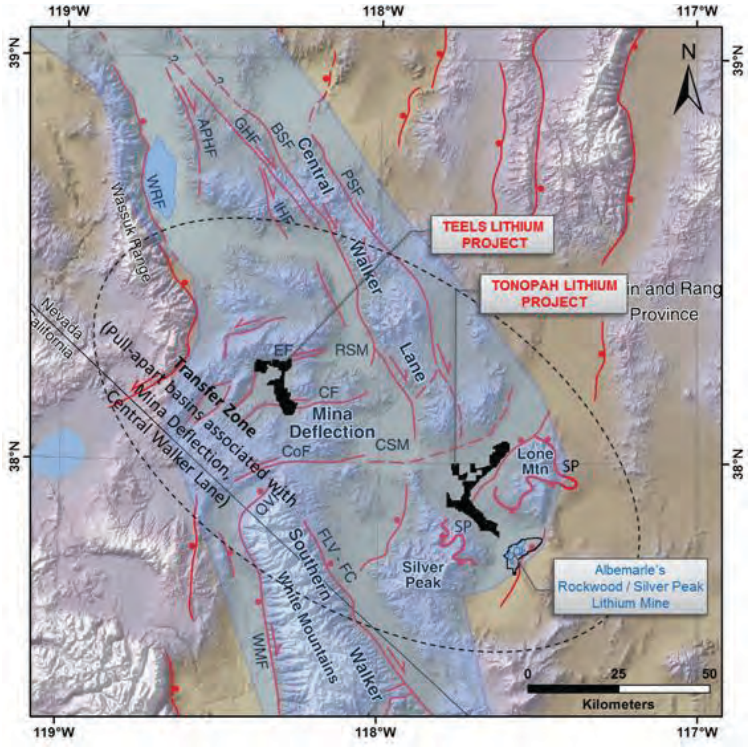


Figure 5: Shaded relief map of major faults and physiographic features of the southern and central Walker Lane and their connection through the Mina deflection; also shows selected faults of the adjacent Basin and Range. SOURCE of Base Image: Arizona Geological Society Digest 22, 2008, Tectonic influences on the spatial and temporal evolution of the Walker Lane: An incipient transform fault along the evolving Pacific - North American plate boundary, James E. Faulds and Christopher D. Henry.

Basement rocks in the region are clastic and carbonate rocks of Neoproterozoic through to Ordovician age deposited along the passive eastern margin of North America. Regional shortening occurred during Palaeozoic and Mesozoic times with attendant low grade metamorphism and granite emplacement at ca. 155 and 85 Ma. Extensive volcanism, particularly from ca. 30Ma characterises the younger lithologies and of much this volcanism is of rhyolitic to andesitic composition with more basic volcanism in the Early Pliocene. Lithologies are dominated by flows, domes, tuffs and terrestrial sediments.

Tertiary volcanism was accompanied by extensive epithermal gold mineralisation which has been historically and continues to be of economic importance. Such mineralisation is not directly relevant to LCME's projects and objectives and will not be further described in this report. Quaternary borate deposits are found along the western side of the Great Basin in a 100-200-km-wide belt that roughly parallels the eastern margin of the Sierra Nevada batholith (Fig.6). In Nevada and Oregon, the correlation between borate deposits and geothermal systems is striking, with at least 7 and possibly as many as 10 out of 11 Quaternary borate deposits occurring in close proximity to moderate to high temperature geothermal systems (with estimated reservoir temperatures ≥150° C) and all of them occurring in areas where boron is elevated in ground waters.

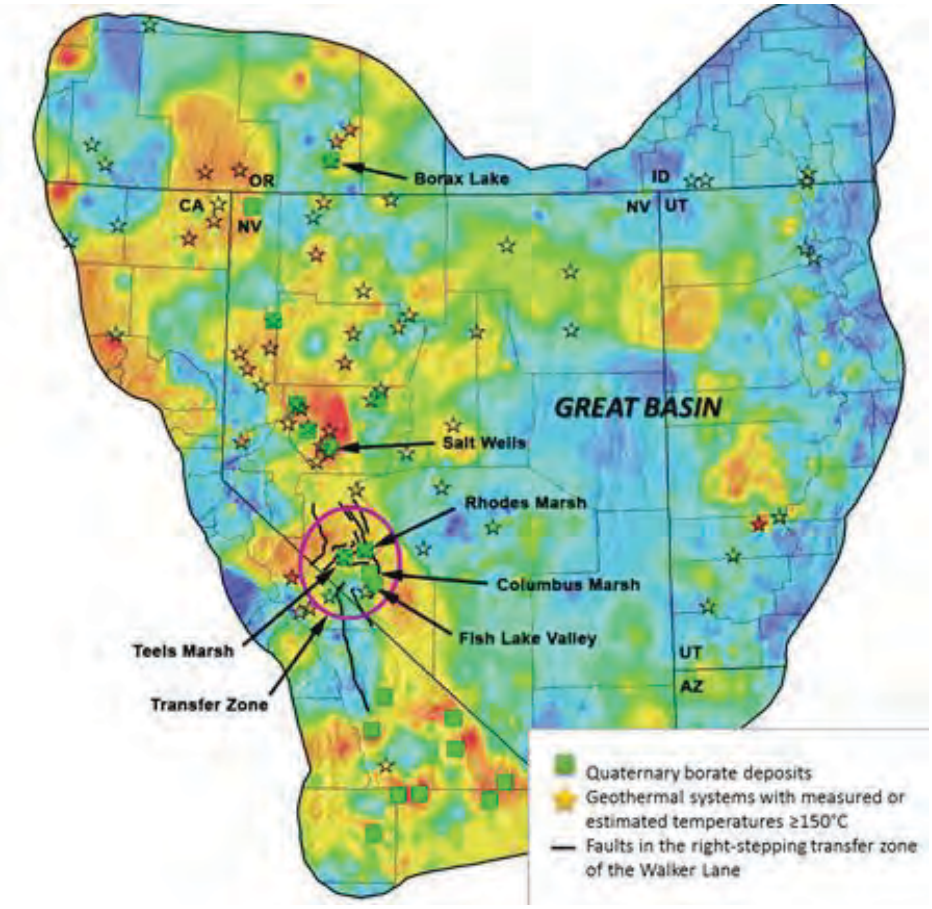


Figure 6: Location of Quaternary borate deposits and high temperature geothermal systems in the Great Basin

4.2 Lithium Brine Mineralisation and Exploration Model

The Tonopah Lithium Project is located 3km north of North America's only producing lithium brine, located in the Clayton Valley (Figs.3, 7, 8), an internally drained basin formed by the extensional tectonics described above. The Silver Peak Mine is owned and operated by Albemarle Corporation. Previous owners include Newmont (Foote Mineral Company), Chemetall-Foote Corporation and Rockwood Holdings, Inc. Albemarle Corporation purchased Rockwood Holdings Inc. in 2014 for US$6.2 Billion, which included the Salar de Atacama brine operation in Chile, a lithium chemical processing plant in North Carolina and the Silver Peak operations in Nevada [15].

Lithium carbonate production commenced from Silver Peak in 1967 and has continued to the present without interruption. Due partly to its uniqueness in North America and its long history of operation, the deposit has been the subject of much study, particularly recently by Munk [2, 12] resulting in a very good understanding of the geology, hydrology and structural controls on the mineralisation. This data has informed a practical exploration model for the discovery of similar deposits[8] which is relevant to the TLP and Teels projects which are directly analogous to Silver Peak geologically and structurally.

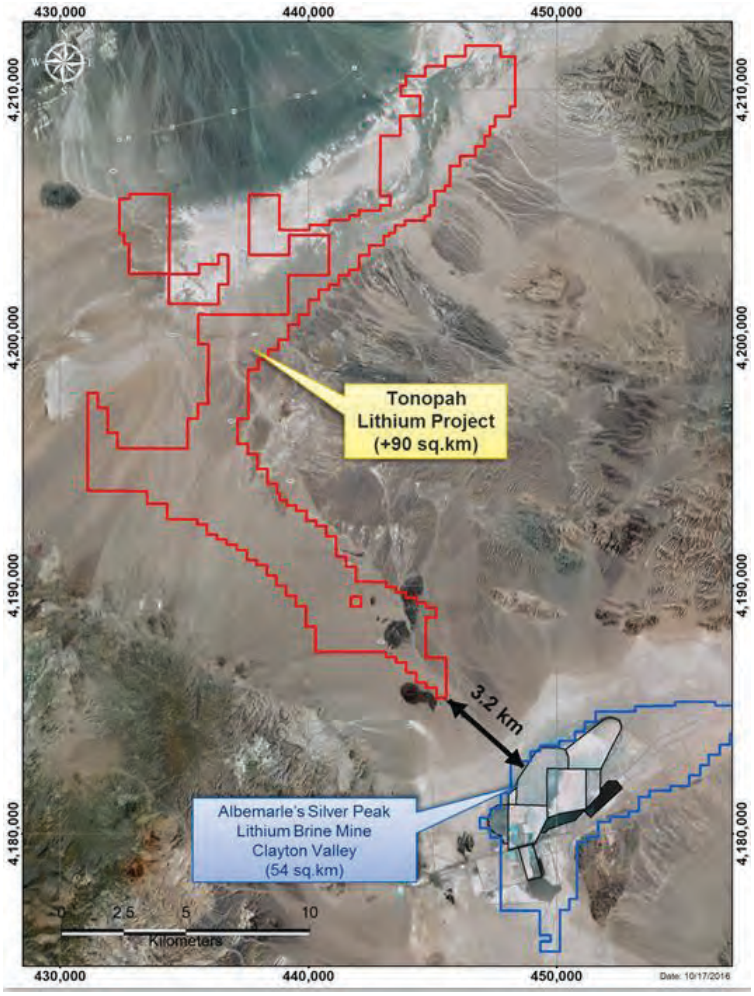


Figure 7: Location of the Tonopah Lithium Project tenements in relation the Silver Peak Mine

There are no JORC or NI 43-101 compliant resources or reserves published at any stage for the Silver Peak operations by the current or previous owners. Brines are pumped from depths of 100-250m and in 1970 were reported to contain 300ppm Li which was subsequently increased to 5000ppm Li by solar evaporation before processing. By 2001 the brine concentration was reported to have dropped to 160 ppm Li and concentrated to 6000 ppm Li by evaporation [7].

Figure 8: View of the Silver Peak lithium brine operation, Clayton Valley. The hill in the centre skyline is a cinder cone, attesting to recent volcanic and hydrothermal activity. The southern boundary of the TLP claims commence just on the north side of cone. View looking north to the southern "arm" of the Big Smokey Valley.

Section 3.2 of this report summarised the key requirements to produce an economic lithium brine deposit. In the Clayton Valley, abundant source rocks include rhyolite and rhyolitic tuff on the basin margins reported to contain up to 22 ppm Li but importantly, tuffaceous and hectorite clays within the Clayton Valley infill Esmeralda Formation contain up to 1000 ppm Li [2, 12]. Concentration of the lithium in the brines is considered to have been a consequence of leaching of rocks surrounding the basin by meteoric water and subsequent leaching of lithium from the basin infill by meteoric water through aquifers. Further leaching by hydrothermal waters moving through the deep- seated graben faults is considered to contribute to the process [12].

The leaching process requires porous pathways (aquifers) and at Clayton Valley brines are pumped from six aquifer units The main aquifer is an ash bed, correlated by some with the Bishop Tuff (750ka) ranging between 5-20m thick. Other aquifers include an interbedded halite and silt aquifer some 30-100m thick and a localised tufa aquifer of 6-20m thick. An extensive zone of interbedded ash, silt and sand forms the lower ash system of 10-90m thick and two gravel aquifers of 10-70m and 50-100m respectively [12]. The distribution of these aquifers is shown schematically in figure 9.

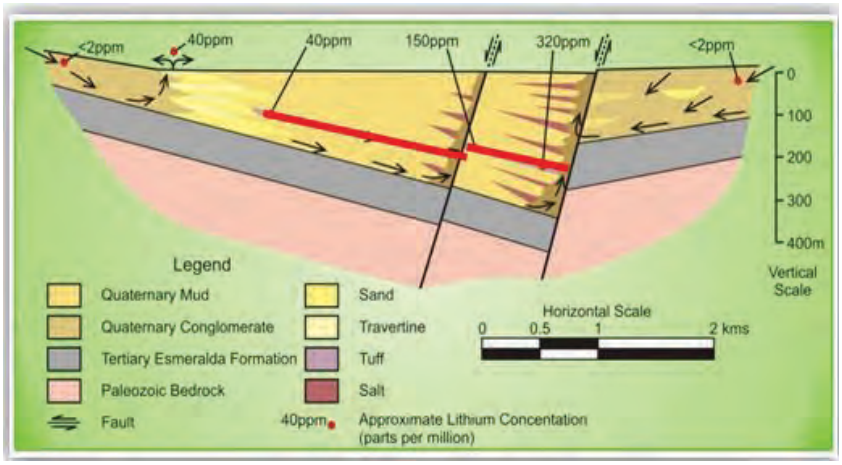


Figure 9: Generalised Section Through Silver Peak Lithium Brine Deposit. USGS Bulletin 1622, 1986

Successive climatic cycles of wet and arid periods are considered to have contributed to brine formation and concentration respectively. A particularly important factor in the Silver Peak deposit is that the brines have ponded within the aquifers against the down thrown side of WNW, north side down faults (fig.9, 10), the fault face acting as an impermeable barrier to the aquifer, allowing for both accumulation and concentration through time.

Figure 10: A production well at the Silver Peak operation. The rock face in the background is the fault plane of the Angel Island Fault, against which brines have ponded at depth and which the bore hole in the foreground is targeted.

The exploration model used for both the TLP and Teels Projects involves the recognition of similar high lithium background acid volcanic basin margin rocks, similar basin infill rocks, the presence of permeable strata, the presence of brine and most importantly, the accumulation of brine against the down thrown side of half graben faults.

The exploration methodology is relatively simple, involving:

- Gravity surveys to determine basin morphology.
- Electromagnetic techniques to determine the presence of brines.
- Magnetics and/or seismic surveys and/or electromagnetic surveys to locate favourable brine ponding structures.
- Drilling to determine the location of aquifers and grade.
- Pump tests (hydrology) to determine the size of the deposit.

4.3 Tonopah Lithium Project

The Tonopah Lithium Project is located in Esmeralda County, SW Nevada. The tenements locate over the northern and southern portions of the Big Smokey Valley, to the immediate west of Tonopah (figs. 7, 11) at an altitude of approximately 1450m. Access from Tonopah is via Highway 6, a distance of 53km to the NW corner of the tenement block. The southern tenement block is accessed from this point via a gravel road, route 265, for a distance of approximately 20km south of the highway (fig.11). The tenements located in Esmeralda County on land administered by the Bureau of Land Management.

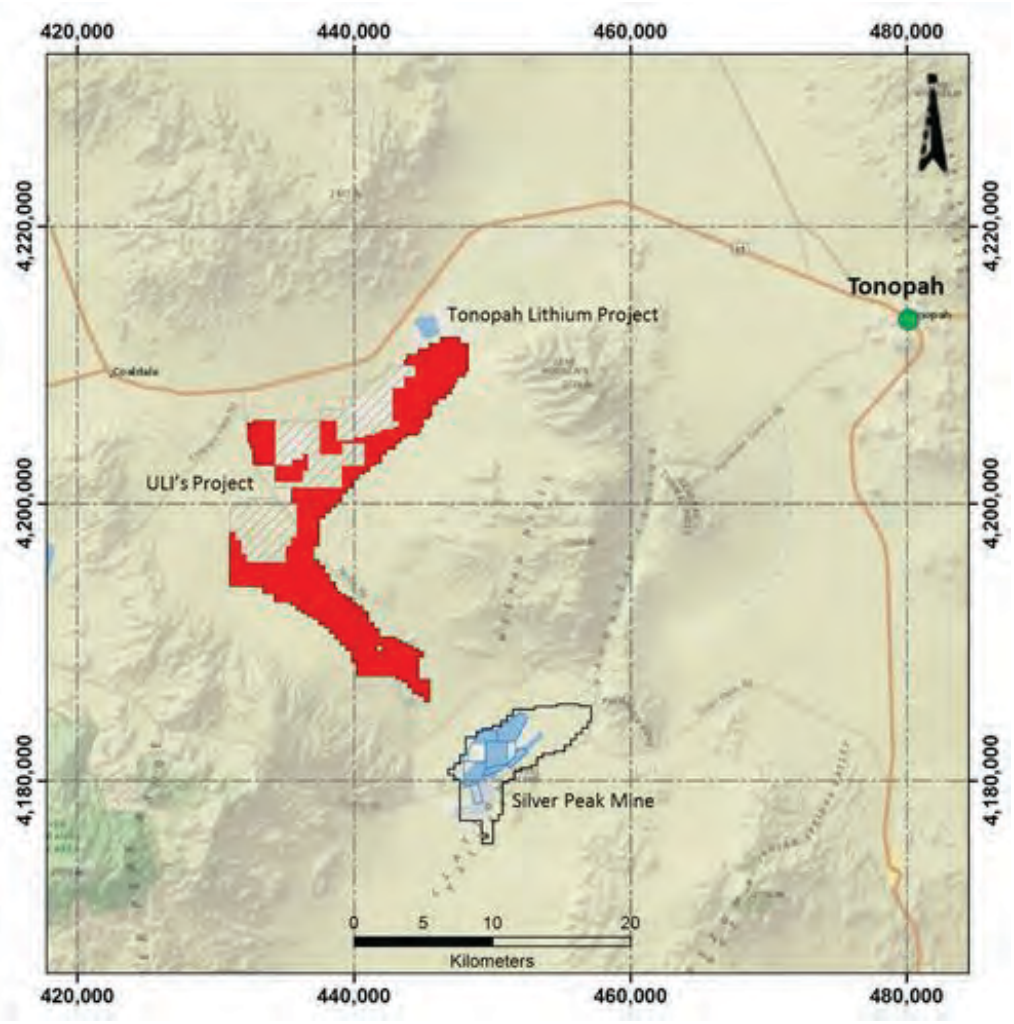


Figure 11: General Location of the Tonopah Lithium Project

The tenements are owned by Big Smokey Exploration LLC ("BSE") and consist of 1244 placer claims covering approximately 101km^2. A total of 744 claims have been located and filed and 500 claims remain to be filed. LCME Holdings Inc has the right to acquire 80% of the tenements on terms detailed in section 11 of the prospectus. Table 1 summarises the tenure status.

Table 1: Tenement Status – Tonopah Lithium Project

Claims Located and Filed: Big Smokey Exploration LLC			
No.	**Description**	**Claim Name/Number**	**Total Claims Filed**
1	NSM	NSM 1 – NSM 118	118
2	NSM	NSM 120 – NSM 204	85
3	NSM	NSM 209 – NSM 274	66
4	NSM	NSM 276 – NSM 286	11
5	NSM	NSM 291 – NSM 300	10
6	NSM	NSM 303 – NSM 311	9
7	NSM	NSM 313 – NSM 329	17
8	SBS	SBS 1 – SBS 154	154
9	SBS	SBS 160 – SBS 329	170

10	SBS	SBS 330 – SBS 433	104
Total			**744**
Claims Located: Big Smokey Exploration LLC			
1	SBS	SBS 434 – SBS 495	62
2	TLP	TLP 1 – TLP 353	353
3	TLP	TLP 362 – TLP 368	7
4	TLP	TLP 377 – TLP 384	8
5	TLP	TLP 451 – TLP 521	70
Total			**500**

The claims surround a large tenement block held by Ultra Lithium Incorporated, which is actively exploring for lithium brines in the same basin.

4.3.1 Geology and Mineralisation

The general geological setting is as described in section 4.2. The South Big Smokey Valley is an "L"-shaped closed basin with the eastern end of the NE-SW portion of the valley being of higher elevation than the south end of the NW-SE section with drainage from the NE to the SW. The basin has a catchment area of 7700 km^2 and a playa of 233 km^2 located towards the western end of the NE-SW arm of the valley (fig.12).

Figure 12: Big Smokey Valley looking south from the NE end of the valley. Lone Mountain which is part of a core complex is in the right background. Silver Peak is at the left hand edge of the range in the right side of the photograph.

The northern and western rims of the basin are composed of Miocene to Pliocene age subaerial volcanics of dominantly rhyolitic to rhyodacitic to andesitic composition. The southern and eastern edges of the basin in the Weepah Hills - Lone Mountain area are composed of older Neoproterozoic and Palaeozoic metamorphosed sediments of a mid-level core complex exhumed during Neogene extension. The core complex has acted as a static block within the Walker Lane. Tertiary volcanism has overprinted the core complex in parts [14, 15].

The basin was filled by Esmeralda Formation sediments and subaerial volcanics during the Miocene-Pliocene, with material sourced from the basin margins and pyroclastics. Quaternary sediments include the playa lake sediments, alluvial fans and mass wasting deposits around the valley margins. Hydrothermal processes in the basin has been active since the Miocene and continues to the present with numerous hot springs, sinters and cinder cones evident within and around the basin margins.

The Silver Peak brine mineralisation has been described in section 4.3. The Big Smokey and Clayton Valleys have been historically described as separate basins. However recent interpretation of

regional gravity data combined with more detailed infill gravity points (figs. 13, 14) strongly suggest that the basins are connected. If this interpretation is correct then the Silver Peak Mine is located in the south end of the NW-SE arm of the Big Smokey basin which has positive implications for the prospectivity of the South Big Smokey Valley as it would share the same or similar aquifers and ground water sources as the Clayton Valley.

4.3.2 Previous Exploration

Big Smokey Exploration LLC has acquired government gravity data and has undertaken close spaced in-fill gravity measurements and merged this with the regional data. The Bouguer data (fig.13) defines the shape of the basins clearly. The gravity data in figure 14 is a Gravity Tilt Derivative (TDR) image which shows the edges of the basin in better detail as it reduces the amplitude variability in the data and removes the regional gradient. The interpretation from the gravity data is that the Big Smokey Valley and Clayton Valley basins are probably linked. Using the regional gravity database the US Geological Survey has modelled the depths of the Big Smokey Valley and Clayton Valley to be approximately 5km and 2km deep respectively.

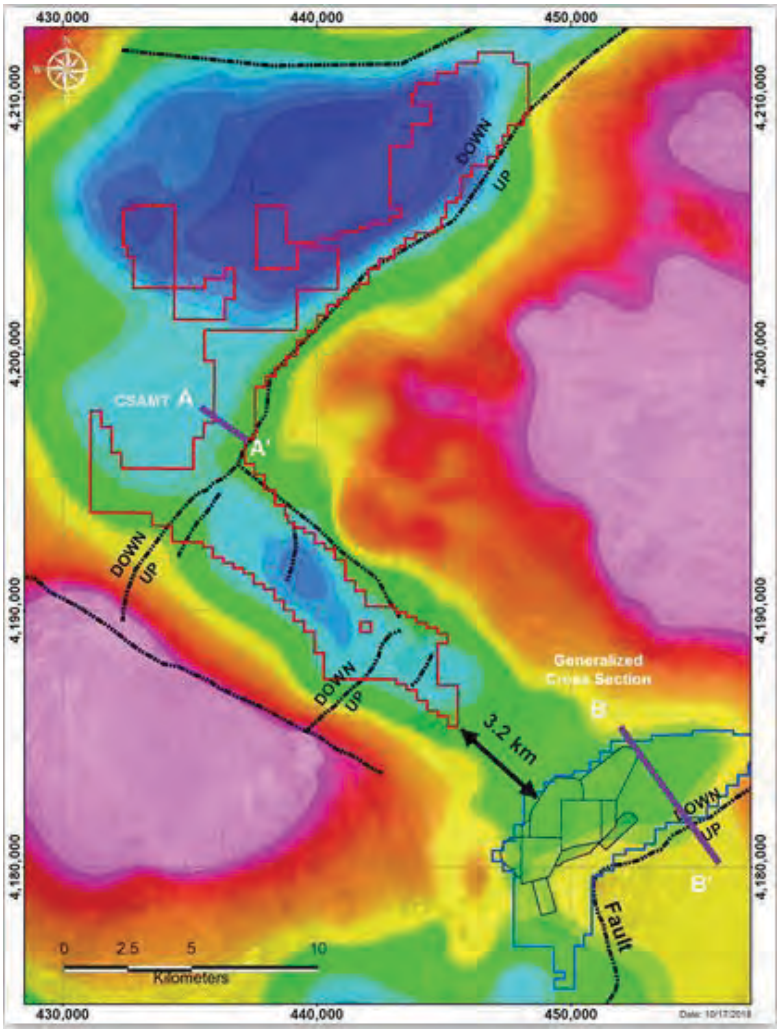


Figure 13: Bouguer Gravity Image of the Big Smokey Valley basin.

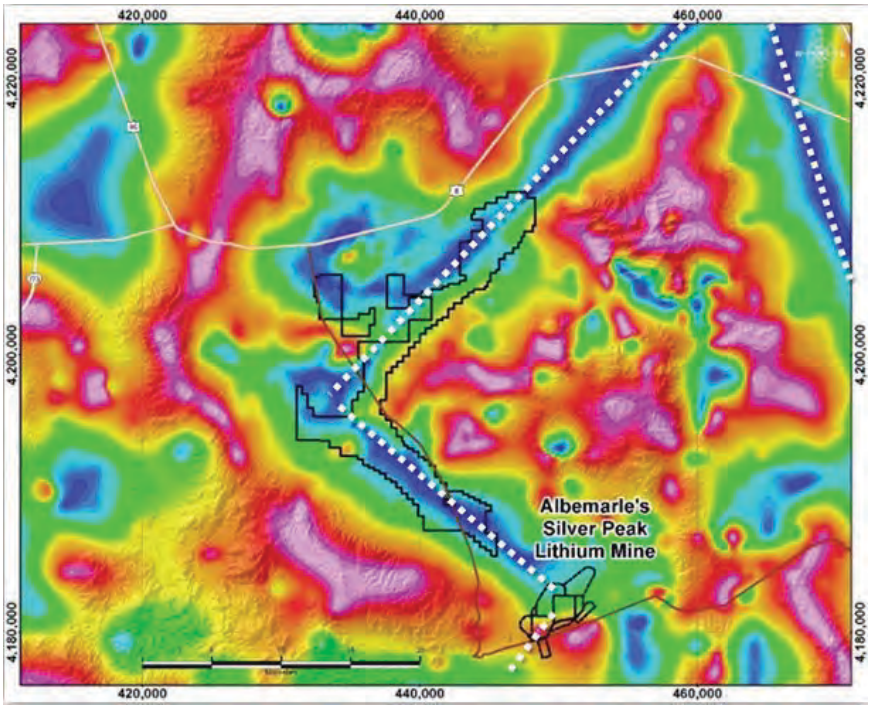


Figure 14: Bouguer Tilt Derivative Image of the Big Smokey Valley

Ultra Lithium Incorporated completed a CSAMT (Controlled Source Audio-Frequency Magneto-telluric) ground geophysical survey over its tenements involving 8 survey lines totalling 53.8 line kilometres [(16)]. The purpose of the survey was to map conductive horizons that may represent brine-charged aquifers and to identify possible faults. Parts of all the survey lines passed over Big Smokey Exploration LLC's claims (Stations 6300 -8350 in figure 15) and provide valuable data.

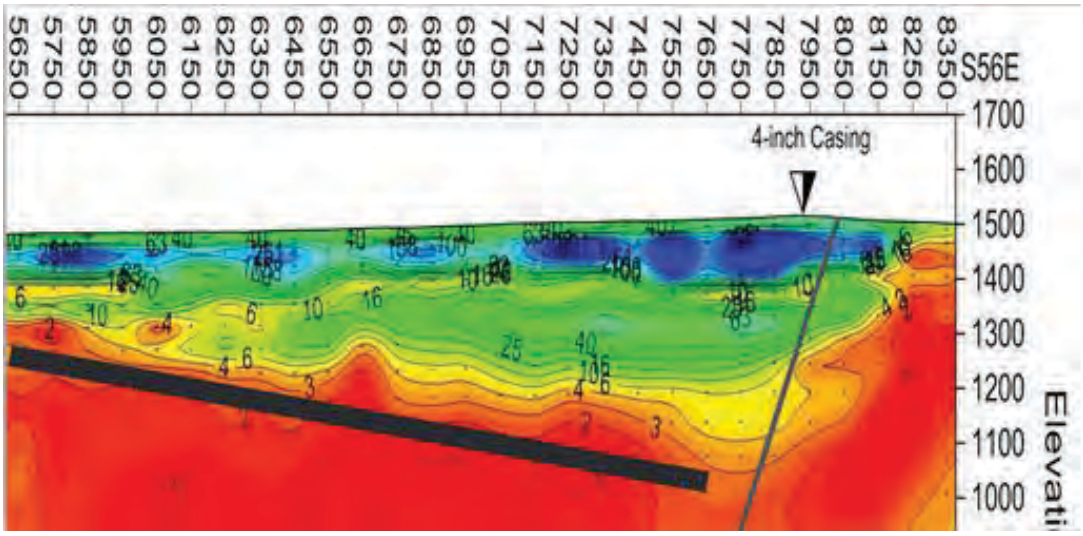


Figure 15: Part of the pseudo section from Ultra Lithium Corporations CSAMT Line A. The thick black line marks the top of conductor (red area) dipping towards an interpreted fault plane (thin black line). The interpretation is similar to the generalised geological section for the Silver Peak Mine in figure 8. Source: Ultra Lithium Corporation www.ultralithium.com

The CSAMT sections (fig.15) clearly show the presence of sub-horizontal conductors. For reasons of data processing, the top of the conductive surface may be taken as quite accurate but not the base of the conductor. Various conductive strata, such as conductive clays, may result in similar responses. However in the case of the sections shown in figure 15, the conductor is confidently considered to be brine as isolated conductive globular masses near the surface are interpreted to be due to brine migrating up fault planes towards the surface. If the conductive response was due to conductive rocks types, this pattern would not be observed.

Ultra Lithium Inc. [(11)] also undertook surface sampling of the Big Smokey Valley with 48 samples of "soil" material taken along the CSAMT lines. Maximum values of 100ppm Li, 480ppm B and 4915ppm K were returned with averages of 47ppm Li, 142 ppm B and 4915ppm K. While the sample results are anomalous they are not reflective of potential brine locations at depth. Four surface water samples were collected during this sampling program and one water sample from a water bore. Lithium in the water samples averaged < 1mg/l Li and Ultra Lithium concluded that surface recharge waters are not contributing significantly to the subsurface aquifers.

In July 2016, Ultra lithium announced the results of the first of a two-hole program to test targets identified from the CSAMT survey. Hole BSH 16-01 was drilled to 305m. The drilling confirmed the presence of multiple aquifers with a significant sand aquifer between 106-146m. Twenty- two core samples of sediment were assayed with maximum values of 270 ppm Li, 410ppm B and 10,000ppm K. Average assays reported were 131ppm Li, 151 ppm B and 5575ppm K. No water samples have been reported. In July 2016, Ultra Lithium commenced a second drill hole on another CSAMT target with a planned depth of 670m. No results have been released at the time of writing this report. The results of Ultra Lithium's first hole confirms the presence of aquifers at shallow to moderate depth and confirms anomalous levels of the target elements in the basin fill sediments.

BSE has recently undertaken an extensive ground magnetometer survey involving 680 line kilometres of readings at 0.6m metre spacing. This data is currently being processed and interpreted. BSE has stated that preliminary interpretation has shown that the method is mapping structures that in combination with CSAMT will be used to select drill targets.

4.3.3 Exploration Potential

The TLP has demonstrated all the elements that meet the requirements of the exploration model:

- Favourable lithium source rocks
- Presence of brines
- Presence of aquifers
- Ponding structures of favourable orientation
- Active hydrothermal systems

In addition the interpretation from the gravity data strongly suggests that the Big Smokey Valley and Clayton Valley are the same or connected basins. As the Clayton Valley has proven lithium potential, this observation adds confidence in the prospectivity of the Tonopah Lithium Project.

4.4 Teels Project

Teels Marsh is an internally drained basin located approximately 100km WNW from Tonopah and approximately 80km NW of Silver Peak in Mineral County. The Teels Project is accessed from

Tonopah via the US 95 highway then via highway 6 from Coaldale and then via route 360, a distance of approximately 110km (fig.16). Teels is located in Mineral County, on land administered by the Bureau of Land Management.

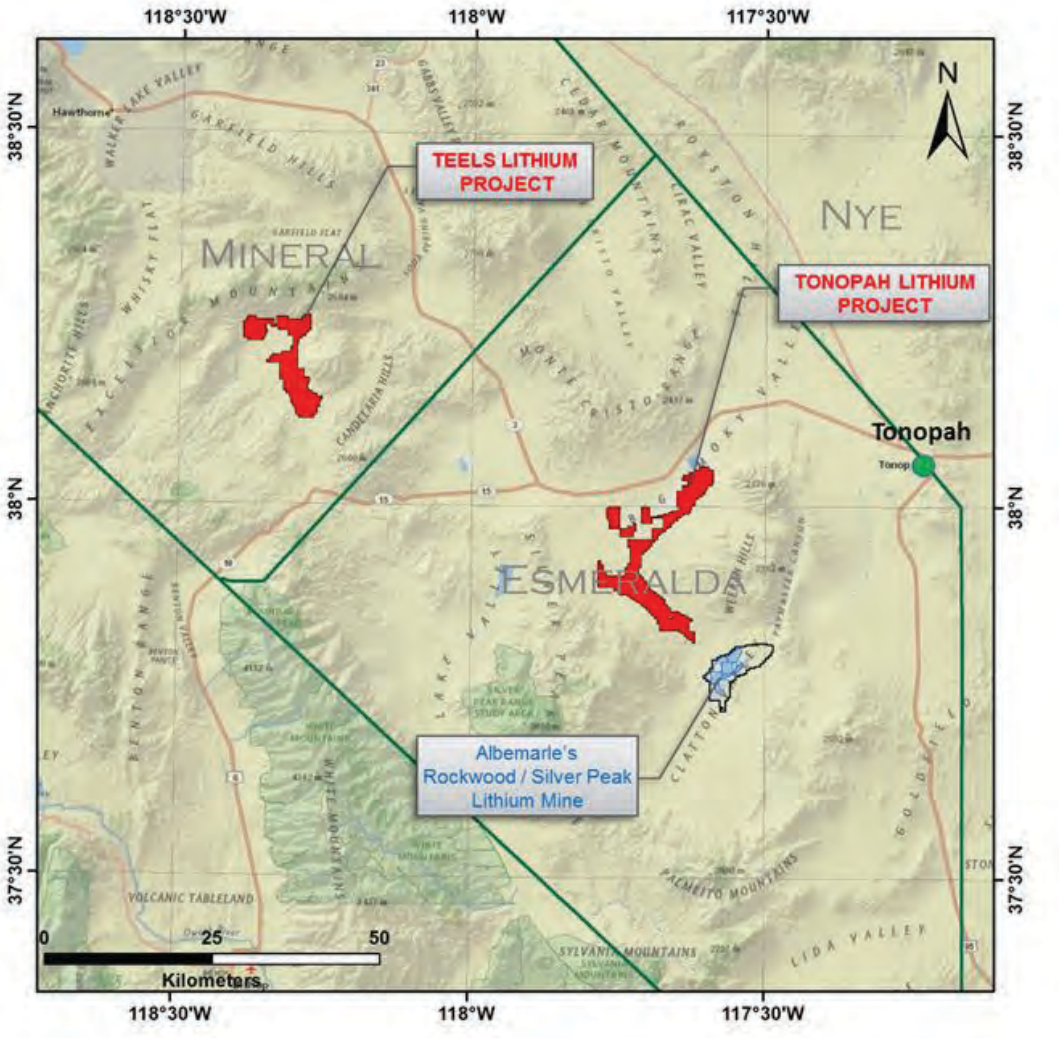


Figure 16: Location of Teels Lithium Project

The tenements are owned by ProspectOre LLC ("PO") and consist of 737 placer claims covering 61.58 km^2 (fig.17). The claims have been located but have yet to be filed. LCME Holdings Inc has the right to acquire 80% of the tenements on terms detailed in section 11. These claims surround a central claim block of 24 km^2 held by Dajin Resources Corporation ("Dajin"). The block covers the current extent of the playa area. Dajin are actively exploring the area for lithium brine deposits. Table 2 summarises the tenement status.

Table 2: Teels Project Tenement Status – Claims Located

No.	Description	Claim Name/Number	Total Claims Located
1	Teels	T 3 – T 8	6
2	Teels	T 11 – T 319	309
3	Teels	T 322 – T 326	5

4	Teels	T 329 – T 438	110
5	Teels	T 457 – T 763	307
Total			**737**

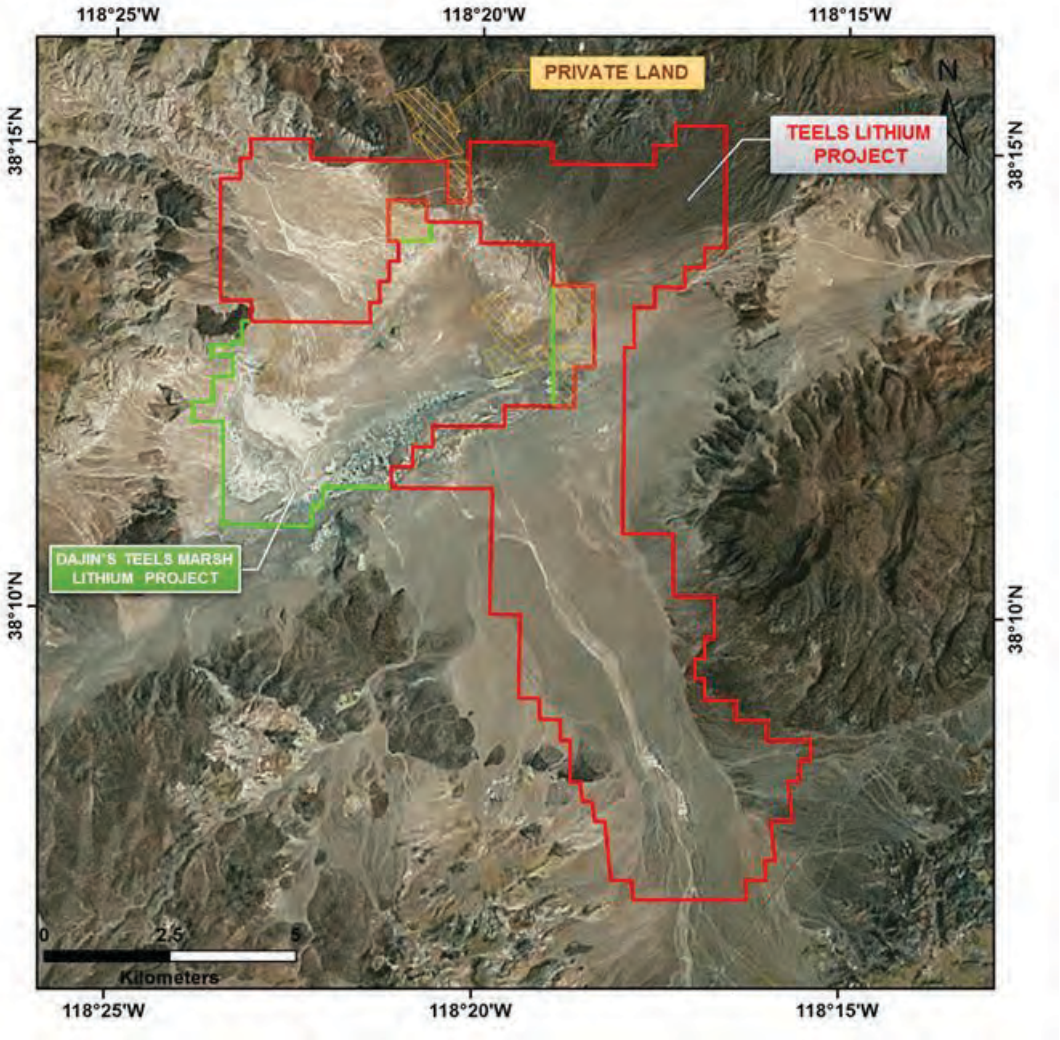


Figure 17: Location of Teels Project claims and the relative position of the claim block to Dajin's claims.

4.4.1 Geology and Mineralisation

Teels Marsh is a closed basin with a playa similar to the Clayton and Big Smokey Basin Valleys (figs.17, 19)). Topographically the current basin appears as an oval basin oriented NE-SW approximately 6x2km with a central playa (fig.19). The surrounding topography is steep, resulting in large volumes of alluvial fan material obscuring the true extent of the basin. The Bouguer Gravity image (fig. 18) shows that the true basin morphology is much larger, forming two arms oriented NE-SW in the north and NW-SE forming a 'T' shaped basin. The southern arm appears inked to the northern portion in the Bouguer Gravity image.

The basement rocks surrounding Teels Marsh include Ordovician, Permian, Triassic and Mezozoic sediments, volcanic breccias and mafic intrusions. These rocks are intruded by plutons ranging in

composition from granite to diorite on the north and west sides of Teels Marsh [4] . The pre-Tertiary rocks are overlain by Tertiary sub-areial volcanic rocks including felsic tuffs, andesites, basalts and intercalated tuffs and sediments ranging in age from Oligocene to Miocene age. In general the basic geological architecture is similar to the Big Smokey Valley –Clayton Valley area.The felsic tuffs are considered a potentially significant source of lithium [4] particularly as they achieve a thickness of 150m south of Teels Marsh.

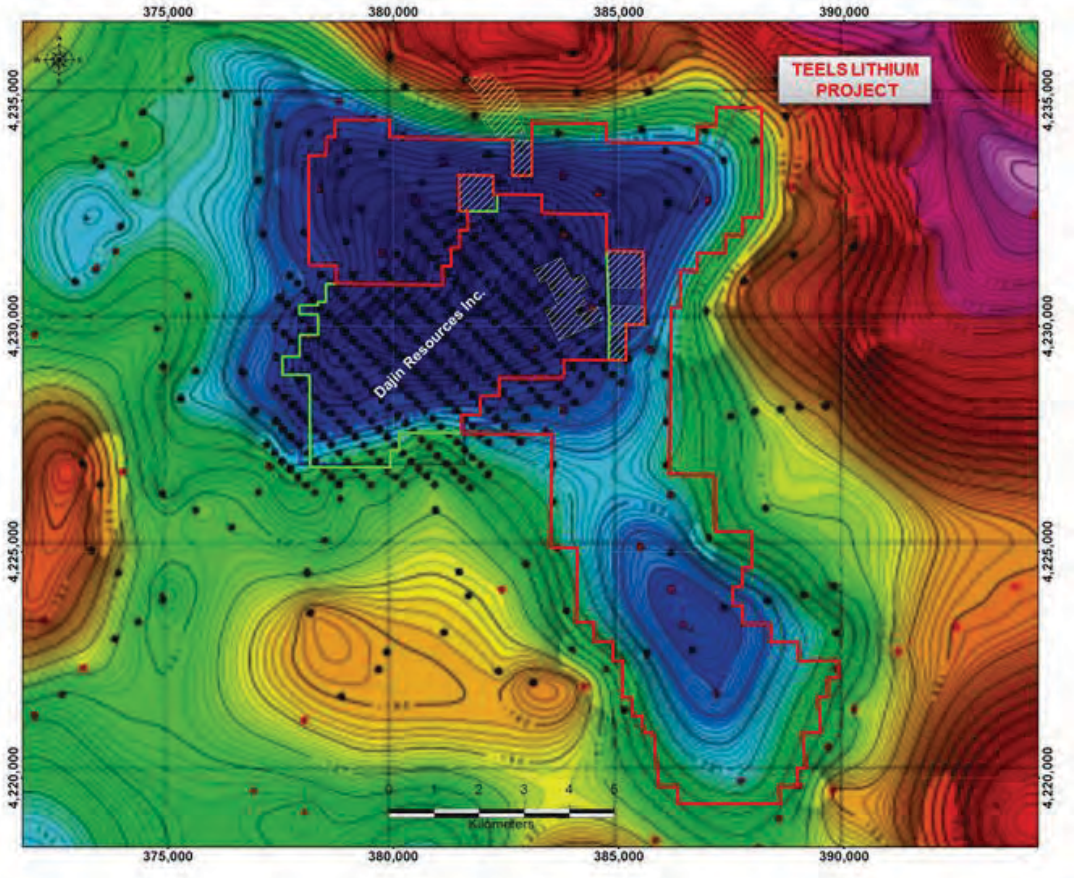


Figure 18: Bouguer Gravity image of Teels Marsh [14]

Basin fill sediments in Teels Marsh are not well documented but are probably co-temporal with the Esmeralda Formation of the Clayton and Big Smokey Valleys. Shallow (<60m) auger and drill holes [12] show laucastrine clays, sands, silts, evaporites and tuffs. With the exception of clays all these lithologies offer the potential for permeable aquifers. Dajin Resources considers that the potential for tuff aquifers is high as the Bishop Tuff, the main aquifer at Silver Peak is regionally extensive. In addition Teels marsh is close to the major eruptive centres of Mono Crater and Long Valley, both 70km to the SW. Gravity modelling by Dajin indicates a possible depth to the basement of approximately 2km.

Figure 19: Teels Marsh looking west with the current playa in the centre ground.

Structurally, Teels lies within the Walker Lane, the regionally extensive zone of transpression discussed in section 4.2 in which extensional tectonics has created the graben Teels Marsh occupies. The structural interpretation of the gravity survey undertaken by Dajin[(4)], has inferred multiple normal fault structures that may provide ponding sites for brines analogous to the Silver Peak deposit. An interpretive crosssection of this work is shown in figure 20.

There is evidence of strong hydrothermal activity at Teels Marsh which has no surface expresson. Temperatures of 97^{0}C have been recorded from a depth of 40m in the SW corner of Teels Marsh [(4)] . Dajin[(5)] reports that researchers from the University Great Basin Center for Geothermal Energy and the Desert Research Institute in 2008 reported shallow temperatures from water upwelling along a fault along the western margin of the basin reached temperatures of 35^{0}C against a background of 16-18^{0}C. Thus work was followed up later that year with a 9.5m deep probe into the playa that recorded rapidly increasing temperatures to the bottom of the hole where a temperature of 65^{0}C was recorded.These observations of high geothermal activity are highly encouraging within the context of the lithium brine exploration model.

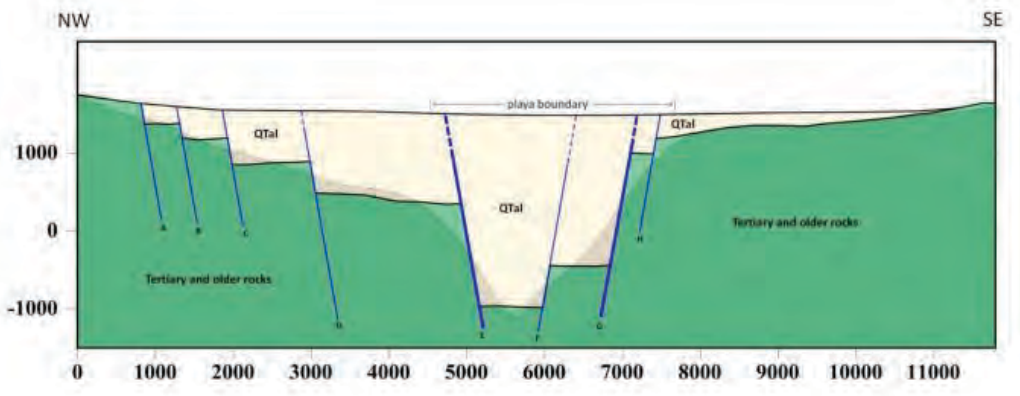


Figure 20: Interpreted cross section of the Teels Marsh Basin as modelled from gravity data. Section looks NE. [(12)]

Mining at Teels Marsh commenced in 1867 for small quantities of sodium chloride and later from 1873 to 1892 for borates under the control of US Borax which still holds the private ground in the east of the playa.

4.4.2 Previous Exploration

The only lithium exploration undertaken at Teels Marsh has been conducted by Dajin. Since 2014, Dajin [(5)] have undertaken surface sampling followed up with a nine hole Geoprobe survey of the NE

sector of the Marsh. A gravity survey was completed in March 2015 and the results merged with the US Geological Survey public domain gravity data (fig.18). This data was then used as the basis for a structural analysis of the basin in January 2016 [4].

The surface sampling results revealed an anomalous lithium zone 5.4km long in an E-W direction and 1.82 km long in an N-S direction. The samples were taken on a 300x487m grid and involved 74 samples. The results are shown in figure 21. The highest assay was 460 ppm Li. Only five assays were below 100ppm Li and 28 assays were >150 ppm Li. It should be noted that surface sampling is not necessarily indicative of either the presence of lithium bearing brines at depth in the basin or their tenor. The significance of Dajin's sampling is that the results confirm the presence of lithologies with elevated lithium contents which are amenable to leaching.

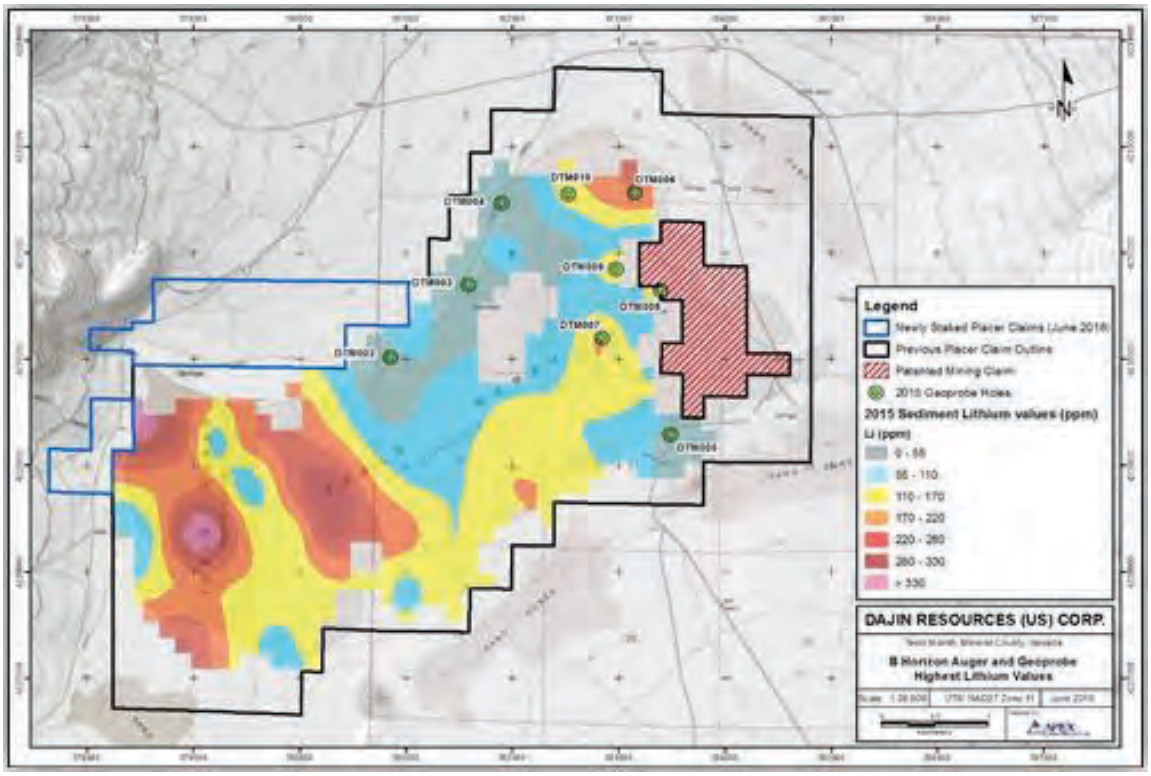


Figure 21: Results of surface sampling undertaken by Dajin and location of Geoprobe holes. [14]

Nine Geoprobe holes were completed to depths of 59m. A maximum assay of 310 ppm Li and 8,600 ppm B was returned. The distribution of the results is shown in figure 21. These are sediment samples, not water samples and the relatively high levels of lithium are most likely due to hectorite, a lithium-bearing clay mineral. The significance of the results is as for the surface samples noted above.

As noted in section 4.4.1, the gravity surveyed showed that the basin is much larger than the present day topography suggests. The Bouguer Gravity image (fig. 18) shows that the basin morphology has two arms oriented NE-SW in the north and NW-SE forming a 'T' shaped basin. The southern arm appears inked to the northern portion in the Bouguer Gravity image or may be a partially linked sub-basin. The ground held by ProspectOre covers the entire section of the SE trending arm and a

significant portion of the northern portion of the basin to the north of Dajins ground. Modelling of the gravity data by Dajin gave a the potential depth of the basement as approximatly 2000m.

4.4.3 Exploration Potential

In assessing the potential of the Teels project, similar conclusions can be reached to those for the Tonopah Lithium Project in that exploration on the basin to date has shown:

- The presence of favourable lithium source rocks with anomalous levels of lithium in surface and near-surface basin sediments.
- The potential for porous aquifers as demonstrated by sparse drilling
- The potential for ponding structures as evidenced by the gross basin architecture
- Active hydrothermal systems

All of these elements fit the criteria of the exploration model. In addition the steepness of the valley sides at Teels, much higher basin margins and closer proximity to eruptive centres have the potential to provide much coarser clastic sediments and thicker volcanic ash respectively to the Teels basin and thus provide thick and porous aquifers. The potential for brines at Teels needs to be demonstrated as there are no electromagnetic surveys or deep drilling conducted to date to indicate or confirm the presence of brines.

5.0 Yilgarn Lithium Pegmatite Projects

LCME has generated ten projects in the Yilgarn Craton of Western Australia for high grade, pegmatite hosted (section 3.1) lithium deposits. The Yilgarn is an Archean Craton comprising a gross architecture of linear greenstone belts separated by granite plutons of between 3000-2600 Ma [(13)] (fig.22). The craton has been subjected to several episodes of compression in a generally E-W direction. The western side of the Yilgarn consists of older (3300-3400Ma) gneiss complexes. The contact between the two terranes is the Yalgar Fault, a steep transcurrent fault structure along which the two terranes were juxtaposed about 2700-2600Ma.

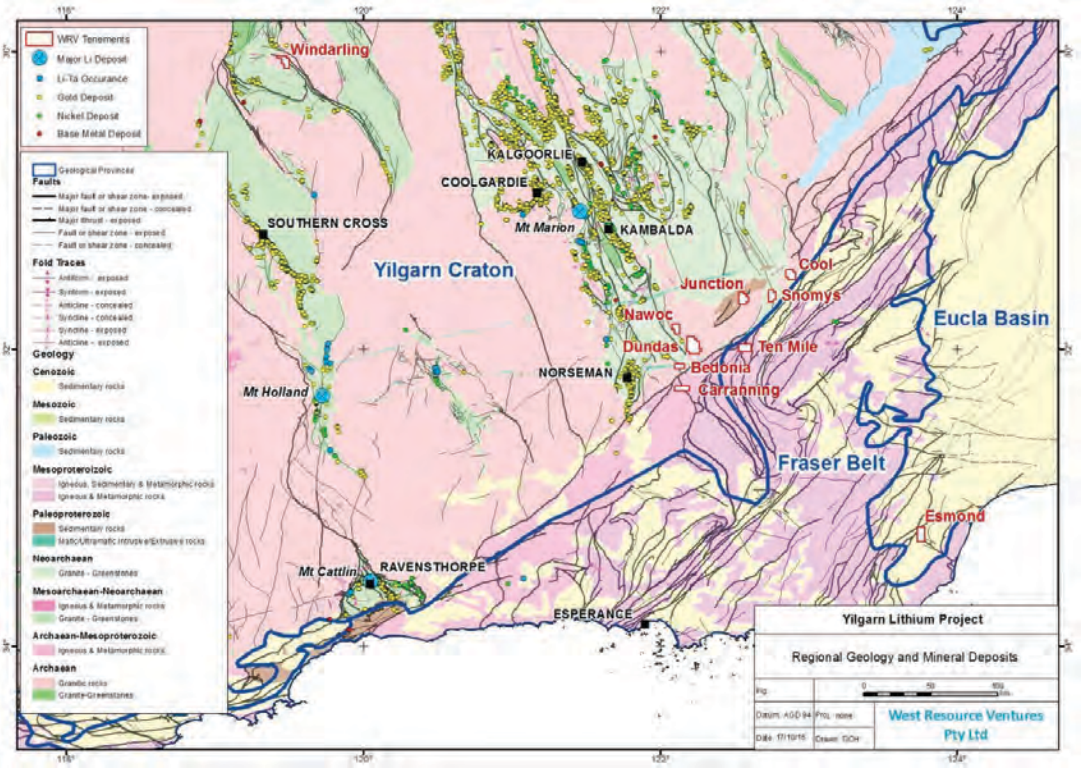


Figure 22: General geology of the SW area of the Yilgarn Craton showing the location of LCME's pegmatite projects.

The Yilgarn has been targeted for its demonstrated prospectivity for high grade pegmatite-hosted lithium mineralisation with the Greenbushes deposit being the world's largest known single lithium reserve [(10)]. The potential of the Yilgarn Craton has been enhanced with the definition of markedly increased resources at Mt Marion (Neometals Ltd), Mt Cattlin (Galaxy Resources Ltd), Cocanarup (Lithium Australia NL) and a recent discovery at Mt. Holland (Kidman Resources), all of which attest to the potential for new discoveries in the Yilgarn (fig.22). Of significance is that many of the LCT pegmatites and the new discoveries occur widely across the Yilgarn Craton.

The Yilgarn Craton is a world renowned province for gold and nickel mineralisation. While discussion of the potential for these commodities is not the focus of this report, the Yilgarn tenements are considered to have conceptual potential for gold and nickel mineralisation.

5.1 Location, Access and Tenure

The Yilgarn projects are located in central and SE sectors of the Yilgarn Craton, approximately 250km NW of Kalgoorlie (Windarling) and to the SE of Kalgoorlie, almost to the coast (fig.23). The projects comprise 10 Exploration Licence Applications ("ELA's") totalling 444km^2 shown in Table 3. The ELA's are held by West Resource Ventures Pty Ltd ("WRV"), a 100% owned subsidiary of LCME.

Table 3: Yilgarn Project Exploration Licence Applications

Exploration License Application	Application Date	Area (km^2)	Location
E 6301814 (Bedonia)	30/06/16	23	SE Yilgarn
E 6301815 (Caranning)	30/06/16	35	SE Yilgarn
E 7702384 (Windarling)	30/06/16	42	SE Yilgarn

E 6903455 (Esmond)	30/06/16	52	SE Yilgarn
E 2802631 (Junction)	30/06/16	47	SE Yilgarn
E 2802632 (Snomys)	30/06/16	38	SE Yilgarn
E 6301813 (Ten Mile)	30/06/16	44	SE Yilgarn
E 1501542 (Nawoc)	18/07/16	29	SE Yilgarn
E 2802651 (Cool)	22/09/16	41	SE Yilgarn
E 6301826 (Dundas)	03/10/16	93	SE Yilgarn

The SW area of Western Australia has a desert climate with sporadically distributed rainfall. Exploration is generally possible throughout the year, interrupted in some years for short periods by winter rainfall events from the W-SW or in summer by occasional cyclonic activity from the northwest. Access to the tenements is variable depending on the location but most are traversed by gravel roads over crown land.

5.2 Project Generation Study and LCT Pegmatite Exploration Model

WRV were commissioned by LCME to generate hard rock lithium exploration targets within Australia. The WRV team focussed on the Pilbara and Yilgarn Cratons based on the disproportionate endowment of large high grade LCT pegmatite deposits on a worldwide basis and the observation that the larger deposits tended to be in Archean terranes.

WRV analysed common empirical characteristics of known lithium bearing pegmatite deposits in the Pilbara and Yilgarn Cratons. It was considered that the greatest potential for new discoveries would be in areas of shallowly-concealed greenstone belts in these cratons as exposed pegmatites are visually obvious in surface prospecting and that pegmatites in the exposed parts of the greenstone belts would have been found. Furthermore, pegmatites of the style targeted are more likely to be concealed as they do not contain large quartz cores, which tend to be resistant to erosion, and project through cover on prospective greenstone belts. This required the application of remote sensed and potential field data sets including public and private domain aerial magnetics, gravity and radiometrics, state survey geological mapping and mineral occurrence data. Open file and government regional geochemical data sets were also used in the target selection process. The

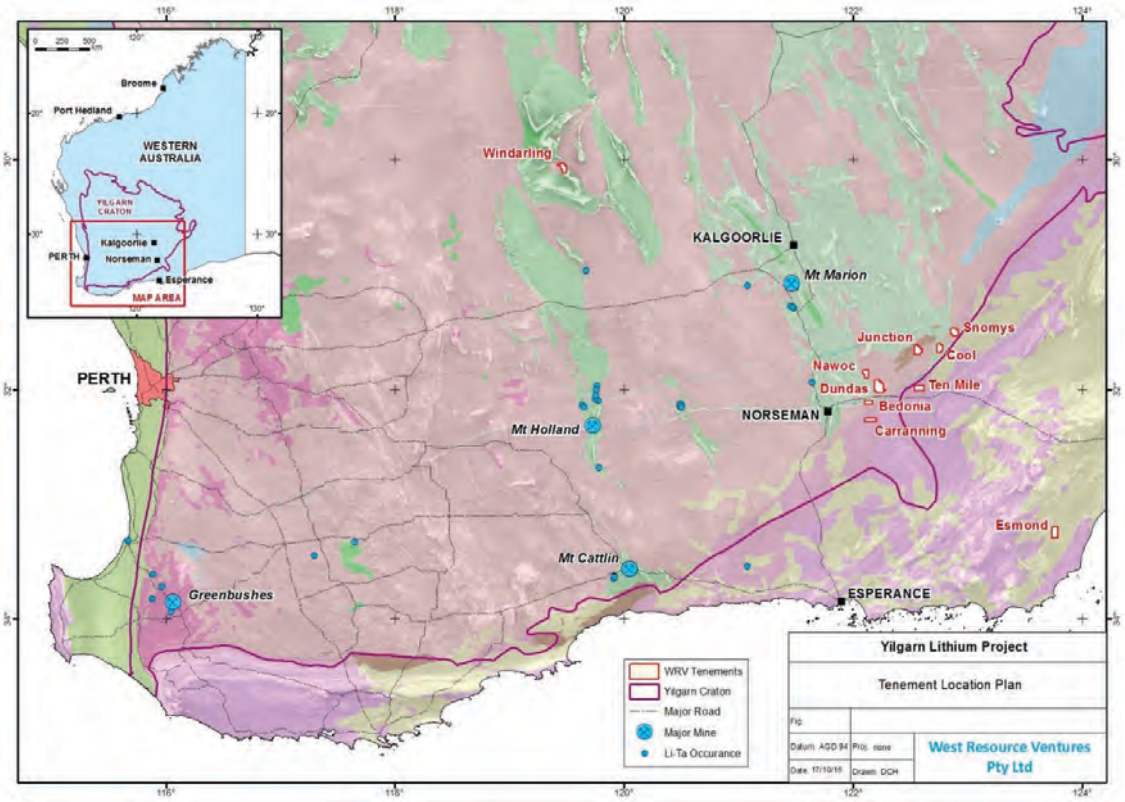


Figure 23: Location of WA Tenements

target criteria resulting from this study and subsequently used by WRV is considered proprietary but can be summarised:

- Spodumene-bearing pegmatites occur within 5km of the margins of “fertile granites”.
- Fertile granites have a specific reduced composition, structural configuration and emplacement timing in the tectonic history of greenstone belts in the Archaean cratons.
- Fertile granites display specific and distinctive signatures within appropriately processed aeromagnetic, gravity and radiometric data sets.
- Fertile granites display low to very low amplitude magnetic signatures with concentric ring-like patterns.
- Fertile granites appear to be emplaced late in the tectonic history and are not deformed.
- Large pegmatites tend to be located within 2km of major strike-slip or transpressive faults and hosted by metamorphosed intermediate or mafic or ultramafic host rocks.
- Particular structural configurations of the major faults can be used to target prospective sites for major pegmatite occurrences.
- Settings likely to contain metamorphosed spodumene-bearing pegmatites are more favourable because metamorphosed spodumene (or β-spodumene) is a cheaper processing option in the production of feedstock for Li-carbonate or Li-hydroxide.

These criteria were applied to a detailed study of the Yilgarn Craton with the final selection criteria based on ground availability. The selection of targets in areas of thin to moderate cover was a further filter to target selection.

The exploration model informs a logical, cost effective and relatively rapid exploration methodology to test and the targets involving;

- Evaluation of any previous exploration over the target.
- Acquisition of detailed airborne (100m line spacing) and gravity data (200x200m) to define potential pegmatite locations.
- Heavy media sampling for indicator resistate minerals (cassiterite, tantalite, spodumene etc) by loam sampling if cover is relatively thin (1-10m).
- Detailed ground magnetic surveys to further define drill targets if required.
- Testing of targets defined from the above work by traverses of RAB drilling.

5.3 Targets

The prospectivity criteria on the nine target areas selected are summarised in Table 4. Figures 24-27 show the location of in relation to geology and 1st vertical derivative, reduced to pole aerial magnetic data.

Table 4: Prospectivity Criteria - Yilgarn Pegmatite Targets

Project	Target Selection Criteria/Attributes
Windarling	Favourable host rocks adjacent to fertile granite and within a desirable structural setting. Some analogous to the Mt. Marion deposit. Target is concealed under possible thin cover.
Junction	Favourable host rocks adjacent to fertile granite and within a desirable structural setting. Wide spread anomalous Li and Rb in surface geochemistry. Target is concealed.
Snomys	Favourable host rocks adjacent to fertile granite and within a desirable structural setting. Wide spread anomalous Li and Rb in surface geochemistry.
Narwoc	Favourable host rocks adjacent to fertile granite and within a desirable structural setting. Some analogous to the Mt. Marion deposit. Target is concealed under possibly thin cover.
Bedonia	Favourable host rocks within a desirable structural setting. Some analogous to the Mt. Marion deposit.
Ten Mile	Anomalous Li, Rb, Be in surface geochemistry. Presences of fertile granites to the E, NE and SW. Mag. Indicates host rocks are highly deformed and potential favourable for beta-spodumene bearing pegmatites. Thin cover.
Carranning	Favourable host rocks adjacent to fertile granite and within a desirable structural setting. Some analogous to the Mt. Marion deposit. Target is concealed under possible thin cover.
Esmond	Located off the Yilgarn craton in highly favourable structural setting adjacent to fertile granite. Highly anomalous Rb and encouraging REE and Ta in surface geochemistry. Some analogous to the Pilgangoora setting. Thin cover.
Cool	Favourable host rocks adjacent to fertile granite and within a desirable structural setting. Poorly exposed outcrop.
Dundas	Favourable host rocks adjacent to fertile granite and within a desirable structural setting. Patch outcrop with barren pegmatites in the region. Some analogous to the Mt. Marion deposit.

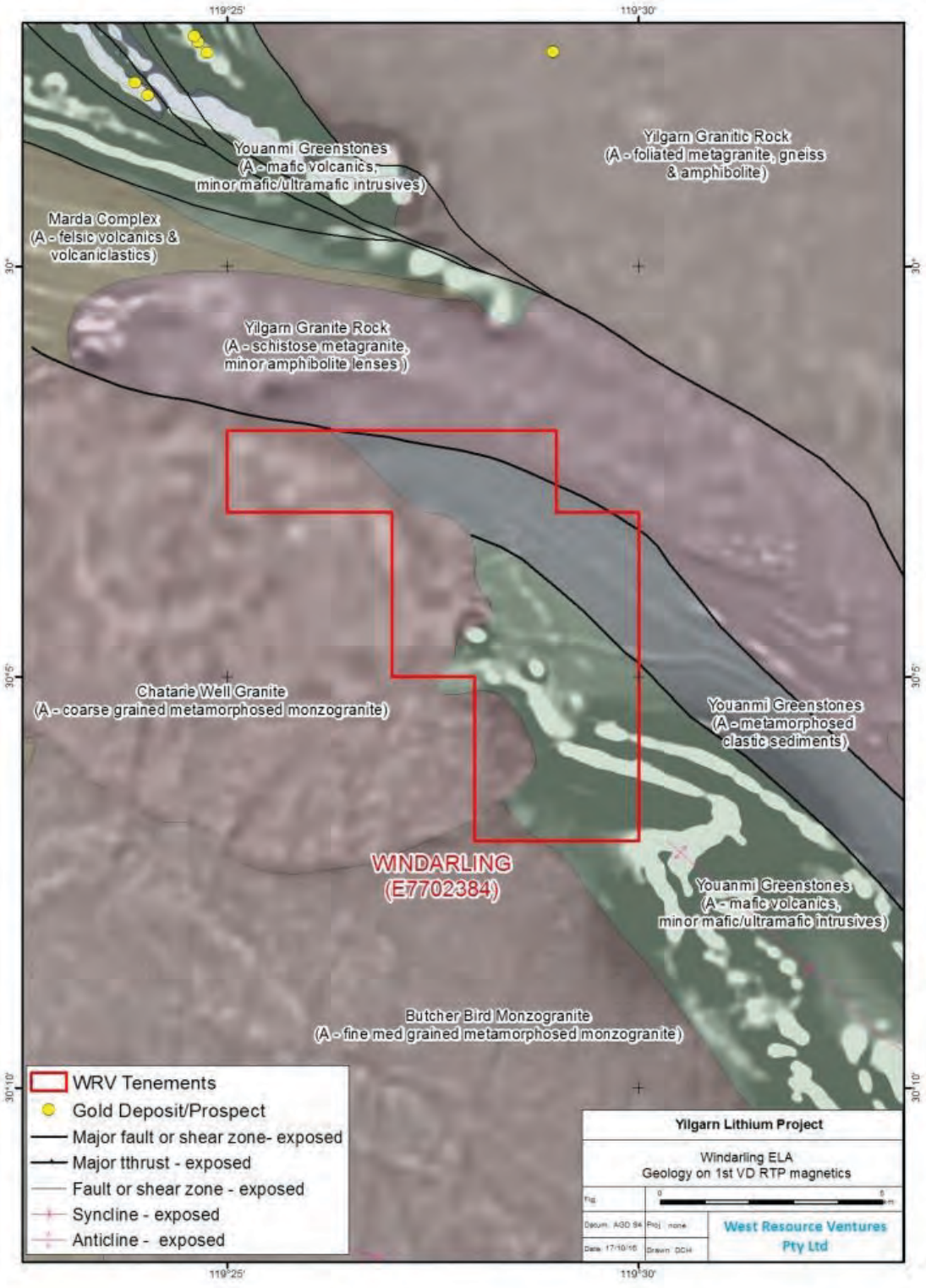


Figure 24: Location of Windarling ELA on Geology and 1st VD RTP Magnetics

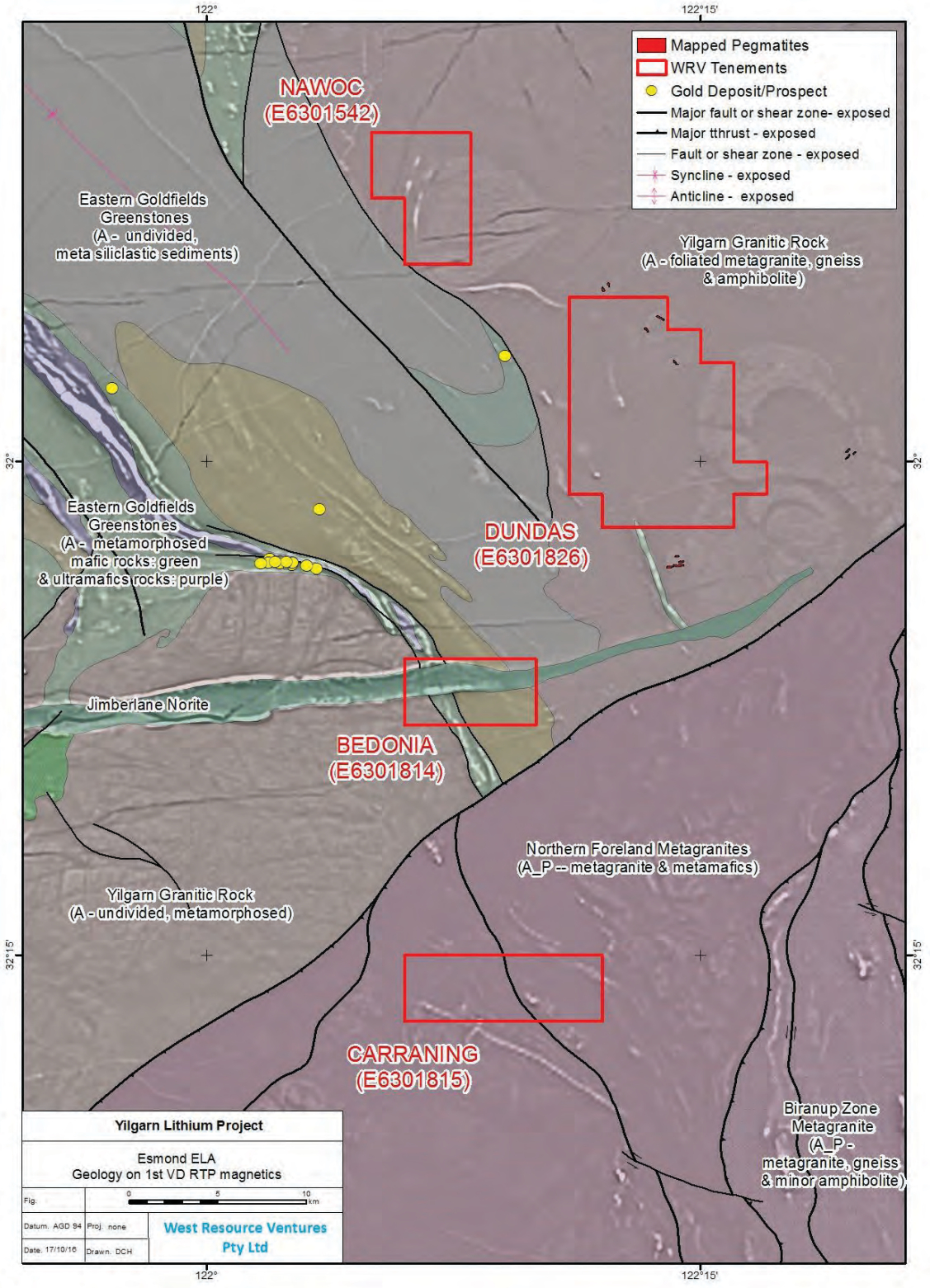


Figure 25: Location of Nawoc, Dundas, Bedonia and Carraning ELA's on Geology and 1st VD RTP Magnetics

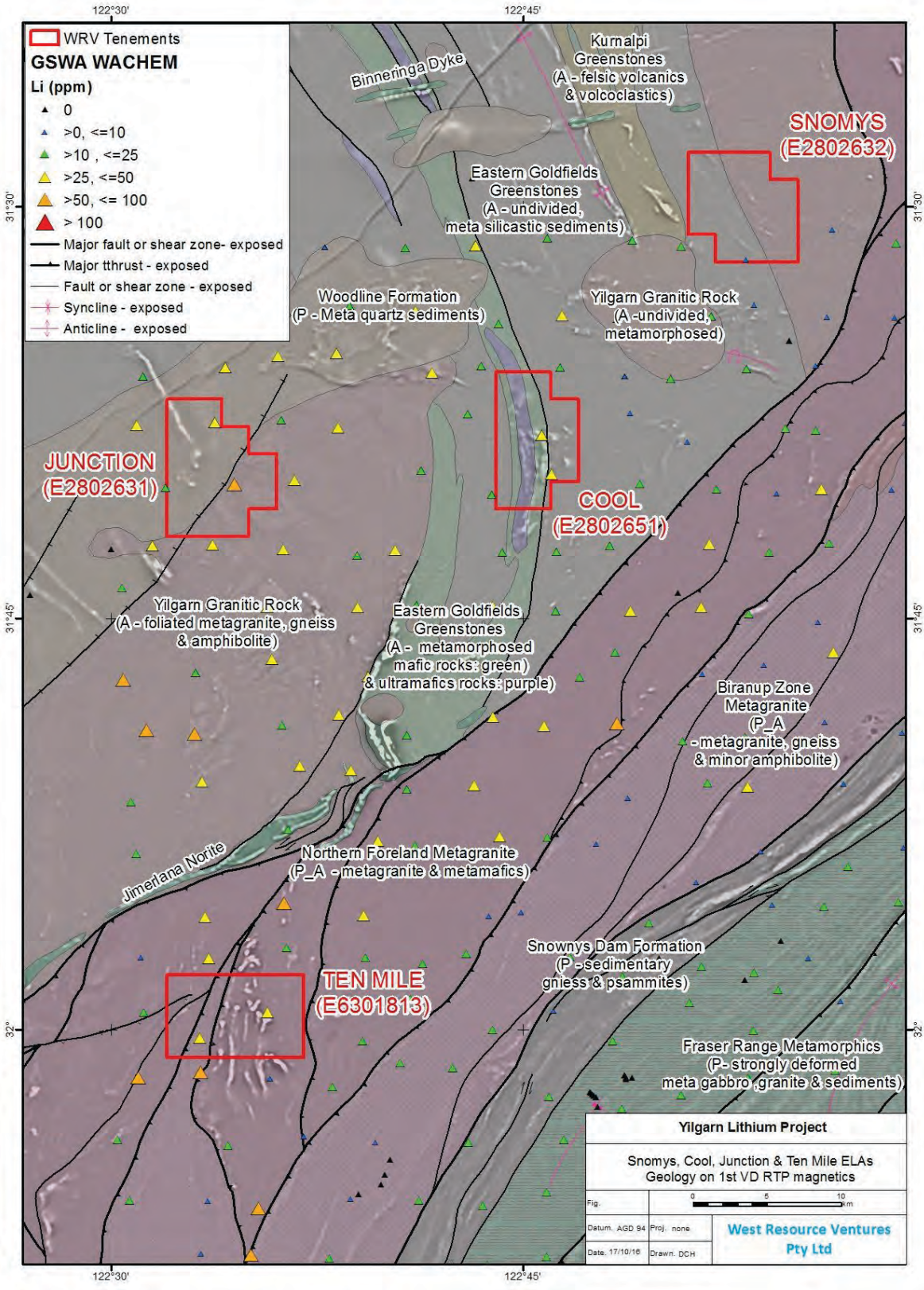


Figure 26: Location of Snomys, Junction, Cool and Ten Mile ELA's on Geology and 1st VD RTP Magnetics

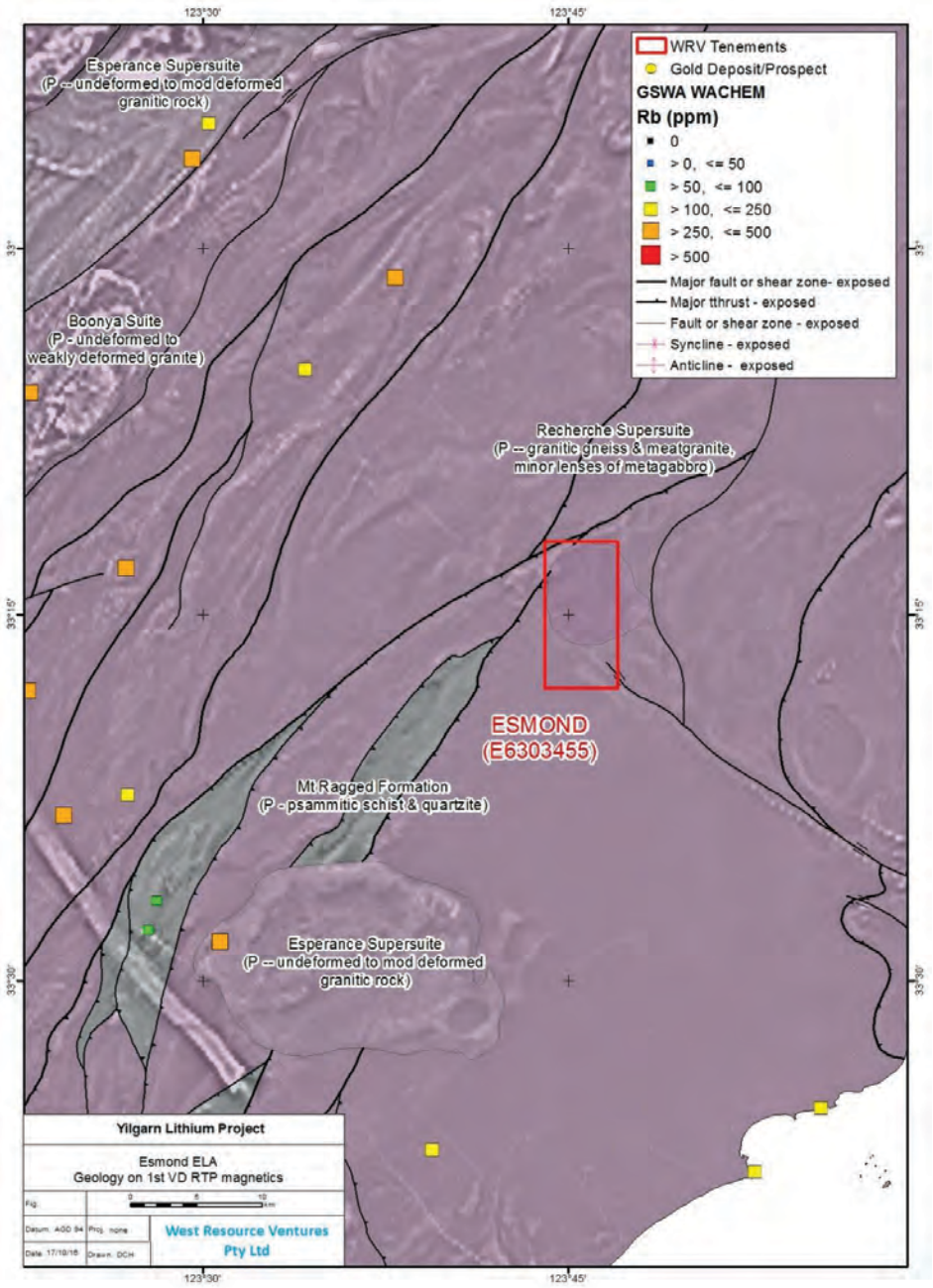


Figure 27: Location of Esmond ELA on Geology and 1st VD RTP Magnetics.

5.4 Exploration Potential

The Yilgarn LCT pegmatite projects are based on conceptual targeting and in some cases supported by empirical observations such as surface geochemistry. However the selection criteria used are based on careful empirical analysis of the shared characteristics of known major Archean lithium bearing pegmatites deposits. The selection of individual targets is considered to be soundly based on

these criteria. Consequently the projects are considered to offer valid exploration targets with a logical and cost effective exploration methodology to test the concepts.

6.0 Eucla Basin Lithium Brine Project

The Eucla Basin Lithium Brine Project comprises five ELA's applied for their potential for lithium bearing brines and lake sediments. The Eucla Basin is a large sedimentary basin of Cenozoic age located along the southern Australian coastline, in the region known as the Great Australia Bight. The northern part of the Eucla basin stretches across the semi-arid south western corner of South Australia and south east corner of Western Australia and comprises a thick sequence of alluvial and lacustrine sediments.

The relevant part of the Eucla basin is covered by recent aeolian sand and dunes and hosts several large, partially exposed, playa salt lake systems. The underlying lacustrine sediments with the basin are also known to host evaporite units. The older parts of the lake systems appeared to be concealed to the south by recent sand and dune cover and abut a line of Tertiary to Quaternary coastal dunes, known as the Ooldea Range. This range represents a possible southern barrier to ground water flow which would then result in forming a closed basin on the northern side.

The projects are conceptual in nature and based on a project generation study undertaken by West Resource Ventures Pty Ltd ("WVR").

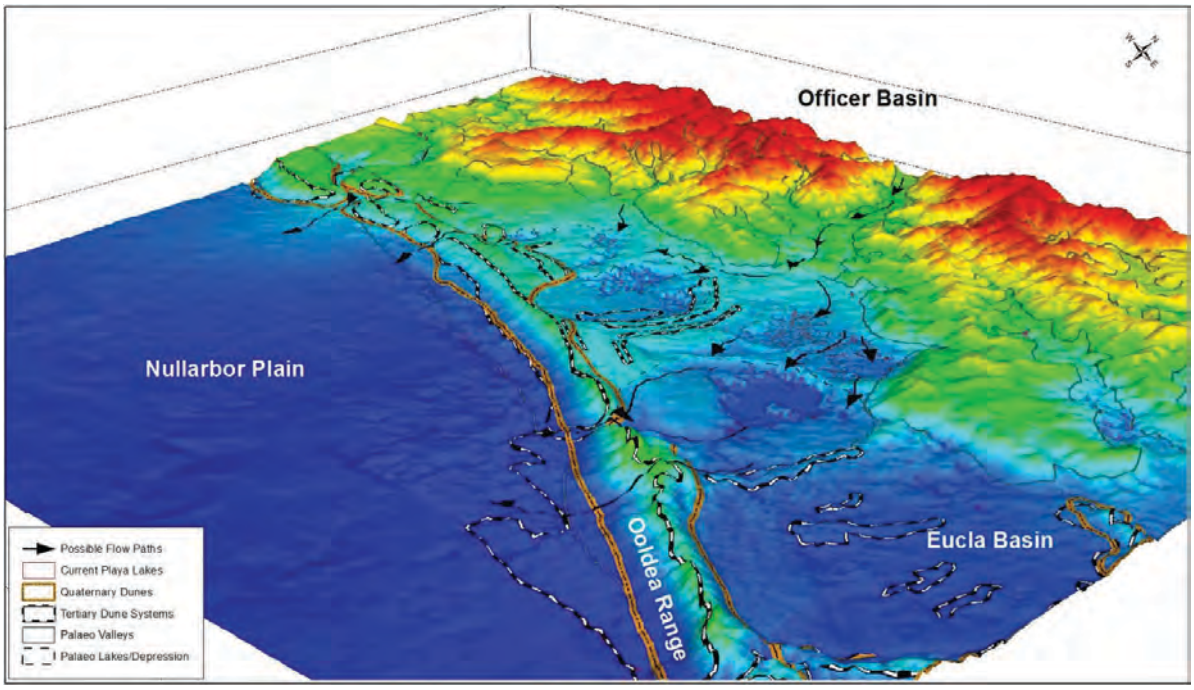


Figure 28: Regional topographic setting of the Eucla Basin Project showing the position of the Ooldea Range in relation to the playa lake systems and potential hydrological paths

6.1 Location, Access and Tenure

The projects locate in the far west of South Australia (figs.28, 29) and comprise five ELA's with a combined area of 4859km^2 (Table 5) applied for by West Resource Ventures Pty. Ltd., a 100% owned subsidiary of LCME.

Table 5: Eucla Project Exploration Licence Applications

Exploration License Application	Application Date	Area (km^2)	Location
2016/00127 Lake Dey Dey	6/09/16	997	NE Eucla Basin, SA
2016/00128 Lake Maurice	6/09/16	989	NE Eucla Basin, SA
2016/00129 Nurrari	6/09/16	997	NE Eucla Basin, SA
2016/00130 Wyola North	6/09/16	961	NE Eucla Basin, SA
2016/00131 Wyola South	6/09/16	914	NE Eucla Basin, SA

The ELA's are located in Maralinga Tjarutja aboriginal freehold land in an arid desert environment. Extensive parallel dune systems cover much of the area outside of the lake systems. Access is from Eyre Highway and Nullarbor Plain via the Lake Dey Dey road. There are few roads within the licence areas with access via cross country 4WD travel.

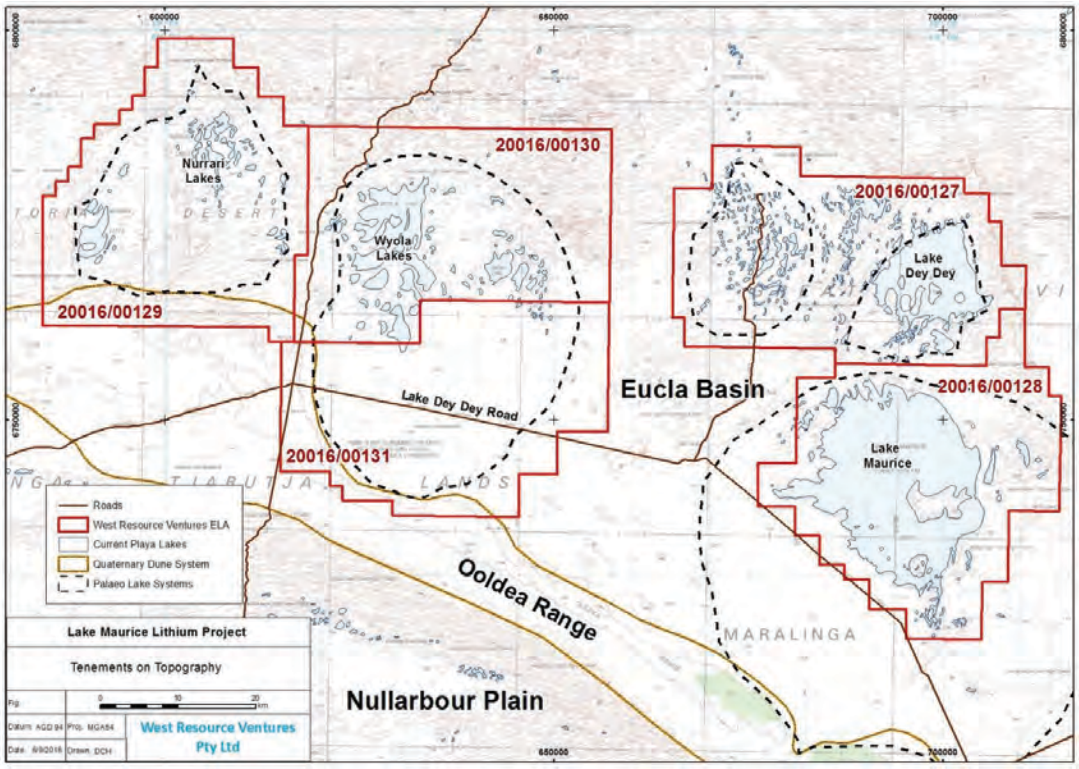


Figure 29: Location of the Eucla Basin ELA's

6.2 Eucla Basin Lithium Brine Exploration Model

The study utilised the generalised lithium brine model described in section 3.2 of this report. The area was selected as it provided the potential for a large closed drainage basin which would allow

brine to accumulate and concentrate through evaporative processes in an arid environment. The model considers that the Tertiary paleo coastal dune barrier system of the Ooldea Range may have acted as a barrier to groundwater movement towards the coast (figs 28, 29). The extensive salt lake system represented by Lakes Maurice, Dey Dey, Wyola and Nurrari that are located immediately north of this barrier (fig.29) provide support for this concept.

Digital Elevation Models (DEM) were utilised in the study to show that the paleo lake systems were much more extensive than the present extent of the salt lakes suggest with much of the former southern margins covered by more recent dunes (fig. 30). The DEM data also indicated probable ground and surface water movement from the north, possibly draining from the Musgrave Block through the Officer Basin and into the Eucla Basin (figs 28, 29). Acid volcanic rocks of the Tollu Formation, Smoke Hill Volcanics and Bentley Super Group of the Musgrave Block and evaporite beds of the Callana and Burra Groups in the Officer Basin are considered as potential lithium bearing source rocks for ground and surface water flowing south to the Eucla Basin.

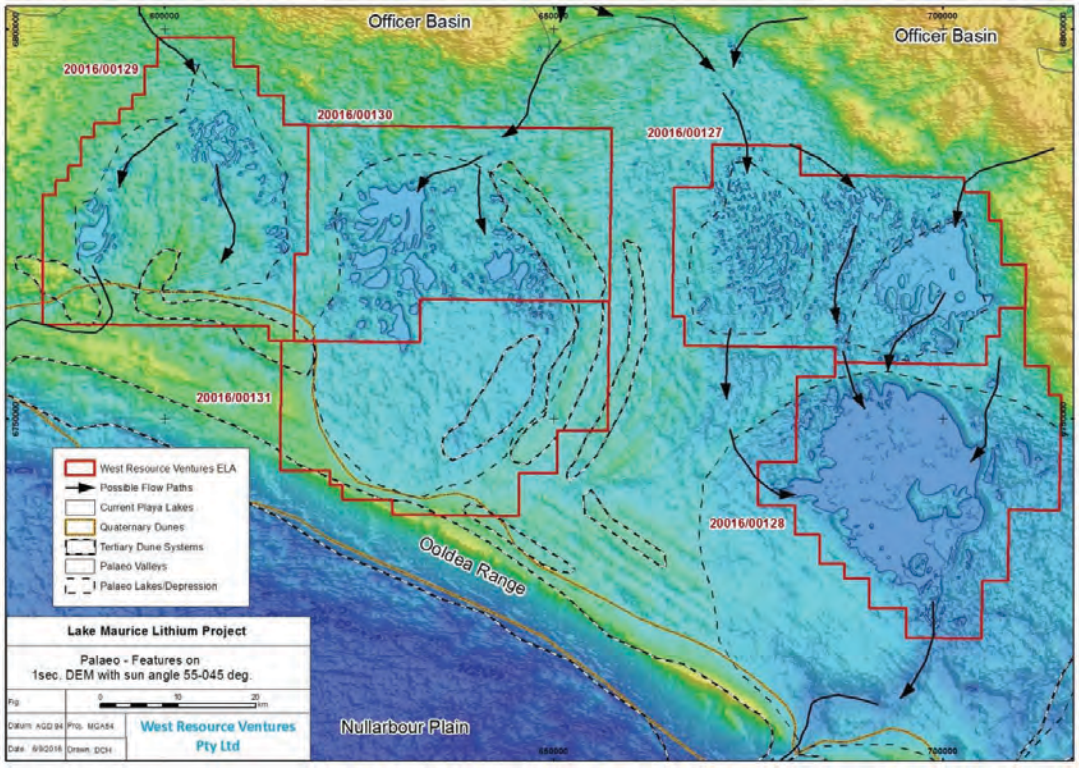


Figure 30: Extent of paleo lake features behind the Ooldea Range (large circular features) in relation to the present day lakes. Based on 1 sec. DEM with sun angle of 55-045^0

Sedimentation in the base of the Eucla Basin stratigraphy in the area of the Ooldea barrier is estuarine to fluvial clastic [8]. This implies that the basin has good potential for permissive aquifers to provide for brine migration and storage. Airborne radiometric data show strong potassium signatures over exposed areas of the salt lakes (fig.31) that may be indicative of alkaline brines and groundwater and potassium carbonate salts. Historic groundwater sampling (Aquitaine) and current groundwater monitoring by the South Australian Department of Environment and Natural Resources shows that saline levels in the groundwater in this area are consistent with brines (>50,000 ppm Total Dissolved Solids). Lithium assays from limited historical bore water sampling (fig.32, section

6.3) indicate elevated lithium of over 0.5mg/l Li up to 5mg/l Li adding further confidence to the conceptual model.

6.3 Previous Exploration

No lithium exploration has been previously undertaken over the project areas. Aquitaine Australia Minerals (1979 – 1982) explored for calcrete-hosted uranium after airborne radiometrics identified anomalous uranium signatures over the salts lakes. Aquitaine drilled 30 percussion holes for 1542m, mostly in the Lake Dey Dey area (fig.32), but found the radiometric signature was due to high radon in the highly saline groundwater. They also attempted to drill 2 deep diamond holes into coincident gravity-magnetic targets in the underlying Proterozoic basement targeting IOCG systems. Both holes failed to reach basement at 589m and 603m.

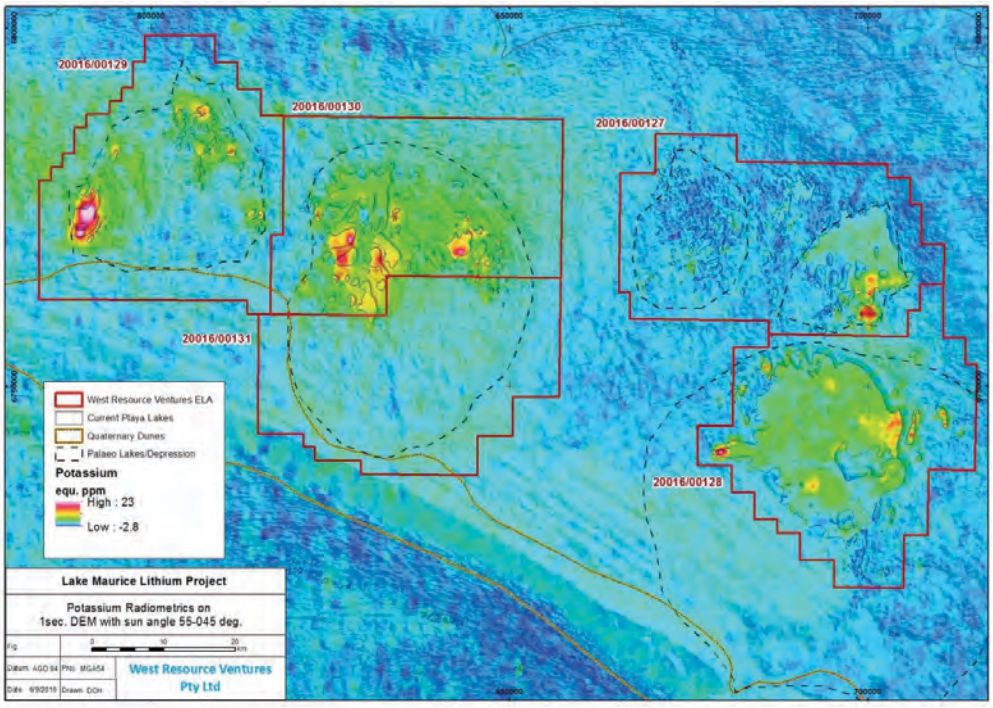


Figure 31: Potassium Radiometrics on DEM topography showing strong potassium signatures over the exposed areas of current salt lakes.

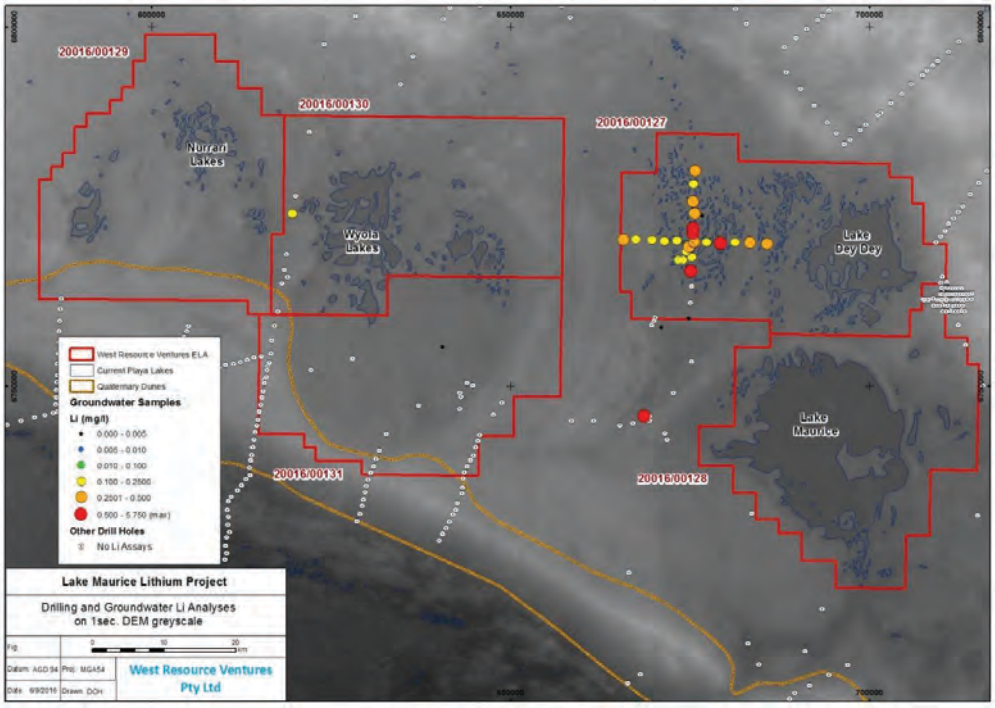


Figure 32: Lithium analysis results from drill hole and bore water sampling

6.4 Exploration Potential

The Eucla Basin Project is a conceptual exploration target based on empirical observations applied to the lithium brine model described in section 3.2 of this report. The most significant departure from the model is the absence of extensive young acid, subaerial volcanics that may provide an obvious source of leachable lithium, a feature shared by all the North and South American brine deposits. However such a potential lithium source may be provided by the volcanics in the Musgrave Block as discussed above and possibly from re-dissolution of evaporite deposits in the Officer Basin. The anomalous lithium assays reported from historic water bores do indicate possible lithium sources from somewhere in the drainage basin.

The concept appears to meet most of the brine exploration model requirements and is therefore considered a valid project, particularly as the concept can be tested relatively cheaply with minimal drilling.

7.0 Proposed Exploration Programs and Budgets

Exploration programs and budgets have been prepared by LCME for all the projects discussed in this report over a 24 month period and are summarised below. The proposed programs are considered to be technically appropriate for the targets under consideration and the stated exploration objectives. The cost assumptions utilised in framing the expenditures are considered appropriate. The programs are considered to be achievable in the time frames stated providing there are no extended periods for cultural clearance and other permitting issues.

7.1 Big Smokey Valley and Teel's Marsh Projects

Exploration at TLP has confirmed a large primary basin; identified sub-basins; located key faults, and identified large, continuous horizontal conductors at depth. This data is sufficient to enable initial drilling to be sited immediately. However, LCME considers it prudent to maximise the chance of success by undertaking further geophysics to refine the positions of favourable structure, conductors (potential brines) and the position of aquifers prior to undertaking drilling.

To meet these objectives, LCME proposes to complete 50 line-km of CSAMT survey, allowing for better definition of the size and geometry of larger, closed conductive blocks. In addition it is proposed to carry out 19 line kilometres of seismic reflection survey located along key CSAMT profiles. The seismic data will allow more confident discrimination between a conductive thick clay package and a clay-brine sequence.

Drilling will initially target large, downthrown conductive blocks with multiple reflectors. It is proposed to drill two holes initially to a depth of approximately 600m. It is anticipated that one hole will be located at the east end of the TLP property, and another at the western end. Drill targets within the corridor south from Big Smokey Valley to Clayton Valley would be located once results from the CSAMT and seismic surveys have been interpreted.

Exploration at Teels has confirmed a primary basin and sub-basin. Geophysical surveys are planned for Year 1, with drilling to follow in Year 2 targeted from the results of the geophysical surveys. A program of approximately 200 stations of infill gravity, 55 line kilometres of CSAMT and 500km of ground magnetic surveys together with seismic refection surveys is planned in Year 1. This work will allow the definition of conductive horizons (potential brines), the interpretation of potential aquifers and of structures favourable to the impoundment of brines. An initial drill hole is planned to a total depth of approximately 600m. Dajin has advanced their adjacent property to drill-ready, and their results will influence the location of seismic profiles and drill target depths.

The proposed budget for the combined Nevada Brine Projects is $3,742,707. There is no requirement for minimum expenditure on claims in Nevada.

7.2 Yilgarn Lithium Pegmatite Project

The exploration strategy for the pegmatite targets under thin cover will involve aerial magnetic surveying to define potential pegmatite bodies, heavy mineral sampling across the magnetic targets to define discrete drill targets and RAB drilling to assess potential pegmatites.

First year exploration will involve helicopter-borne magnetic surveys over the main targets in each licence followed up with heavy mineral sampling. Second year exploration will involve RAB drilling traverses over targets defined from the previous year's work with subsequent assessment of positive results followed up with reverse circulation drilling with diamond tails.

The proposed total expenditure for the WA projects is $630,730. Once titles are granted, statutory minimum expenditure for all titles is expected to be approximately $212,000 for the first two years.

7.3 Eucla basin Lithium Brine Project

It is anticipated that the first year will involve negotiations for a land access agreement with the Maralinga People who have freehold status over the title areas. Exploration in the second year will involve surface sampling of the exposed areas of the playa lakes to gain a better understanding of

lithium levels in the near surface environment. Concurrently a water sampling program will be undertaken utilising water bores and historic exploration drill holes to assess the level of lithium in water in the near surface environment. Sampling of sediment material from any historic drill holes stored by the Geological Survey of South Australia will also be undertaken.

Depending on the results from the sampling programs, a deep drilling program will be designed using rotary mud drilling identical to the methodology described in section 7.1 of this report. The proposed total expenditure for the two year program is $426,084. Once titles are granted, statutory minimum expenditure for all titles is expected to be approximately $620,000 for the first two years. It is considered that the proposed budget will be sufficient to meet statutory expenditure as the first year is expected to be taken up in land access negotiations as noted above.

Principal Sources of Information

1 Bradley, D., McCauley, A., 2013. A Preliminary Deposit Model for Lithium-Caesium-tantalum (LCT) Pegmatites. United states Geological Survey Open File report 2013-1008

2 Bradley, D., Munk, L., Jochens, H., Hynek, S., and Labay, K. 2013, A Preliminary Deposit Model for Lithium Brines., United States Geological Survey Open-File Report 2013–1006

3 Commercial Lithium Production – The Balance *https://www.thebalance.com/lithium-production-2340123*

4 Coolbaugh, M.F., 2016. Preliminary Structural Model, Teels Marsh Mineral County, Nevada. Prepared for Dajin Resources (US) Corp. http://dajin.ca/en/technical-reports

5 Dajin Resources Corporation. http://dajin.ca/en/teels-marsh

6 Faulds, J.E., Coolbaugh, M.F., Vice, G.S., Edwards, M.L., 2006. Characterizing Structural Controls of Geothermal Fields in the Northwestern Great Basin: A Progress Report. GRC Transactions Vol. 30

7 Harrop, J., 2009. Technical Report on the Clayton Valley Lithium Property, Esmeralda County, Nevada. Prepared for Rodinia Minerals Inc. Rodinia Minerals Inc.

8 Hou, B., Frakes, L.A., Sandiford, M., Worrall, L., Keeling ,.J., Alley, N. F., 2008. Cenozoic Eucla Basin and Associated Paleovalleys, Southern Australia – Climate and Tectonic Influences on Landscape Evolution, Sedimentation and Heavy Mineral Accumulation. Sedimentary Geology 203 pp. 112-130

9 Hulen, J. B., 2008. Geology and Conceptual Modelling of the Silver Peak Geothermal Prospect, Esmeralda County, Nevada. Report for Sierra Geothermal Power Corporation. Sierra Geothermal Power Corporation.

10 Investing News http://investingnews.com/daily/resource-investing/energy-investing/lithium-investing/top-lithium-producing-countries/

11 Kesler, S.E., Gruber, P.W., Medina, P.A., Keoleian, G.A., Everson, M.P., Wallington, T.J., 2012. Global Lithium Resources: Relative importance of Pegmatite, Brine and Other Deposits. Ore Geology Reviews 48, 55-69.

12 Munk, L., Chamberlain, C. P., 2011. Final Technical Report: G10AP00056 – Lithium Brine Resources: A predictive Exploration Model. United States Geological Survey

13 Myers, J.S. and. Hickman, A.H., 1990. Pilbara and Yilgarn Cratons- Regional Geology and Mineralisation, in Geology of the Mineral Deposits of Australia and Papua New Guinea (Ed. F.E. Hughes), pp. 129-133 (The Australian Institute of Mining and Metallurgy: Melbourne)

14 Oldow, J,S., Kohler,G., Donelick, R,A., 1994. Late Cenozoic Extensional Transfer in the Walker Lane Strike-Slip Belt, Nevada. Geology, v.22, p.637-640

15 Spanjers, R.P., 2015. Inferred Resource Estimate for Lithium, Clayton Valley South Project, Clayton Valley, Esmeralda County, Nevada, USA. Technical Report for NI 43-101 Prepared on Behalf of Pure energy Minerals Limited.

16 Ultra Lithium Corporate Presentation March 2016. www.ultralithium.com

17 USGS Mineral Commodity Summaries 2016 – United States Geological Survey

Glossary of Technical Terms

acid volcanic	A volcanic rock with >66% silica
aeolian	Formed or deposited by the wind
aeromagnetic	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the earth's magnetic field.
airborne geophysical data	Data pertaining to the physical properties of the earth's crust at or near surface and collected from an aircraft.
air core	Drilling method employing a drill bit that yields sample material which is delivered to the surface inside the rod string by compressed air.
alluvial	Material transported and deposited by a river.
alluvium	Unconsolidated clay silt, sand, gravel, or other rock materials transported and deposited by flowing water.
alteration	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
amblygonite	A lithium bearing phosphate mineral
amphibolite facies	An assemblage of minerals formed at moderate to high temperatures (4500C to 7000C) during regional metamorphism.
andesite	An intermediate volcanic rock composed of andesine and one or more mafic minerals.
anomalies	An area where exploration has revealed results higher than the local background level.
aquifer	rock strata that is both porous and permeable that acts as a ground water reservoir.
Archaean	The oldest rocks of the Precambrian era, older than about 2,500 million years.
ash	Synonymous with "tuff"
assayed	The testing and quantification metals of interest within a sample.
basalt	A volcanic rock of low silica (<55%) and high iron and magnesium composition, composed primarily of plagioclase and pyroxene.
basement	Any solid rock underlying unconsolidated material.
borates	Minerals containing boron, usually precipitated in playa environments. Borax (sodium borate) is the most common commercially exploited mineral.
Bouguer anomaly	A gravity anomaly, corrected for the height at which it is measured and the attraction of terrain.
breccia	A rock composed of angular rock fragments.
brine	Water with high concentration of salt (usually sodium chloride) at >5% by weight.
Cainozoic	An era of geological time spanning the period from 65 million years ago to the present.
carbonate	Rock of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and CO3.
cassiterite	A tin mineral, tin oxide and the primary ore of tin.
Chemical Symbols	Li (lithium, P (potassium), B (boron), Rb (rubidium)
cinder cone	A cone-shaped hill that consists of pyroclastic materials ejected from a volcanic vent.
clastic	Pertaining to a rock made up of fragments or pebbles (clasts).
clays	A fine-grained, natural, earthy material composed primarily of hydrous aluminium silicates
continental brine	A brine formed in non-marine environments
core complex	Exposures of middle and lower continental crust in association with extension of the crust (rifting).
craton	A old and relatively stable and immobile region of the crust
CSAMT	A geophysical method involving transmitting a controlled electric signal at a suite of frequencies into the ground from one location (transmitter site) and measuring the received electric and magnetic fields in the area of interest (receiver site).
dacite	An extrusive rock composed mainly of plagioclase, quartz and pyroxene or hornblende or both
diamond drill hole	Mineral exploration hole completed using a diamond set or diamond impregnated bit for retrieving a cylindrical core of rock.
Digital Elevation Models	A digital model or 3D representation of a terrain's surface
diorite	An intrusive igneous rock of intermediate composition composed principally of the silicate minerals plagioclase feldspar (typically andesine), biotite, hornblende, and/or pyroxene..
dyke	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
electromagnetic survey	Geophysical surveys which measure the electrical properties (conductivity and resistivity) and magnetic response of an electrical current transmitted into the earth.

epithermal	mineral deposits deposited from warm waters at shallow depths
erosional	The group of physical and chemical processes by which earth or rock material is loosened or dissolved and removed from any part of the earth's surface.
estuarine	Deposited in an intertidal environment or estuary.
evaporitic	The process of mineral formation through the evaporation, concentration and crystallization of minerals from brine.
fault zone	A wide zone of structural dislocation and faulting.
feldspar	A group of rock forming minerals.
felsic	An adjective indicating that a rock contains abundant feldspar and silica.
fluvial	Processes associated with river and streams.
g/t	Grams per tonne, a standard mass unit for demonstrating the concentration of elements in a rock.
geochemical	Pertains to the concentration of elements in geological materials.
geophysical	Pertains to the physical properties of a rock mass.
geothermal	Relating to the natural heat within the earth's crust
gneiss, gneissic	Coarse grained metamorphic rocks characterised by mineral banding of the light and dark coloured constituent minerals.
graben	A depressed block of crust bordered by two faults caused by extension of the crust.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
gravity survey	The measurement of the force due gravity at a points on the earth's surface to determine changes in density.
greenschist	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
greenschist facies	A low temperature and pressure regional metamorphic conditions with temperatures generally 300-4500C and pressure of 1-4 k bars
greenstone belt	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
half graben	A depressed block of crust caused by a single fault.
halite	Impure salt deposit formed by evaporation.
hectorite	A lithium bearing clay mineral.
heavy media sampling	Sampling of minerals of high density.
heavy mineral sands	Accumulation of dense minerals of commercial importance such as rutile, ilmenite and zircon in coastal dune deposits.
hydrogeochemistry	The chemistry of ground and surface waters.
hydrology	The study of the occurrence, circulation, distribution, and properties of the waters of the earth and its atmosphere.
hydrothermal fluids	Pertaining to hot aqueous solutions, usually of magmatic origin, which may transport metals and minerals in solution
igneous	Rocks that have solidified from magma.
intermediate	A rock unit which contains a mix of felsic and mafic minerals.
intrusions	A body of igneous rock which has forced itself into pre-existing rocks.
IOCG	Iron Oxide Copper Gold - a specific class of iron-rich mineral deposits important for copper, gold, iron and uranium.
lacustrine	Sediments deposited in lakes.
lepidolite	A lithium bearing mica - a potassium, lithium aluminium silicate mineral
lithology	Rock type
loam sampling	Sampling the heavy mineral accumulations concentrated by wind or sheetwash processes on the top surface of the soil.
mafic	Describes a rock, usually igneous which is rich in magnesium and iron
Magnetic survey	A geophysical survey method which records spatial variation in the Earth's magnetic field.
Mesozoic	A geological era from 251 to 200 million years ago.
mass wasting	The downslope removal and transport of surface material (soil, rocks) due to gravity.
meteoric water	Water derived from precipitation (including, lakes, rivers, snow, ice)
metamorphic	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.

metasedimentary	A rock formed by metamorphism of sedimentary rocks.
mg/l	Milligrams per litre. A measure of the concentration of an element in a liquid. Equivalent to ppm (parts per million).
Neoproterozoic	The unit of geologic time from 1,000 to 541 million years ago.
normal fault	A fault in which movement is up and down with no horizontal component of movement.
Palaeozoic	A geological era from 541 to 252 million years ago.
pegmatite	A very coarse grained intrusive igneous rock of generally granitic composition which commonly occurs in dyke-like bodies.
Permian	The geological Period from 299 to 252 million years ago.
petalite	A lithium bearing silicate mineral composed of lithium, aluminium, silica and oxygen.
playa lake	A broad shallow lake that quickly fill with water and quickly evaporates, characteristic of deserts.
Pliocene	A geological epoch from 5.3 and 2.6 million years ago.
pluton	A mass of igneous rock formed of molten material intruded at depth in the earth's crust.
post tectonic	Formed after the cessation of a tectonic event or process.
potential field methods	The use of gravity and magnetics surveys.
ppm	Parts per million. A measure of concentration of an element in a solid or liquid.
Proterozoic	An era of geological time spanning the period from 2,500 million years to 570 million years before present.
Quaternary Period	The geological time spanning from approximately 2.6 million years ago to the present
Ordovician	The geological time span from between 488 and 444 million years ago.
RAB drilling	A relatively inexpensive and less accurate drilling technique involving the collection of sample returned by compressed air from outside the drill rods.
radiometric data	The data collected from recording the gamma ray emissions from the radioactive isotopes of uranium, potassium and thorium.
radon	A radioactive gaseous element with the symbol Rn.
RC drilling	A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
Residual Bouguer Gravity	The Bouguer gravity anomaly from which the regional gravity field has been removed.
resistate minerals	Minerals resistant to chemical and physical weathering and erosion.
rhyodacitic	an extrusive volcanic rock intermediate in composition between dacite and rhyolite.
rhyolite	Fine-grained felsic igneous rock containing high proportion of silica and feldspar.
salar	Synonymous with "playa" and "salt lake".
schist	A crystalline metamorphic rock having a foliated or parallel structure due to the recrystallization of the constituent minerals.
sedimentary	A term describing a rock formed from sediment.
sinters	Deposits of porous silica deposited from thermal waters, often around hot springs
spodumene	A lithium bearing silicate mineral composed of lithium, aluminium, silica and oxygen.
strata	Sedimentary rock layers.
stratigraphic	Composition, sequence and correlation of stratified rocks.
strike -slip fault	A fault which has both a component of horizontal and vertical movement
subaerial	A term usually pertaining to the volcanic environment for processes operating on the surface (such as lava flows)
syntectonic	Formed at the same time a tectonic event or process
tantalite	An oxide mineral composed of variable ratios of tantalum, niobium, iron and manganese. It is the principal ore of tantalum and niobium.
tectonic	Pertaining to the forces involved in or the resulting structures of movement in the earth's crust.
Triassic	The geological Period from 252 to 201 million years ago.
tufa	Deposits of calcium carbonate usually around a hot spring. Sometimes referred to as "travertine".
tuff	A volcanic rock composed of rock fragments ejected from a volcano.
ultramafic	Igneous rocks consisting essentially of ferromagnesian minerals with trace quartz and feldspar.
weathering	The process of disintegration of rocks by physical and chemical processes on the earth's surface.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	*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.* *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *Aspects of the determination of mineralisation that are Material to the Public Report.* *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.*	• There has been no sampling or drilling undertaken by LCME or any of its subsidiary companies over any of the tenements the subject of this report to date. • Where historical drilling has been referenced in the case of the Tonopah Lithium Project and Teels Project there was insufficient information supplied by the companies undertaking this work to make an informed opinion regarding sampling, assay techniques and appropriate QA/QC procedures.
Drilling techniques	*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).*	• N.A.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.* *Measures taken to maximise sample recovery and ensure representative nature of the samples.* *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of*	• N.A

Criteria	JORC Code explanation	Commentary
	fine/coarse material.	
Logging	*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.* *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* *The total length and percentage of the relevant intersections logged.*	• N.A
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.* *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* *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.* *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• N.A
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* *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.* *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.*	• N.A.
Verification of sampling	*The verification of significant intersections by either independent or*	• N.A

Criteria	JORC Code explanation	Commentary
and assaying	*alternative company personnel.* *The use of twinned holes.* *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* *Discuss any adjustment to assay data.*	
Location of data points	*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.* *Specification of the grid system used.* *Quality and adequacy of topographic control.*	• N.A.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.* *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.* *Whether sample compositing has been applied.*	• N/A
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* *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.*	• N.A
Sample security	*The measures taken to ensure sample security.*	• N.A
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	• N.A

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*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.* *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.*	• The mineral tenement and land tenure status has been referenced in the IGR. The nature of any agreements pertaining to the tenements is detailed in Section 11 of the Prospectus. • The status of the tenements was not investigated by the Independent Geologist but has been verified by independent parties as detailed in Section 11 of the Prospectus. • The Eucla Basin Projects are located in aboriginal freehold land. LCME will require a formal agreement with the traditional owners of this land before any exploration or future development can take place. • The Nevada Projects require the acquisition of water rights for future extraction and processing of ground water.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	• All previous exploration conducted by other parties within the tenement areas has been acknowledged and referenced in the IGR. • All exploration in areas surrounding LCME tenements that is considered relevant to the styles of mineralisation targeted by LCME has been acknowledged and referenced in the IGR.
Geology	*Deposit type, geological setting and style of mineralisation.*	• As described in the IGR
Drill hole Information	*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:* *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*	• N.A

Criteria	JORC Code explanation	Commentary
	hole length. *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	
Data aggregation methods	*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.* *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.* *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• N.A
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *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').*	• N.A
Diagrams	*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.*	• N.A.
Balanced reporting	*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.*	• N.A.
Other substantive	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey*	• Reported in the IGR

Criteria	JORC Code explanation	Commentary
exploration data	*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.*	
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Reported in the IGR

6. Independent Geologists Report (continued)

Blank Page

LCME

Section 7

Financial Information

7. Financial Information

7.1 Introduction

Lithium Consolidated Mineral Exploration Pty Ltd (the **Company**) was incorporated on 22 April 2016.

The financial information contained in this Section includes:

(a) summary statutory audited historical statement of profit or loss and other comprehensive income for the period ended 30 June 2016;

(b) summary statutory audited historical statements of cash flow for the period ended 30 June 2016;

(c) statutory audited historical statement of financial position for the period ended 30 June 2016; and

(d) the pro forma historical statement of financial position as at 30 June 2016,

(together, the **Historical Financial Information**).

The Historical Financial Information should be read together with the other information contained in this Prospectus, including:

- the risk factors described in Section 5;
- the description of the use of the Proceeds of the Offer described in Section 1.6;
- the Investigating Accountant's Report, set out in Section 8; and
- the indicative capital structure described in Section 2.4.

Please note that past performance is not an indication of future performance.

7.2 Basis of preparation of the Historical Financial Information Background

The Historical Financial Information included in this Section has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (including the Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act.

The Historical Financial Information is presented in an abbreviated form insofar as it does not include all the presentation, disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act. Significant accounting policies applied to the Historical Financial Information are noted at the end of this section under the heading 'Significant accounting policies'.

The Historical Financial Information has been reviewed and reported on by BDO as set out in the Investigating Accountants Report in Section 8. Investors should note the scope and limitations of the Investigating Accountants Report. The Historical Financial Information has been prepared for the purpose of the Offer. The Historical Financial Information of the Company has been extracted from the audited financial statements for the financial period ended 30 June 2016 which were audited by BDO. An unmodified audit opinion including an emphasis of matter in relation to going concern was issued for the period ended 30 June 2016.

The information set out in this Section and LCME's selected financial information should be read together with:

(a) management's discussion and analysis set out in this Section;

(b) the risk factors described in Section 5;

(c) the use of proceeds of the offers described in Section 1.6;

(d) the indicative capital structure described in Section 2.4;

(e) the Investigating Accountants Report set out in Section 8; and

(f) the other information contained in this Prospectus. Investors should also note that historical results are not a guarantee of future performance.

7.3 General factors affecting the operating results of the Company

Below is a discussion of the main factors which affected the Company's operations and relative financial performance for the period ended 30 June 2016 which the Company expects may continue to affect it in the future.

The discussion of these general factors is intended to provide a summary only and does not detail all factors that affected the Company's historical operating and financial performance, nor everything which may affect the Company's operations and financial performance in the future. Statutory Audited Historical Statement of profit or loss and other comprehensive income.

The table below presents the Historical Statement of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2016.

$	Period ended 30 June 2016
Revenue	-
Corporate and administration expenses	(75,138)
Exploration expenses	(22,634)
Legal expenses	(24,671)
Share-based payments	(341,510)
Income tax expense	-
Loss for the period	**(463,953)**

Notes to the Historical Statement of Profit or Loss and Other Comprehensive Income

As the Company was incorporated on 22 April 2016, the Company's activity during the period to 30 June 2016 was focussed on identifying and securing lithium exploration projects. As such, there were limited transactions during that period.

The share-based payment expenses represent the fair value of shares and options issued to directors and contractors for services rendered during the period.

7.4 Cash flow statements

Statutory audited historical cash flows The table below presents the Historical Cash Flows for the period ended 30 June 2016.

CASH FLOWS FROM OPERATING ACTIVITIES	$
Other receipts	(3,726)
Payments to suppliers and employees	(109,166)
Net cash used in operating activities	**(112,892)**

CASH FLOWS FROM INVESTING ACTIVITIES	
Payments for exploration and evaluation assets	(352,561)
Purchase of property, plant and equipment	(2,029)
Net cash used in investing activities	**(354,590)**

CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of shares	730,000
Net cash provided by financing activities	**730,000**
Net increase/(decrease) in cash held	262,518
Cash at Beginning of Period	-
Cash at End of Year	**262,518**

Operating cash flows

Operating cash flows were negative as the Company has not generated revenue. The Company was focussed on identifying and securing lithium exploration projects. Costs have primarily consisted of consulting fees, legal fees and other administration and operation expenses.

Investing cash flows

The Company's focus has been on identifying and securing lithium exploration projects therefore investing cash flows have been negative as the Company incurs costs associated with those activities.

Financing activities

The Company's activities have been financed through the funds raised from the issue of Shares in the Company.

7.5 Historical and Pro-forma Statement of Financial Position

The table below sets out the summary historical statement of financial position as at 30 June 2016 and the pro-forma adjustments that have been made to the statement of financial position as at 30 June 2016. The pro-forma statement of financial position below is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's view of its future financial position.

7. Financial Information (continued)

Historical and Pro-forma Historical Consolidated Statement of Financial Position

$	30 June 2016 Actual	Subsequent Events	IPO Adjustments Minimum	IPO Adjustments Minimum	Pro-forma Minimum	Pro-forma Maximum
CURRENT ASSETS						
Cash and cash equivalents	262,518	427,563	7,010,908	7,939,908	7,700,989	8,629,989
Trade and other receivables	3,757	-	-	-	3,757	3,757
Total Current Assets	**266,275**	**427,563**	**7,010,908**	**7,939,908**	**7,704,746**	**8,633,746**
NON-CURRENT ASSETS						
Exploration and evaluation assets	353,788	360,000	2,500,000	2,500,000	3,213,788	3,213,788
Plant and equipment	2,029	-	-	-	2,029	2,029
Total Non-Current Assets	**355,817**	**360,000**	**2,500,000**	**2,500,000**	**3,215,817**	**3,215,817**
TOTAL ASSETS	**622,092**	**787,563**	**9,510,908**	**10,439,908**	**10,920,563**	**11,849,563**
CURRENT LIABILITIES						
Trade and other payables	14,504	-	-	-	14,504	14,504
Total Current Liabilities	**14,504**	**-**	**-**	**-**	**14,504**	**14,504**
TOTAL LIABILITIES	**14,504**	**-**	**-**	**-**	**14,504**	**14,504**
NET ASSETS	**607,588**	**787,563**	**9,510,908**	**10,439,908**	**10,906,059**	**11,835,059**
EQUITY						
Issued capital	930,001	1,370,063	9,663,607	10,586,146	11,963,671	12,886,210
Reserves	141,510	93,420	-	-	234,930	234,930
Accumulated losses	(457,218)	(682,625)	(152,700)	(146,239)	(1,292,543)	(1,286,082)
Equity attributable to owners of the parent company	614,293	780,858	9,510,908	10,439,908	10,906,059	11,835,059
Non-controlling interests	(6,705)	6,705	-	-	-	-
TOTAL EQUITY	**607,588**	**787,563**	**9,510,908**	**10,439,908**	**10,906,059**	**11,835,059**

The following sets out the main elements of the statement of financial position as at 30 June 2016.

Description of Pro-forma Adjustments

The Pro-forma Historical Statement of Financial Position comprises:

- Material transactions undertaken that have occurred since 30 June 2016 as if they had occurred as at 30 June 2016 (Subsequent Events); and
- Transactions that will be undertaken on completion of the Company's Initial Public Offering (IPO Adjustments).

Subsequent Events

Set out below are the material transactions that have occurred since 30 June 2016 and the impact on the Statement of Financial Position as if they had occurred as at 30 June 2016.

(a) 3,000,000 Shares were issued to acquire (the final) 30% in West Resource Ventures Pty Ltd. The (accounting) value of the Shares issued was $0.10 per Share, being the price of the Shares issued at that time. The $300,000 fair value of the shares issued has resulted in a loss on acquiring the non-controlled interest of $306,705 and elimination of the Non-controlling interest ($6,705) on the Statement of Financial Position. No accounting has been recognised for the NSR as it is not expected to be achieved until the projects enter production in the future.

(b) 10,965,628 shares issued for:

i. During July to October 2016, the Company issued 10,175,628 Shares for $0.10 each to raise $1,017,563 (**Seed Investors**) before capital raising costs of $26,500.

ii. 265,000 Shares issued for capital raising fees for a portion of the Shares issued to Seed Investors. The fair value of the Shares issued was $0.10 per Share, being the price of the Shares issued at that time, and was charged through the Issued Capital account.

iii. 525,000 Shares issued to consultants and a director in satisfaction of the services rendered to the Company. The fair value of the Shares issued was $0.10 per Share, being the price of the Shares issued around that time to Seed Investors, that was charged as consultant expenses (through the Profit & Loss).

(c) 1,000,000 options exercisable at $0.20 per option on or before 31 December 2019 were issued to a member of the Company's senior management team. The fair value of the options was $0.05058 per option and this was charged as consultant expenses (through the Profit & Loss) and Reserves (within Equity).

(d) On 26 October 2016, the expiry dates on 3,000,000 options (previously issued to a director and advisors on 17 May 2016) were extended to 1 January 2019. This resulted in an adjustment to the fair value of the options of an increase of $42,840 (expensed through the Profit & Loss) and Reserves (within Equity)

(e) 7,500,000 performance rights were issued to directors and management of Company. The fair value of the performance rights totalled $678,000 and will be expensed through the Profit & Loss (and Reserves within Equity) over the period to 30 June 2020, being the last vesting date on the performance rights. No pro-forma adjustment has been made as the accrued expense between issue date of the performance rights and the date of this Prospectus is minimal.

(f) The pro-forma adjustments include amounts of $230,000 charged to corporate and administration expenses (through the Profit & Loss) and $360,000 capitalised as Exploration and Evaluation Assets for spend on the Company's Nevada projects.

IPO Adjustments

Set out below are the transactions that will be undertaken on completion of the Company's Initial Public Offering as if they had occurred as at 30 June 2016.

(g) A capital raising of 40,000,000 Shares (at $0.20 each) to raise $8,000,000 (cash) before costs (Minimum Subscription) with the provision to accept oversubscriptions up to a maximum of $1,000,000, resulting in issuing up to 45,000,000 Shares (as $0.20 each) to raise $9,000,000 (cash) before costs (Maximum Subscription), in accordance with this Prospectus.

(h) Costs of the capital raising comprising cash fees in the range of $889,092 (Minimum Subscription) to $960,092 (Maximum Subscription). Depending on the nature of the cost, the capital raising fees were split with between $152,700 and $146,239 expensed (through the Profit & Loss) and between $736,393 and $813,854 charged to Issued Capital (within Equity account).

(i) Final consideration to perfect to acquisition of 80% of the Big Smokey project in Nevada (capitalised as Exploration and Evaluation Assets) that includes:

i) Cash consideration of $100,000.

ii) The issue of 12,000,000 Shares at the (accounting) value of $0.20 per share, being the price of the Shares under the Offer.

iii) No accounting has been recognised for the NSR as it is not expected to be achieved until the projects enter production in the future.

Effect of Pro-forma Adjustments on Statement of Financial Position line items

Cash and cash equivalents

$	Note within Section 7.5	Pro-forma Minimum Subscription	Pro-forma Maximum Subscription
Balance at 30 June 2016		262,518	262,518
Subsequent Events:			
Seed capital	(b)(i)	1,017,563	1,017,563
Exploration Expenditure	(f)	(360,000)	(360,000)
Operation expenses (corporate and admin)	(f)	(230,000)	(230,000)
IPO Adjustments:			
Proceeds from shares issued under this Prospectus	(g)	8,000,000	9,000,000
Costs of the Offer	(h)	(889,092)	(960,092)
Big Smokey consideration	(i)(i)	(100,000)	(100,000)
Pro-forma balance		7,700,989	8,629,989

Exploration and evaluation assets

$	Note within Section 7.5	Pro-forma Minimum Subscription	Pro-forma Maximum Subscription
Balance at 30 June 2016		353,788	353,788
Subsequent Events:			
Exploration Expenditure – spend on projects	(f)	360,000	360,000
IPO Adjustments:			
Big Smokey consideration – cash payment	(i)(i)	100,000	100,000
Big Smokey consideration – Shares issued	(i)(ii)	2,400,000	2,400,000
Pro-forma balance		3,213,788	3,213,788

Issued capital

$	Note within Section 7.5	Pro-forma Minimum Subscription Number	Pro-forma Maximum Subscription Number	Pro-forma Minimum Subscription $	Pro-forma Maximum Subscription $
Balance at 30 June 2016		37,400,000	37,400,000	930,001	930,001
Subsequent Events:					
West Venture Resources –acquisition of non-controlled interest	(a)	3,000,000	3,000,000	300,000	300,000
Seed capital issued	(b)(i)	10,175,628	10,175,628	1,017,563	1,017,563
Shares issued – capital raising fees	(b)(ii)	265,000	265,000	26,500	26,500
Capital raising costs – seed capital	(b)(ii)	-	-	(26,500)	(26,500)
Shares issued to consultants/director	(b)(iii)	525,000	525,000	52,500	52,500
IPO Adjustments:					
Shares issued under this Prospectus	(g)	40,000,000	45,000,000	8,000,000	9,000,000
Costs of the Offer	(h)	-	-	(736,393)	(813,854)
Big Smokey consideration – shares issued	(i)(ii)	12,000,000	12,000,000	2,400,000	2,400,000
Pro-forma balance		**103,365,628**	**108,365,628**	**11,963,671**	**12,886,210**

Reserves

$	Note within Section 7.5	Pro-forma Minimum Subscription	Pro-forma Maximum Subscription
Balance at 30 June 2016		141,510	141,510
Subsequent Events:			
Options issued to management	(c)	50,580	50,580
Adjustment to prior option issue	(d)	42,840	42,840
Pro-forma balance		**234,930**	**234,930**

Accumulated losses

$	Note within Section 7.5	Pro-forma Minimum Subscription	Pro-forma Maximum Subscription
Balance at 30 June 2016		(457,218)	(457,218)
Subsequent Events:			
West Venture Resources –acquisition of non-controlled interest	(a)	(306,705)	(306,705)
Shares issued to consultants/director	(b)(iii)	(52,500)	(52,500)
Options issued to management	(c)	(50,580)	(50,580)
Adjustment to prior option issue	(d)	(42,840)	(42,840)
Operation expenses (corporate and admin)	(f)	(230,000)	(230,000)
IPO Adjustments:			
Listing expenses	(h)	(152,700)	(146,239)
Pro-forma balance		**(1,292,543)**	**(1,286,082)**

Non-controlling interests

$	Note within Section 7.5	Pro-forma Minimum Subscription	Pro-forma Maximum Subscription
Balance at 30 June 2016		(6,705)	(6,705)
Subsequent Events:			
West Venture Resources –acquisition of non-controlled interest	(a)	6,705	6,705
Pro-forma balance		**-**	**-**

7.6. Significant Accounting Policies

The following is a summary of the material accounting policies adopted by the Company in the preparation of the Historical and Pro-forma Financial Information contained in this section. The accounting policies have been consistently applied unless otherwise stated.

The Historical and Pro-forma Financial Information has been prepared for the consolidated entity consisting of Lithium Consolidated Mineral Exploration Pty Ltd and its Controlled Entities. Lithium Consolidated Mineral Exploration Pty Ltd is a private company, incorporated and domiciled in Australia. The Historical and Pro-forma Financial Information has been prepared on an accruals basis and are based on historical cost, modified by the measurement at fair value of selected non-current assets, financial assets and liabilities.

(a) **Going Concern**

The Historical and Pro-forma Financial Information has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The ability of the Group to continue as a going concern is principally dependent upon the following conditions:

- the ability of the Group to successfully raise capital, as and when necessary;
- the ability to complete successful exploration and subsequent exploitation of the areas of interest; and
- the ability of the Group to sell non-core assets.

These conditions gave rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern as at 30 June 2016.

The directors believe that the going concern basis of preparation is appropriate due to the planned IPO during which was planned to raise approximately $8,000,000 before costs (with the ability to accept oversubscriptions of up to $1,000,000.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the Historical and Pro-forma Financial Information. The Historical and Pro-forma Financial Information does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

(b) **Principles of Consolidation**

Subsidiaries

The Historical and Pro-forma Financial Information incorporate the assets and liabilities of all subsidiaries of Lithium Consolidated Mineral Exploration Pty Ltd ("Company" or "parent entity") as at 30 June 2016, and the results of all subsidiaries for the period then ended. Lithium Consolidated Mineral Exploration Pty Ltd and its subsidiaries together are referred to in the Historical and Pro-forma Financial Information as the Group or the economic entity.

Subsidiaries are all entities over which the Group has control. The Group has control over an entity when the Group is exposed to, or has a right to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling Interests

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Changes in ownership interests

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in the carrying amount recognised in profit or loss.

The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) **Income Tax**

The income tax expense/(income) for the period comprises current income tax expense/(income) and deferred tax expense/(income). Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses. Current and deferred income tax expense/(income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

The Company and its Australian 100% owned controlled entities have not yet formed a tax consolidated group.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) **Exploration and Evaluation Assets**

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

A regular review will be undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

A provision is raised against exploration and evaluation assets where the directors are of the opinion that the carried forward net cost may not be recoverable or the right of tenure in the area lapses. The increase in the provision is charged against the results for the year. Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

(e) **Impairment of Assets**

At each reporting date, the economic entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

(f) **Financial Instruments**

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Fair value is the price that would be received to sell an asset or paid to transfer an asset. Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The economic entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(g) **Impairment**

At each reporting date, the economic entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss.

(h) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of less than 3 months.

(i) **Issued Capital**

Ordinary shares are classified as equity. Transaction costs (net of tax where the deduction can be utilised) arising on the issue of ordinary shares are recognised in equity as a reduction of the share proceeds received.

(j) **Share Based Payments**

The economic entity makes equity-settled share based payments to directors, employees and other parties for services provided or the acquisition of exploration assets. Where applicable, the fair value of the equity is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using the Black and Scholes option valuation pricing model which incorporates all market vesting conditions. Where applicable, the number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Where the fair value of services rendered by other parties can be reliably determined, this is used to measure the equity-settled payment.

(k) **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional and presentation currency of Lithium Consolidated Mineral Exploration Pty Ltd and its Australian subsidiaries is Australian dollars ($A).

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were measured. Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the economic entity's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period;
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.
- Exchange differences arising on translation of foreign operations are recognised in other comprehensive income.

(l) **Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the economic entity.

(m) **Key Judgements:**

Exploration and Evaluation Assets

The economic entity performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of exploration and drilling results performed to reporting date.

7.7 Dividend policy

The Company plans to invest all cash flow into the business in order to maximise growth. Accordingly, no dividends are expected to be paid in the foreseeable future following the Company's Listing on ASX.

The payment and amount of any potential future dividends declared by the Company are subject to the discretion of the Directors and will depend upon, among other things, the Company's earnings, financial position, tax position and capital requirements.

It is the Directors' intention to review this policy from time to time and commence the payment of a regular dividend once the Company is able to generate a substantial and sustainable level of cash flow, after allowing for capital expenditure and other commitments.

The Directors also note that as the Company is not deriving revenue from business conducted in Australia, the Company will not be able to declare franked dividends unless and until it derives Australian sourced revenue and pays Australian tax.

LCME

Section 8

Investigating Accountant's Report

8. Investigating Accountant's Report

BDO

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

To the Directors
Lithium Consolidated Mineral Exploration Pty Ltd
Lvl 10 110 Mary Street
BRISBANE QLD 4000

7 November 2016

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT ON LITHIUM CONSOLIDATED MINERAL EXPLORATION PTY LTD HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION

Introduction

We have been engaged by Lithium Consolidated Mineral Exploration Pty Ltd, to be converted into a public company and its name changing to Lithium Consolidated Mineral Exploration Limited, ("the company" or "LCME") to report on the historical financial information and pro forma historical financial information of LCME as at 30 June 2016 for inclusion in the public document dated on or about 7 November 2016 and relating to the issue of between 40,000,000 and 45,000,000 shares in LCME ("the document").

Expressions and terms defined in the document have the same meaning in this report.

Scope

Historical financial information

You have requested BDO Audit Pty Ltd to review the following historical financial information included in the public document being the consolidated statement of financial position of LCME as at 30 June 2016 and the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the period then ended.

Hereafter referred to as "the historical financial information".

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies.

The historical financial information has been extracted from the consolidated financial report of LCME for the period ended 30 June 2016, which was audited by BDO Audit Pty Ltd in accordance with the Australian Auditing Standards. BDO Audit Pty Ltd issued an unmodified audit opinion with an emphasis of matter in relation to going concern on the consolidated financial report.

The historical financial information is presented in the public document in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro forma historical financial information

You have requested BDO Audit Pty Ltd to review the following pro forma historical financial information of LCME (the responsible party) included in the public document, being the proforma consolidated statement of financial position as at 30 June 2016.

Hereafter referred to as "the pro forma historical financial information".

The pro forma historical financial information has been derived from the historical financial information of LCME, after adjusting for the effects of pro forma adjustments described in section 7.5 of the public document. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 7.5 of the public document, as if those event(s) or transaction(s) had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the company's actual or prospective financial position.

Directors' responsibility

The directors of LCME are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, as described in section 7 of the public document, and comprising the consolidated statement of financial position of LCME as at 30 June 2016 and the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the period then ended is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 7.2 of the document.

Pro forma historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information, as described in section 7.5 of the public document, and comprising the proforma consolidated statement of financial position as at 30 June 2016 is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 7.5 of the public document.

Restriction on use

Without modifying our conclusions, we draw attention to section 7.2 of the public document, which describes the purpose of the financial information, being for inclusion in the public document. As a result, the financial information may not be suitable for use for another purpose.

Consent

BDO Audit Pty Ltd has consented to the inclusion of this independent limited assurance report in the public document in the form and context in which it is included.

Liability

The liability of BDO Audit Pty Ltd is limited to the inclusion of this report in the public document. BDO Audit Pty Ltd makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the public document.

General advice warning

The report has been prepared, and is included in the document to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Independence

BDO Audit Pty Ltd does not have any interest in the outcome of the raising, or any other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. BDO Audit Pty Ltd will receive normal professional fees for the preparation of this report.

BDO Audit Pty Ltd are auditors of LCME and from time to time BDO Audit Pty Ltd also provides LCME with certain other professional services for which normal professional fees are received.

Yours faithfully

BDO Audit Pty Ltd

T J Kendall
Director

8. Investigating Accountant's Report (continued)

Blank Page

LCME

Section 9

Independent Tenement Report

9. Independent Tenement Report

Erwin & Thompson LLP
A Limited Liability Partnership

241 RIDGE STREET, SUITE 210
POST OFFICE BOX 40817
RENO, NEVADA 89501

THOMAS P. ERWIN
FRANK W. THOMPSON

TELEPHONE: (775) 786-9494
FACSIMILE: (775) 786-1180
E-MAIL: erwin@renolaw.com
URL: www.renolaw.com

November 6, 2016

Shanthar Pathmanathan, CEO
Lithium Consolidated Exploration Pty Ltd.
LCME Holdings Inc.
4 Piper Place
Bateman, WA 6150
Australia

Re: Lithium Project; Esmeralda County, Nevada
Our File No. 57900.002

Dear Mr. Pathmanathan:

The purpose of this report is to describe the status of and the vestment of record title to the NSM and SBS unpatented mining claims (collectively the "Claims") situated in Esmeralda County, Nevada. This report is written on behalf of Lithium Consolidated Mineral Exploration Pty Ltd. ("LCME") and LCME Holdings Inc. (collectively the "Company"). It has been prepared for inclusion in the prospectus to be issued by LCME on or about November 7, 2016.

A. Records Examined.

For purposes of this report, we examined the following records.

1. Copies of the certificates of location, mining claim maps, correspondence with the Bureau of Land Management, Nevada State Office ("BLM"), BLM receipts, mining claim maintenance records, and other documents concerning the Claims provided by Richard W. Harris, attorney, Harris Thompson & Faillers, Reno, Nevada.

2. The BLM Historical Indexes, Master Title Plats, Geothermal Plats, Oil and Gas Plats, Potassium Plats, and Use Plats for the federal lands on which the unpatented mining claims described in this report are located. We also examined the BLM Serial Register pages for the Claims. Our examination of the BLM records is effective to October 21, 2016, 5:00 p.m.

3. The grantor-grantee index of the Office of the Recorder of Esmeralda County, Nevada. Our examination of the grantor-grantee index is effective to November 4, 2016, 5:00 p.m.

We have not examined public records concerning the status of federal public lands, mining claims, mineral rights, water rights or other property interests, except those expressly described in this report.

B. Description of the Claims.

The Claims consist of the NSM and SBS unpatented mining claims described in the schedule attached to this report.

C. Title.

Record title to the Claims is vested in Big Smokey Exploration LLC, a Nevada limited liability company. There are no instruments recorded in the Office of the Esmeralda County Recorder by which a third party asserts an encumbrance or lien against the Claims.

D. Federal Land Status.

The BLM land status and mineral status records show that the lands appropriated by the Claims are federal public lands. The lands were open to location under the Mining Law of 1872, as amended, on the dates of location of the Claims. The Historical Indexes, Master Title Plats, Oil and Gas Plats, and Use Plats for the federal lands show the notations described in the Federal Land Status Report marked as Exhibit A attached to this report. Pertinent issues regarding the notations are discussed in Section H of this report.

E. Location and Maintenance.

1. The certificates of location and the mining claim maps for the Claims were properly and timely filed with BLM and recorded in the Office of the Esmeralda County Recorder.

2. The federal annual mining claim maintenance fees have been paid for the Claims for the annual assessment year September 1, 2016, to September 1, 2017. The Claims are in good standing according to the records in the BLM LR2000 database. The BLM mining claim maintenance fees must be paid in advance of the annual assessment year on or before September 1, 2017, and September 1 of each succeeding year. The failure of the owner of the Claims to properly and timely pay the BLM annual mining claim maintenance fees will cause the Claims to be forfeited and void.

3. Under Nevada law, the owner of the Claims must record in the office of the recorder an affidavit of payment of federal annual mining claim maintenance fees and intent to hold the Claims for each annual assessment year. The affidavit must be recorded on or before November 1 after the end of each annual assessment year. Big Smokey Exploration LLC recorded its affidavit of payment and notice of intent to hold the Claims on November 1, 2016.

F. Third Party Mining Claims.

The BLM mining claim geographic index shows that there are active unpatented mining claims in the sections of the public lands within the scope of this report. The third party mining claims are described in the BLM Geographic Mining Claim Report enclosed with this report.

Based solely on our examination of the BLM Geographic Mining Claim Report, it appears the NSM 1 – NMS 3 Claims are located in the general area on which Urania Resources Corp. located its MB 305 – MB 308 and MB 311 – MB 320.

A third party, Ultra Lithium Inc., located 106 unpatented mining claims which overlie certain of the Claims. The Ultra Lithium Inc. claims were located over claims previously located by Big Smokey Exploration LLC which had not expired. Nevada judicial decisions hold that because the Ultra Lithium Inc. claims were located on senior pre-existing claims, the Ultra Lithium Inc. claims were *void ab initio*, and that on expiration of the pre-existing claims the lands became open for the location of new unpatented mining claims. Big Smokey Exploration LLC located its Claims on the lands in conflict after expiration of the pre-existing claims.

G. Litigation.

We are informed by the Clerk of the Fifth Judicial District Court, Esmeralda County, Nevada, that as of October 24, 2016, there are no actions pending in which Big Smokey Exploration LLC is named as a party.

We examined the plaintiff-defendant index of the United States District Court and the party index of the United States Bankruptcy Courts effective to November 4, 2016, 5:00 p.m. There are no actions pending in the United States District Courts against Big Smokey Exploration LLC. There are no bankruptcy proceedings pending in the United States Bankruptcy Courts in which Big Smokey Exploration LLC is named as a debtor. Our examination was conducted through the PACER on-line service.

H. Comments and Recommendations.

1. The Claims are unpatented mining claims located on public lands owned and administered by the United States government. A valid unpatented mining claim is an interest in real property that can be bought, sold, mortgaged, devised, leased and taxed, but it is always subject to the paramount title of the United States and, subject to BLM's management authority, the rights of third parties to use the surface of the claim in a manner that does not unreasonably interfere with the claimant's activities. An unpatented mining claim can be located without application to or invitation from the federal government, however, the claim must be located on public lands which have not been withdrawn from the location of mining claims by legislation,

regulation or executive order and which have not been appropriated by a third party's location of senior mining claims.

Lithium is a valuable mineral which is locatable under the Mining Law of 1872. *Foote Mineral Company U.S.*, 654 F2d 81, 85 (U.S. Ct. Cl. 1981).

The location of an unpatented mining claim is initiated by the locator. The location process requires the locator to construct a monument of location on the claim and to post on the monument a notice of location which describes the claim.

A valid unpatented mining claim must include a discovery of valuable minerals. Before discovery, however, a mining claimant has a possessory right to conduct mineral exploration and development activities on the claim. The locator of a valid unpatented mining claim has the right to explore for, develop and mine minerals discovered on the claim, subject to compliance with the annual mining claim maintenance requirements under the United States Federal Land Policy and Management Act of 1976 and other applicable federal statutes and regulations.

Under current law, the claim owner must pay an annual mining claim maintenance fee of $155 in order to maintain an unpatented mining claim. A claim owner's failure to pay the fee by the statutory deadline will cause automatic forfeiture of the mining claim. There is no curative or grace period. Under current law, the applicable payment deadline for the Claims is September 1, 2017.

2. An on-the-ground investigation should be undertaken to determine whether any of the Claims conflict with any unpatented mining claims owned by third parties, including any unpatented mining claims which may have been located recently and for which the certificates of location and mining claim have not been recorded and filed.

3. The federal public lands in Sections 29 and 32, T1N, R381/2, MDB&M, are within the boundaries of a lease for potassium issued by the United States in accordance with the Mineral Leasing Act of 1920. The lands subject to the lease are depicted in the Potassium Plat (brown color). The potassium lease does not invalidate unpatented mining claims located on the federal lands within the potassium lease. BLM must administer the potassium lease and unpatented mining claims on the subject lands in a manner which minimizes interference by one interest with the activities of the other interest holder.

4. The lands in Sections 2, 3, 13, 14, 23, 26, and 35, T1N, R38E, MDB&M, Sections 28 and 33, T1N, R381/2E, MDB&M, and Section 7, T2N, R39E, MDB&M, are within active federal geothermal leases. Issuance by BLM of the federal geothermal leases did not withdraw the leased lands from mineral entry. The geothermal leases do not invalidate unpatented mining claims located on the federal lands within the geothermal leases. BLM must administer the geothermal leases and the unpatented mining claims on the subject lands in a manner which minimizes interference by one interest with the activities of the other interest holder. The lands subject to the federal geothermal leases are depicted in the enclosed Geothermal Plats (lavender color).

5. The NE1/4NE1/4 Section 35, T1N, R38E, MDB&M, is subject to a material site issued by BLM. The material site is closed to mineral entry. To the extent a Claim overlaps the material site, the overlapping portion of the claim is void.

6. In the Master Title Plat for T1N, R381/2, MDB&M, the S1/2 of Section 29 is shown to be subject to patented mining claims. The Historical Index for these lands indicates that the patented mining claims are in Section 32. To the extent a Claim overlaps the patented mining claims, the overlapping portion of the claim is void. The Company should determine the actual boundaries of the patented mining claims and assure that the monuments of location for the Claims are outside the exterior boundaries of the patented mining claims. If the location monument for a Claim is within the boundaries of the patented mining claims, the entire Claim must be relocated as a new mining claim.

7. The E1/2 of Section 29, T2N, R38E, MDB&M, is subject to BLM's grant of an airport right-of-way. These lands are withdrawn for mineral entry under the Mining Law of 1872. To the extent a Claim overlaps the lands within the airport right-of-way, the Claim is void. The Company should determine the actual boundaries of the airport right-of-way and assure that the monuments of location for the Claims are outside the exterior boundaries of the airport right-of-way. If the location monument for a Claim is within the boundaries of the airport right-of-way, the entire Claim must be relocated as a new mining claim.

I. Conditions, Exceptions and Limitations.

An unpatented mining claim must be located and maintained in accordance with the mining laws of the United States and the State of Nevada. Because county and Federal records do not necessarily indicate that the locator or owner of an unpatented mining claim has complied with Federal and State laws and regulations concerning the location and maintenance of an unpatented mining claim, an unpatented mining claim that appears regular from the record may, in fact, later be shown to be invalid. Our report is based solely on the public records examined as described above, and is necessarily subject to any matters which are not disclosed by those materials.

Our report concerning the vestment of record title to the Claims and our examinations of the public records described in this report are subject to the following:

1. The completeness and accuracy of the indexes and records of the Offices of the Clerk and Recorder of Esmeralda County, Nevada;

2. The completeness and accuracy of the indexes, mining claim records and land status records of the BLM State Office, Reno, Nevada;

3. The actual performance of location work prescribed by law on the date of location of each of the Claims;

4. The paramount title of the United States in respect of the Claims;

5. The discovery of a valuable mineral deposit within the boundaries of each of the Claims;

6. The subject lands not having been appropriated by a third party's location of senior mining claims on the dates of location of the Claims;

7. The proper and timely payment of the BLM annual mining claim maintenance fees;

8. Any facts which would be disclosed by an on-site inspection and correct survey of the Claims;

9. Any fact not of record affecting the validity of any of the Claims and the terms of any agreement entered by the owner of the Claims which is not of record;

10. Any easement or right-of-way which is not of record or any road which may be proven to be a public road under the Act of July 26, 1866, 12 Stat. 253, 43 USC 932, repealed by the Federal Land Policy Management Act of 1976, P.L. No. 94-579, 90 Stat. 2793, or under NRS 405.191 et seq.;

11. Adverse rights unknown to us of which the owner of any interest in the Claims has actual knowledge;

12. Rights of all parties in actual possession of the Claims, including, easements, rights-of-way and tenancies;

13. Inchoate mechanic's and materialmen's liens under the laws of the State of Nevada the priority of which may relate back to the date on which the first materials or services were provided by any lien claimant for the improvement of the Claims;

14. Voluntary or involuntary petitions in bankruptcy of the present owners or its predecessors in interest;

15. Federal tax liens not recorded in the Office of the Esmeralda County Recorder;

16. The adjudicated rights and the validity or current status of any water rights or water rights permits which may be appurtenant to the Claims and the reservation of water resources by the United States pursuant to Executive Order Public Water Reserve No. 107; under

Nevada law, water resources are owned by the State of Nevada and are subject to appropriation and regulation in accordance with the water law; use of groundwater resources without a permit is prohibited under Nevada.

17. Any zoning or land use regulation or restrictions imposed by the State of Nevada or any political subdivision which has jurisdiction of the Claims;

18. Matters disclosed by the Nevada Secretary of State's UCC, Federal tax lien and corporation records;

19. This report is effective as of the dates of examination of the title records and does not address or report matters which were filed or recorded in the public records after the dates of our examination; and

20. This report is effective only for the Claims and does not report the status of title to any other property interests of any nature.

We have not been requested to examine or inspect and we have not examined or inspected the property on site, nor have we investigated ways and rights of ingress and egress to or from the Claims. We render no opinion or advice regarding the physical or environmental condition of the Claims and we render no opinion as to any fact or circumstance which might be determined or inferred from an on-site inspection or investigation.

In the event of litigation or any proceeding in respect of the exceptions and qualifications disclosed in this report, we do not guaranty or warrant any particular result in respect of the matters addressed in this report. We do not insure for or against, nor do we indemnify for or against, any particular consequence or result in any such litigation or proceeding. This report is furnished solely for the information of the parties to whom it is addressed and such other parties as we expressly identify in writing. This report is not to be quoted from or otherwise referred to or relied upon by any other person without our firm's prior written consent. We disclaim any obligation to update this report in the future as a result of changes of facts or law which may come to our attention.

Very truly yours,

Thomas P. Erwin

TPE:kmm

Unpatented Mining Claims Esmeralda County, Nevada		
Claim Names	**BLM NMC Nos.**	**Number of claims filed with Bureau of Land Management and recorded with Esmeralda County Recorder**
NSM 1 – NSM 118	1123931 - 1124048	118
NSM 120 – NSM 204	1124049 - 1124133	85
NSM 209 – NSM 274	1124134 - 1124199	66
NSM 276 – NSM 286	1124200 - 1124210	11
NSM 291 – NSM 300	1124211 - 1124220	10
NSM 303 – NSM 311	1124221 - 1124229	9
NSM 313 – NSM 329	1124230 - 1124246	17
SBS 1 – SBS 154	1123593 - 1123656	154
SBS 160 – SBS 329	1123657 - 1123826	170
SBS 330 – SBS 433	1123827 - 1123930	104
Total		744

EXHIBIT A
FEDERAL LAND STATUS

TOWNSHIP 1 NORTH, RANGE 381/2 EAST (SECTIONS 32/33)

Patent:	Mineral Entry Placer Patent
Patent Number:	125568
Mineral Survey:	3331
Patent Name:	Alum Pure and Sulphur Pure Placer
Comment:	Embracing portion of unsurveyed public domain, in the Silver Peak and Red Mountain mining Districts, Esmeralda County, Nevada
Comment:	MTP - Location of above patents Section 29, Township 1 North, Range 381/2 East.
Comment:	HI – Location of above patents Section 32/33, Township 1 North, Range 381/2 East.

TOWNSHIP 1 NORTH, RANGE 38 EAST, SECTION 35 (NENE)

Case Type:	Material Sites
Commodity:	Non-Energy Facilities
Serial Number:	NVCC 0 019979
Disposition:	Authorized
Holder:	NV Department of Transportation
Total Acres:	40.000
R/W Granted:	05/04/1936

TOWNSHIP 1 NORTH, RANGE 38 EAST, SECTIONS 10 (W2SW); 15 (SWNW; E2NW; NWNW; W2SE; SESE)
TOWNSHIP 1 NORTH, RANGE 38 EAST, SECTIONS 22 (NENE); 23 (W2NW; SENW; N2SW; SESW; SWSE)
TOWNSHIP 1 NORTH, RANGE 38 EAST, SECTION 26 (NE)
TOWNSHIP 2 NORTH, RANGE 38 EAST, SECTION 29 (W2E2; E2SE); 32 (E2E2)

Case Type:	Federal Aid Highway
Commodity:	Non-Energy Facilities
Serial Number:	NVCC 0 019994
Disposition:	Authorized
Holder:	Nevada Department of Transportation
Total Acres:	974.430
R/W Granted:	12/17/1936

TOWNSHIP 2 NORTH, RANGE 39 EAST, SECTIONS 16 (NESW; S2SE); 20 (SESE)

Case Type:	R/W Power Transmission
Commodity:	Other Energy Facilities
Serial Number:	NVN 0 043264
Disposition:	Authorized
Holder/Billee:	Sierra Pacific Power Co
Total Acres:	2,127.140
Granted:	12/18/1937
Comment:	Other location includes area outside subject claims area of interest

---

TOWNSHIP 2 NORTH, RANGE 38 EAST, SECTION 29 (Within (S2NE; N2SESE)

Case Type:	Withdrawal Federal Aviation Admin.
Commodity:	Subject to Prior Rights
Serial Number:	NVN 0 045160
Disposition:	Authorized
Holding Agency:	FAA
Total Acres:	135.270
Order Issued:	11/14/1957
Comment:	Coaldale VOR Facility

TOWNSHIP 2 NORTH, RANGE 38 EAST, SECTION 32 (Within S2NESE; N2SENESE)

Case Type:	Material Sites (Sec 317)
Commodity:	Non-Energy Facilities
Serial Number:	NVN 0 059728
Disposition:	Authorized
Holder:	NV Department of Transportation
Total Acres:	90.000
Granted:	04/29/1963

TOWNSHIP 1 NORTH, RANGE 38 EAST, SECTIONS 22 (ALL); 26 (ALL); 27 (ALL); 35 (ALL)

Case Type:	R/W Power Trans-Irr Project
Commodity:	Other Energy Facilities
Serial Number:	NVN 0 065524
Disposition:	Authorized
Holder:	WAPS
Granted:	02/24/1966
Total Acres:	21,380.074
Comment:	Location includes area outside subject claims area of interest

TOWNSHIP 2 NORTH, RANGE 38 EAST, SECTION 29 9NENW; W2NW; NWSW)

Case Type:	R/W Roads Under RS 2477
Commodity:	Non-energy Facilities
Serial Number:	NVN 054394
Disposition:	Authorized
Holder:	Esmeralda County
Granted:	06/12/1991
Total Acres:	89.090
Comment:	Other location includes area outside subject claims area of interest

---

TOWNSHIP 1 NORTH, RANGE 38 EAST, SECTIONS 22 (ALL); 23 (ALL); 26 (ALL)

Case Type:	R/W Roads
Commodity:	Non-Energy Facilities
Serial Number:	NVN 054406
Disposition:	Authorized
Holder:	Esmeralda County
Total Acres:	56.060
R/W Granted:	10/25/1991
Comment:	Location includes areas outside subject claims area of interest

---

TOWNSHIP 1 NORTH, RANGE 38 EAST, SECTIONS 4 (ALL); 20 (ALL); 29 (ALL); 32 (ALL)

Case Type:	R/W Roads
Commodity:	Non-Energy Facilities
Serial Number:	NVN 054407
Disposition:	Authorized
Holder:	Esmeralda County
Total Acres:	46.970
R/W Granted:	04/29/1991
Comment:	Location includes area outside subject claims area of interest

---

TOWNSHIP 1 NORTH, RANGE 38 EAST, SECTIONS 26 (ALL); 34 (ALL); 35 (ALL)

Case Type:	R/W Roads
Commodity:	Non-Energy Facilities
Serial Number:	NVN 054408
Disposition:	Authorized
Holder:	Esmeralda County
Total Acres:	46.970
R/W Granted:	10/25/1991

TOWNSHIP 2 NORTH, RANGE 38 EAST, SECTION 29 (NWNE)

Case Type:	R/W Telephone & telegraph
Commodity:	Non-Energy Facilities
Serial Number:	NVN 055687
Disposition:	Authorized
Holder/Billee:	Nevada Bell
Total Acres:	1.910
Granted:	08/03/1993
Comment:	Other location includes area outside subject claims area of interest

---

TOWNSHIP 2 NORTH, RANGE 39 EAST, SECTION 7 (W2W2NE; S2NW; S2)

Case Type:	R/W Roads
Commodity:	Non-Energy Facilities
Serial Number:	NVN 061928
Disposition:	Authorized
Holder:	Marshall Oil Co.
Total Acres:	7.400
R/W Granted:	11/03/1997

TOWNSHIP 1 NORTH, RANGE 381/2 EAST, SECTION 33 (NW; LOTS 1-14)

Case Type:	Potassium Pref Rgt Lse
Commodity:	Potash Potassium
Serial Number:	NVN 06244501
Disposition:	Authorized
Lessee:	US Mine Corporation
Total Acres:	2,500.450
Issued:	08/28/2002
Comment:	Other location includes area outside subject claims area of interest
Comment:	***SBS Claims 234, 283, 287, 288 located within boundary of Lease All/Portions of Township 1 north, Range 381/2 East, Section 33 (NW); Lots 1-14)***

TOWNSHIP 1 NORTH, RANGE 381/2 EAST, SECTION 33 (ALL except mineral patent 125568)

Case Type:	Geo Lease – Non-Competitive
Commodity:	Geothermal
Serial Number:	NVN 076332
Disposition:	Authorized
Lessee:	Alum Geothermal Power LLC
Lease Issued:	02/26/2003
Total Acres:	2,279.00
Comment:	Other location includes area outside subject claims area of interest

---

TOWNSHIP 1 NORTH, RANGE 381/2 EAST, SECTION 28 (PROTRACTED)

Case Type:	Geo Lease – Non-Competitive
Commodity:	Geothermal
Serial Number:	NVN 076333
Disposition:	Authorized
Lessee:	Alum Geothermal Power LLC
Lease Issued:	02/26/2003
Total Acres:	2,359.000
Comment:	Other location includes area outside subject claims area of interest

---

TOWNSHIP 2 NORTH, RANGE 38 EAST, SECTION 29 (NWNW)

Case Type:	R/W Power Transmission
Commodity:	Other Energy Facilities
Serial Number:	NVN 078512
Disposition:	Authorized
Holder/Billee:	Sierra Pacific Power Co
Total Acres:	1.910
Granted:	01/19/2005
Comment:	Other location includes area outside subject claims area of interest

---

TOWNSHIP 2 NORTH, RANGE 381/2 EAST, SECTION 7 (S2SE; SESW)
TOWNSHIP 2 NORTH, RANGE 381/2 EAST, SECTION 8 (SWSW; NWSE; N2NE; SWNE; SENW; N2SW)
TOWNSHIP 2 NORTH, RANGE 381/2 EAST, SECTION 18 (N2NW)

Case Type:	R/W Telephone & Telegraph
Commodity:	Fiber Optic Facilities
Serial Number:	NVN 073706
Disposition:	Authorized
Holder/Billee:	Nevada Bell (dba) AT&T Nevada
Granted:	11/20/2006
Total Acres:	797.820
Comment:	Other location includes area outside subject claims area of interest

---

TOWNSHIP 1 NORTH, RANGE 38 EAST, SECTIONS 13 (ALL); 14 (ALL); 23 (ALL); 26 (ALL); 35 (ALL)

Case Type:	Geophysical Exploration
Commodity:	Geothermal
Serial Number:	NVN 086586
Disposition:	Authorized
Operator:	Sierra Geothermal Power Inc.
Total Acres:	57.550
Approved:	07/21/2008
Comment:	Location includes area outside subject claims area of interest

---

TOWNSHIP 1 NORTH, RANGE 38 EAST, SECTIONS 22 (ALL); 23 (ALL); 26 (ALL); 27 (ALL); 35 (ALL)
TOWNSHIP 1 NORTH, RANGE 381/2 EAST, SECTIONS 28 (ALL); 33 (ALL)

Case Type:	Geophysical Exploration
Commodity:	Geothermal
Serial Number:	NVN 086587
Disposition:	Authorized
Operator:	Sierra Geothermal Power Inc.
Total Acres:	0.020
License Issued:	01/16/2009

TOWNSHIP 1 NORTH, RANGE 38 EAST, SECTION 13 (NWNE; NENE)
TOWNSHIP 1 NORTH, RANGE 381/2 EAST, SECTION 7 (SW; SE)

Case Type:	R/W Water Facility
Commodity:	Non-Energy Facilities
Serial Number:	NVN 086594
Disposition:	Authorized
Holder/Billee:	Sierra Geothermal Power Inc.
Total Acres:	5.440
R/W Granted:	10/09/2009
Comment:	Location includes area outside subject claims area of interest

---

TOWNSHIP 1 NORTH, RANGE 38 EAST, SECTIONS 2 (ALL); 3 (ALL)

Case Type:	Geo Lease Comp Post 2005
Commodity:	Geothermal
Serial Number:	NVN 088424
Disposition:	Authorized
Lessee:	Ram Power Inc.
Total Acres:	2,560.000
Lease Issued:	06/10/2010
Comment:	Location includes area outside subject claims area of interest

---

TOWNSHIP 1 NORTH, RANGE 38 EAST, SECTIONS 13 (ALL); 14 (ALL); 23 (ALL)

Case Type:	Geo Lease Comp Post 2005
Commodity:	Geothermal
Serial Number:	NVN 088425
Disposition:	Authorized
Lessee:	Ram Power Inc.
Total Acres:	1,920.000
Lease Issued:	06/10/2010

TOWNSHIP 1 NORTH, RANGE 38 EAST, SECTION 26 (ALL)

Case Type:	Geo Lease Comp Post 2005
Commodity:	Geothermal
Serial Number:	NVN 088426
Disposition:	Authorized
Lessee:	Ram Power Inc.
Total Acres:	2,811.000
Issued:	06/10/2010
Comment:	Location includes area outside subject claims area of interest

---

TOWNSHIP 1 NORTH, RANGE 38 EAST, SECTION 35 (ALL)

Case Type:	Geo Lease Comp Post 2005
Commodity:	Geothermal
Serial Number:	NVN 088427
Disposition:	Authorized
Lessee:	Sierra Geothermal Power LLC
Total Acres:	2,877.450
Issued:	05/24/2010
Comment:	Location includes area outside subject claims area of interest

---

TOWNSHIP 2 NORTH, RANGE 39 EAST, SECTION 7 (ALL)

Case Type:	Geo Lease Competitive Post 2005
Commodity:	Geothermal
Serial Number:	NVN 088431
Disposition:	Authorized
Lessee:	Ram Power Inc.
Total Acres:	632.000
Lease Issued:	06/10/2010

TOWNSHIP 1 NORTH, RANGE 38 EAST, SECTIONS 13 (SWSW); 23 (S2NW; N2SE; SESE);
TOWNSHIP 1 NORTH, RANGE 381/2 EAST, SECTION 28 (W2SW; SESW)

Case Type:	Geophysical Exploration
Commodity:	Geothermal
Serial Number:	NVN 088844
Disposition:	Authorized
Operator:	Sierra Geothermal Power Inc.
Total Acres:	41.000
Issued:	06/15/2010
Comment:	Location includes area outside subject claims area of interest

---

TOWNSHIP 1 NORTH, RANGE 38 EAST, SECTION 4 (ALL)

Case Type:	Geo Unit Agreement
Commodity:	Geothermal
Serial Number:	NVN 089981X
Disposition:	Pending
Applicant:	Ram Power Inc.
Total Acres:	40,092,450
Application Received:	06/27/2011

TOWNSHIP 2 NORTH, RANGE 39 EAST, SECTIONS 7 (S2); 8 (SWSE; 16 (SWSW); 17 (SWNE; NW; SE)

Case Type:	R/W Power Transmission
Commodity:	Other Energy Facilities
Serial Number:	NVN 092936
Holder/Billee:	Sierra Pacific Power Co
Total Acres:	59.600
Granted:	05/16/2014

TOWNSHIP 1 NORTH, RANGE 38 EAST, SECTIONS 28 (NE); 36 (NE)

Case Type:	Surface Management – Notice
Commodity:	Lithium, Brine
Serial Number:	NVN 094590
Disposition:	Authorized
Operator/Claimant:	Ultra Lithium USA Inc.
Total Acres:	3.900
Authorized:	04/18/2016

LCME

Section 10

Board and Senior Management

10. Board and Senior Management

10.1 Board of Directors

The Directors bring diverse experience and skills to the Board, including industry and business knowledge, financial management and corporate governance experience.

Jim McKerlie
BEc, Dip Fin Mgt, FCA FAICD
Non-Executive Chairman

Jim McKerlie is a senior director with many years experience on public company boards in Australia and overseas. He has been extensively involved in, shareholder management, capital and equity markets, M&A activities, takeover panel reviews, high growth companies and corporate governance matters. He is a proven deal maker and closer having a long career in major transactions.

Mr McKerlie is an experienced in the role of the chair of boards and committees having been chair of Drillsearch Energy for eight years whilst the company enjoyed significant growth before merging with Beach Energy where he continues as a director. He is also Chair of Manalto Limited and chaired the boards of in the house.com Ltd, Two Way TV Ltd, Circumpacific Ltd (TSXV) and several other public oil and gas ASX listed entities.

In addition to working extensively in energy sector Mr McKerlie has extensive experience in technology companies and has worked extensive in innovative and disruptive environments. For three years was a judge on the Ernst & Young Entrepreneur of the Year He has worked throughout Asia Pacific, North America, UK, Europe and South Africa.

He has also had 25 years of media presentation experience in radio, television and the print media, is a regular speaker and writer.

Shanthar Pathmanathan
Chief Executive Officer and
Executive Director

Shanthar has 14 years of corporate finance experience. He was most recently with Deutsche Bank's investment banking division and prior to that has held corporate finance and principal investment roles with Macquarie Group's investment banking division in Australia and New York. He has a Bachelor of Laws from the University of Western Australia.

Vincent Mascolo
Non-Executive Director

Mr. Mascolo is a qualified mining engineer with extensive experience in a variety of fields including, gold and coal mining, quarrying and civil-works. Mr. Mascolo has completed large scale infrastructure projects in the Civil and Construction Industry, including construction and project management, engineering, quality control and environment and safety management.

Mr. Mascolo is a member of both the Australian Institute of Mining and Metallurgy and the Institute of Engineers of Australia. Mr. Mascolo was appointed to the Board on 19 May 2016.

Mr Mascolo is the CEO of AIM listed IronRidge Resources Ltd and a Non-Executive Director of ASX listed DGR Global Ltd .

Brian Moller
LLB (hons)
Non-Executive Director

Mr Moller specialises in capital markets, mergers and acquisitions and corporate restructuring, and has acted in numerous transactions and capital raisings in both the industrial and resources and energy sectors. He has been a partner at the legal firm, HopgoodGanim for 30 years and leads the Corporate Advisory and Governance practice.

Mr Moller acts for many publicly listed companies in Australia and regularly advises boards of directors on corporate governance and related issues.

Mr Moller is a Non-Executive Director of ASX listed Aguia Resources Ltd, DGR Global Ltd, Platina Resources Ltd, Dark Horse Resources Ltd. (formerly Navaho Gold Limited) and chairman of ASX listed AusTin Limited and the AIM-listed SolGold plc.

10.2 Management

Management comprises the following:

Shanthar Pathmanathan
Chief Executive Officer and Executive Director

Please refer above

Damien Reynolds
Founder and Business Development Consultant

Damien has in excess of 25 years junior resource industry experience.

He has lead companies that have raised in excess of $350 million for exploration and development activities globally.

Damien has capital markets experience that spans North America, Europe and Australia.

Duncan Cornish
Chief Finance Officer

Duncan is a Chartered Accountant with significant experience as public company CFO and Secretary, focused on junior resource companies.

Duncan has over 20 years of experience in the accountancy profession both in England and Australia, mainly with the accountancy firms Ernst & Young and PricewaterhouseCoopers.

Gordon Addie
Vice President, Exploration (North America)

Gordon is a geologist with over 35 years of diverse experience in mineral exploration and mine geology.

He co-founded Adriana Resources Ltd and has been involved in lithium exploration since 2009.

10.3 Advisory Board

The Company has established an Advisory Board comprising of members with experience in the resource industry and capital markets. None of the Advisory Board members have been involved in the preparation of this Prospectus:

Neil Stuart

Neil is a highly experienced exploration geologist with over 40 years of experience.

Neil was the co-founder of ASX listed Orocobre Limited which developed the Salar Olaroz lithium project in Argentina and currently has a market capitalisation in excess of A$800 million.

Neil has had a recent focus on developing projects in Argentina and Australia.

Neil is a non-executive director of ASX listed Dark Horse Resources Ltd.

John Williamson

John is a geologist with over 30 years of global experience.

John has led or been a part of over $200 million in financing for numerous companies in Canada and Australia.

Andrew Haythorpe

Andrew is an investor and director of several ASX listed companies and has been involved in over A$250m of capital raisings. Previously Andrew was a fund manager and analyst at Bankers Trust, mining analyst at Suncorp and an analyst with County Natwest and Hartley Poynton. Andrew is the CEO of ASX listed Petratherm Ltd.

Alistair Waddell

Alistair is a geologist with over 20 years of diverse resource industry experience.

He was formally the President & CEO of Gold Quest Mining Corp. and more recently Vice President Greenfields Exploration for Kinross Gold Corp. with responsibility for global Greenfield's exploration.

10.4 Director Disclosures

No Director has been the subject of any relevant disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years.

No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that such Director was an officer or within a 12 month period after they ceased to be an officer.

10.5 Directors' Fees

The Constitution of the Company provides that the non-executive Director fees are to be set by the Company in a general meeting. The aggregate maximum remuneration for non-executive Directors currently determined by the Company is A$300,000 per annum. Additionally, non-executive Directors will be entitled to be reimbursed for all reasonable expenses properly incurred in the execution of their duties as a Director.

At present, the board of the Company is constituted by one executive Director and three non-executive Directors. The executive Director has been engaged pursuant to a services agreement, the terms of which are summarised in section 13.5 of this Prospectus. The Board has agreed that the executive Director shall not be paid a Director's fee in addition to the fees payable under the services contract. The three non-executive Directors have each been appointed pursuant to an appointment letter which sets out the terms of their appointment and the remuneration (see section 10.10).

If a non-executive Director performs services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the Company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. However, no payment can be made if the effect would be to exceed the maximum aggregate amount payable to non-executive Directors.

10.6 Disclosure of Interests

The Company has paid the following remuneration to its Board since incorporation to the date of this prospectus:

Director	Remuneration	Description of Services
Damien Reynolds (Former Director)	$116,000	The services of managing director and general consulting services.
Shanthar Pathmanathan Director	$12,250	The services of CEO

The proposed annual remuneration of each director for the financial year following the Company being listed on the ASX, along with each Director's relevant interest in securities of the Company at the date of this prospectus, are set out in the table below:

Director	Remuneration[1]	Shares	Options[4]	Performance Rights[5]
Jim McKerlie	$100,000	750,000	-	1,000,000
Shanthar Pathmanathan	$240,000	636,750[2]	-	5,000,000
Vincent Mascolo	$40,000	500,000	1,000,000	500,000
Brian Moller	$40,000	1,500,000[3]	-	500,000

1. See section 10.9 and 10.10.
2. This includes an indirect holding of 600,000 shares held on trust for a trust of which Mr Pathmanathan is a beneficiary.
3. These are held by Stanburgh Pty Ltd, an entity associated with Mr Moller.
4. For the terms and conditions of Options see section 13.3.
5. For the terms and conditions of Performance Rights see section 13.4.

10.7 Advisory Board Interests

The members of the Advisory Board's interests are set out in the table below:

Advisory Board Member	Shares	Options
Neil Stuart	1,000,000	500,000
John Williamson	500,000	500,000
Andrew Haythorpe	500,000[1]	500,000[1]
Alistair Waddell	1,000,000	500,000

1. These interests are held by an entity associated with Andrew Haythorpe.

10.8 Directors' Interests and Remuneration

Other than set out in this Prospectus:

(a) no Director or proposed Director has been paid or agreed to be paid any amount, or has been given or agreed to be given any other benefit, either to induce him or her to become, or to qualify him or her as, a Director or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer; and

(b) none of the following persons:

(1) a Director or proposed Director of the Company;

(2) each person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or

(3) a promoter of the Company,

holds or held at any time during the last two years an interest in:

(4) the formation or promotion of the Company;

(5) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; or

(6) the Offer,

(c) or was at any time paid or agreed to be paid any amount, or has been given or agreed to be given any other benefit, for services provided by such person in connection with the formation or promotion of the Company or the Offer.

10.9 Executive Remuneration

(a) **Shanthar Pathmanathan (Chief Executive Officer and Director)**

Mr Pathmanathan has entered into a services agreement with the Company dated 2 October 2016 for appointment as the Company's chief executive officer. The agreement is summarised in section 12.3.

Under the agreement, Mr Pathmanathan is entitled to base remuneration of AU$240,000 per annum (inclusive of income, fringe benefits tax and superannuation). The agreement is subject to annual review commencing the financial year following listing on the ASX.

Mr Pathmanathan received 5,000,000 Performance Rights under the Performance Rights Plan of the Company (see section 10.13). The performance rights have various performance hurdles relating to Mr Pathmanathan's performance and the achievement of the Company's milestones.

Mr Pathmanathan is also entitled to reimbursement of certain travel and other expenses.

Mr Pathmanathan can participate in the Company's Employee Share and Option Plan (refer to Section 10.12).

If Mr Pathmanathan's agreement is terminated by the Company without cause, Mr Pathmanathan is entitled to 12 months' notice or payment in lieu of notice, subject to the Corporations Act and Listing Rules.

10.10 Non-executive Remuneration

(a) **Jim McKerlie - Chairman**

Mr McKerlie has entered into a letter of appointment with the Company dated 1 November 2016 Mr McKerlie is the Chairman of the Company. The letter of appointment is in standard form and details the nature of Mr McKerlie's appointment, his duties and his remuneration.

Mr McKerlie is entitled to receive an annual fee of $100,000 (inclusive of income tax and statutory superannuation) paid in monthly instalments beginning on the date the Company is admitted to the ASX. Under the terms of the letter of appointment Mr MeKerlie was issued 250,000 Shares upon his appointment as a Director of the Company. Mr McKerlie is also entitled to be paid expenses properly incurred in connection with the business of the Company.

This agreement was entered into prior to Conversion and as such, member approval of the transaction was not required.

(b) **Vincent Mascolo and Brian Moller**

Mr Mascolo and Mr Moller have entered into letters of appointment with the Company dated 2 November 2016 confirming their appointment as Directors on 19 May 2016 and 13 October 2016 respectively. The letters of appointment are in standard form and detail the nature of each non-executive Directors' appointment, their duties and their remuneration.

Both Mr Mascolo and Mr Moller are entitled to receive an annual fee of $40,000 (inclusive of income tax and statutory superannuation) paid in monthly instalments beginning on the date the Company is admitted to the ASX. Mr Mascolo and Mr Moller are also entitled to be paid expenses properly incurred in connection with the business of the Company.

These agreements were entered into prior to Conversion and as such, member approval of the transaction was not required.

10.11 Deeds of Access, Indemnity and Insurance for Directors

The Company has entered into a deed of access, indemnity and insurance with each Director to provide indemnification, including advancement of expenses incurred in legal proceedings to which the Director was, or is threatened to be made, a party by reason of the fact that such Director is or was a Director, officer, employee or agent of the Company, provided that such Director acted in good faith and in a manner that the Director reasonably believed to be in, or not opposed to, the Company's best interests. The deed of access, indemnity and insurance also contains the Director's rights to Board papers.

At present, there is no pending litigation or proceeding involving a Director or officer for which indemnification is sought, nor is the Company aware of any threatened litigation that may result in claims for indemnification.

The Company maintains insurance policies that indemnify its Directors and officers against various liabilities that might be incurred by any Director or officer in his or her capacity as such.

10.12 Employee Share and Option Plan

The Company has adopted an Employee Share and Option Plan (**ESOP**). No Options have been issued at the date of this Prospectus under the ESOP.

A summary of the key terms of the ESOP are set out below:

Eligibility: The ESOP is to extend to Directors, employees, and contractors of the Company or an eligible associate of those persons, as the Board may in its discretion determine (**Eligible Participants**).

Board Discretion: The Board is entitled to determine:

(a) subject to other , the total number of Shares and Options to be offered in any 1 year to Eligible Persons or Eligible Associates;

(b) the Eligible Persons to whom offers will be made; and

(c) the terms and conditions of any Shares and Options granted, subject to the ESOP.

ESOP Limit: The total number of Securities which may be offered by the Company under the ESOP shall not at any time exceed 5% of the Company's total issued Shares when aggregated with the number of Securities issued or that may be issued as a result of offers made at any time during the previous 3 year period under:

(a) an employee incentive scheme covered by ASIC CO 14/1000; or

(b) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.

Consideration: Shares are to be issued at a price determined by the Board and Options are to be issued for no consideration.

Exercise: Each Option is exercisable into one Share at an exercise price to be determined by the Board.

Option Period: The Option Period commences on the date determined by the board prior to the issue of any relevant Options and ends on the earlier of:

(a) the expiration of such period nominated by the Board at its sole discretion at the time of the grant of the Option but being not less than 2 years;

(b) if an Eligible Person's employment or engagement with the Company or an Associated Body Corporate ceases because of an Uncontrollable Event, the earlier of:

  (1) the expiry of the Option Period; or

  (2) 6 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement; or

(c) if an Eligible Person's employment or engagement with the Company or an Associated Body Corporate ceases because of a Controllable Event:

(d) the expiry of the Option Period; or

(e) 3 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement; or

(f) the Eligible Person ceasing to be employed or engaged by the Company or an Associated Body Corporate of the Company due to fraud, dishonesty or being in material breach of their obligations to the Company or an Associated Body Corporate.

Dividends and Bonus Issues: In respect of Options, Option holders do not participate in dividends or in bonus issues unless the Options are exercised.

Participation: Option holders do not have any right to participate in new issues of securities in the Company made to shareholders generally. The Company will, where required pursuant to the ASX Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Options, in accordance with the requirements of the ASX Listing Rules.

Adjustment of pro rate issue: In the event of a pro rata issue (except a bonus issue) made by the Company during the term of the Options, the Company may adjust the exercise price for the Options in accordance with the formula in the terms of the ESOP.

Reorganisation: The Board has the right to vary the entitlements of Participants to take account of the effect of capital reorganisations, bonus issues or rights issues.

Alteration of terms: The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of Shares in the Company approve of such a change. However, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options.

Restricted Securities: The Board may impose as a condition of any offer of Shares and Options under the ESOP any restrictions on the transfer or encumbrance of such Shares and Options as it determines.

Taxation: Any Offer made pursuant to the ESOP will specify whether subdivision 83A-C of the applicable Tax Laws applies to that Offer such that any tax payable by a Participant under the Offer will be deferred to the applicable deferred taxing point described in that subdivision.

Quotation: Unless provided for in the terms and conditions attaching to the Option, the Options issued under the ESOP will not be quoted on the ASX.

Controllable Event in the ESOP means cessation of employment or engagement other than by an Uncontrollable Event; and

Uncontrollable Event in the ESOP means:

(a) death, serious injury, disability or illness which renders the Eligible Person incapable of continuing their employment or engagement (or providing the services the subject of the engagement) with the Company or Associated Body Corporate;

(b) forced early retirement, retrenchment or redundancy; or

(c) such other circumstances which results in an Eligible Person leaving the employment of or ceasing their engagement with the Company or Associated Body Corporate and which the Board determines is an Uncontrollable Event.

10.13 Performance Rights Plan

The Company has adopted Performance Rights Plan (**PRP**). A summary of the key terms of the PRP are set out below:

Plan Overview: The Plan is a long term incentive aimed at creating a stronger link between both performance and reward, whilst increasing Shareholder value in the Company.

Eligibility: The PRP is to extend to Directors, employees, contractors or Prospective Participants (**Eligible Person**) (or the Eligible Associate of such person) of the Company or an Associated Body Corporate who the Board determines to be eligible to participate in the Plan.

Participation: An Invitation to participate in the Plan may be accepted by an Eligible Person (to whom the invitation is made), by delivering to the Company written acceptance in the form determined by the Board and stated in the letter of Invitation. An Eligible Person who receives an Invitation may renounce the invitation in favour of the Invitation being made to an Eligible Associate. The Eligible Person or Eligible Associate who accepts an Invitation is a **Participant**.

Performance Hurdles: The Board will determine in its absolute discretion whether any performance hurdles or other conditions (including as to time) will be required to be met (Performance Hurdles) before the Performance Rights which have been granted under the Plan can vest. Performance Rights will vest upon the satisfaction of the Performance Hurdles.

Issue Price: A Participant will not pay any consideration for the grant of Performance Rights under the PRP.

Exercise Price: No amount shall be payable by a Participant on the exercise of a Vested Performance Right.

Exercise Period: The terms for exercise, including the exercise period, are stated in the Invitation, however the exercise period must not exceed six years unless otherwise determined by the Board of Directors of the Company.

Lapse: A Performance Right lapses, to the extent that it has not been exercised, on the earlier to occur of:

(a) the date on which the Board makes a determination that the Performance Hurdles have not been satisfied;

(b) the date on which the Board makes a determination that a Participant acts fraudulently or dishonestly or is in material breach of his or her obligations to the Company or an Associated Body Corporate; or

(c) in the event of a Change in Control Event (being a scheme of arrangement, takeover bid, or ability to replace all or a majority of the Directors), the last day specified in writing in a notice given by the Board to each Participant, that he or she may exercise Vested Performance Rights;

(d) if an Eligible Person's employment or engagement with the Company or Associated Body Corporate ceases because of an Uncontrollable Event the earlier of:

  (1) the Last Exercise Date; or

  (2) the date that is 3 months from the date of cessation of employment or engagement;

(e) if an Eligible Person's employment or engagement with the Company or Associated Body Corporate ceases for reasons other than due a Uncontrollable Event:

(f) in respect of a vested Performance Right:

  (1) the Last Exercise Date; or

  (2) 3 months from the date of cessation of employment or engagement; or

(g) in respect of an unvested Performance Right the date of cessation of employment or engagement; and

(h) the day ending at 5.00pm (Brisbane time) on the date which is 72 months following the date of issue of the Performance Rights, unless otherwise determined by the Board.

Dividends: Performance Rights issued pursuant to the Plan have no rights to dividends or other distributions and no rights to vote at meetings of the Company until that Performance Right is exercised and the holder of the Performance Rights is a Shareholder in the Company.

Underlying Shares: hares acquired upon exercise of the Performance Rights will upon allotment rank pari passu in all respects with other Shares, except as set out in the Plan.

Reorganisation: If there are certain variations of the share capital of the Company including a capitalisation or rights issue, subdivision, consolidation or reduction in share capital, a demerger (in whatever form) or other distribution in specie, the Board may make such adjustments as it considers appropriate;

Quotation: Performance Rights will not be quoted on the ASX. The company will apply for quotation of the exercised Shares on the ASX within ten Business Days after the date of allotment of those Shares.

New issues: A Performance Right does not confer on the Participant the right to participate in a new issues of Shares by the Company, including by way of bonus issue, rights issue or otherwise.

Assignability: Except on the death of a Participant, Performance Rights may not be transferred, assigned or novated except with the approval of the Board.

Change of Control: Where there is publicly announced any proposal in relation to the Company which the Board reasonably believes may lead to a Change of Control Event:

(a) all of the Participant's Unvested Performance Rights, that have not lapsed, will become Vested Performance Rights; and

(b) the Board shall promptly notify each Participant in writing that he or she may, within the period specified in the notice, exercise Vested Performance Rights.

Amendments: The Board may amend the Plan at any time, but may not do so in a way which materially reduces the rights of Participants' existing rights without their consent, unless the amendment is to comply with the law, to correct an error or similar.

Suspension: The Plan may be terminated or suspended at any time by resolution of the Directors without notice to the Participants.

Uncontrollable Event in the PRP has the same meaning given to that term in the ESOP.

Change of Control Event in the PRP means any of the following:

(a) the Company entering into a scheme of arrangement with its creditors or Shareholders or any class thereof pursuant to section 411 of the Corporations Act;

(b) the commencement of a bid period (as defined in the Corporations Act) in relation to the Company to acquire any Share where the takeover bid extends to Shares issued and allotted after the date of the takeover bid; or

(c) when a person or group of associated persons having a relevant interest in, subsequent to the adoption of these Rules, sufficient Shares in the Company to give it or them the ability, in general meeting, to replace all or a majority of the Directors in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

10.14 Related Party Transaction Policy

Pursuant to the Company's Corporate Governance Charter (see section 11) the Company policy in respect of Related Party transactions is:

(a) a Director who has a material personal interest in a matter must disclose the presence of that interest to the Company;

(b) a Director who has a material personal interest in a matter must not attend a meeting of the Board while that matter is being considered, or vote on the matter; and

(c) a Director may do either or both of the things mentioned in 1(b) above if a resolution is passed to that effect or if ASIC has given its consent.

10.15 Related Party Transactions

Chapter 2E of the Corporations Act governs related party transactions with respect to public companies. Related parties include Directors and entities controlled by Directors. Related party transactions require Shareholder approval unless they fall within one of the exceptions in Chapter 2E. Transactions entered into by proprietary companies are not regulated by Chapter 2E.

The Company was incorporated on 22 April 2016 and shareholders resolved to convert to a public company on 10 October 2016. The Company has entered into a number of related party transactions which have been entered into prior to Conversion.

Details of each of these transactions are as follows:

(a) a services agreement for services as a Director and CEO with Shanthar Pathmanathan (see section 12.3). The terms of this agreement were approved by shareholders in general meeting on 10 October 2016;

(b). a consultancy agreement with Australian Consolidated Venture Capital Pty Ltd, a company associated with Damien Reynolds, a former director of the Company (see section 12.4). The terms of this agreement were approved by shareholders in general meeting on 10 October 2016;

(c) the issue of 1,500,000 Shares to Stanburgh Pty Ltd, a company associated with Brian Moller, a Director, free of any cash consideration. These shares were issued shortly after the formation of the company;

(d) the issue of 1,000,000 Options each exercisable at $0.10 on or before 1 January 2019 to Vincent Mascolo, a Director, free of any cash consideration;

(e) the issue of 500,000 Shares each issued at an issue price of $0.10 each to Vincent Mascolo, a Director, on 18 May 2016 pursuant to a seed capital raising;

(f) the issue of 36,750 Shares to Shanthar Pathmanathan, a Director, in consideration of the promotion of the Company prior to Mr Pathmanathan being appointed as a Director pursuant to a seed capital raising;

(g) the issue of performance rights to Directors of the Company, Vincent Mascolo, Brian Moller and Shanthar Pathmanathan (see section 13.4).The terms of these grants of performance rights were approved by shareholders in general meeting on 10 October 2016; and

(h). the issue of 1,000,000 performance rights and 250,000 Shares free of any cash consideration to Jim McKerlie, the Chairman of the Company. The issue was approved by all of the Directors of the Company, other than Mr McKerlie.

LCME

Section 11

Corporate Governance

11. Corporate Governance

11.1 Incorporation of corporate governance material

For the purposes of this Prospectus, the Company also relies upon the provisions in section 712 of the Corporations Act which enables the Company to incorporate material by reference into this Prospectus. Accordingly rather than contain all the information that may be required to be set out in a standard document of this type in relation to the corporate governance practices of the Company, it incorporates by reference the Corporate Governance Charter of LCME adopted on 31 October 2016 and lodged with the ASIC on 8 November 2016 .

The Corporate Governance Charter can be obtained, at no cost, from the Company's registered office and is also available on the LCME Website at www.lithiumconsolidated.com

The following summary is provided pursuant to section 712(2) of the Corporations Act.

11.2 General

To the extent applicable, commensurate with the Company's size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (**Recommendations**). The Directors will seek, where appropriate, to provide accountability levels that meet or exceed the Recommendations, which are not prescriptions, but guidelines.

The Company's main corporate governance policies and practices are outlined below.

11.3 Board of Directors

The Board oversees the Company's business and is responsible for the overall corporate governance of the Company. It monitors the operational, financial position and performance of the Company and oversees its business strategy, including approving the strategy and performance objectives of the Company.

The Board is committed to maximising performance and generating value and financial returns for Shareholders. To further these objectives, the Board has created a framework for managing the Company, including the adoption of relevant internal controls, risk management processes and corporate governance policies and practices which the Board believes are appropriate for the business and which are designed to promote the responsible management and conduct of the Company.

11.4 Composition of the Board

The Board is currently comprised of three non-executive Directors and one executive Director.. Biographies of the Directors are provided in Section 9.1.

As the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to adequately govern the Company's activities determined within the limitations imposed by the Constitution.

In assessing the independence of Directors, the Company has regard to Principle 2 of the Recommendations. The Corporate Governance Charter sets out further matters that the Board will consider when determining the independence of Directors of the Company.

Each Director has confirmed to the Company that he anticipates being available to perform his duties as a non-executive Director or executive Director, as applicable, without constraint from other commitments.

11.5 Nominations Committee

The Board has not formally established a nominations committee as the Directors consider that the Company is not of a size nor are its affairs of such complexity as to justify the formation of a nominations committee. The Board considers that it is able to deal efficiently and effectively with Board composition and succession issues without establishing a separate nomination committee and in doing so, the Board will be guided by the Corporate Governance Charter, which can be accessed on the LCME Website under "Corporate Governance". The Company will review this position annually and determine whether a nominations committee needs to be established.

11.6 Remuneration Committee

The Board has not formally established a remuneration committee as the Directors consider that the Company is not of a size nor are its affairs of such complexity as to justify the formation of a remuneration committee. The Board considers that it is able to deal efficiently and effectively with remuneration issues and will initially comprise the remuneration committee. In doing so, the Board will be guided by the Corporate Governance Charter, which can be accessed on the LCME Website under "Corporate Governance". The Company will review this position annually and determine whether a remuneration committee needs to be established. The Company will also provide details in its Corporate Governance Statement, its annual report or on the LCME Website of the processes it employs in relation to setting the level and composition of remuneration for Directors and senior Management and ensuring that such remuneration is appropriate and not excessive.

11.7 Identification and Management of Risk

The Company has established an audit and risk committee (**Audit and Risk Committee**) to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the Company. The Audit and Risk Committee will be responsible for reviewing and making recommendations to the Board in relation to the adequacy of the Company's processes for managing risks and developing an appropriate risk management policy framework to provide guidance to company management.

11.8 Ethical Standards

The Company is committed to the establishment and maintenance of appropriate ethical standards. Accordingly, the Company has adopted a corporate ethics policy and a corporate Code of Conduct. The Code of Conduct establishes the principles and responsibilities to which the Company is committed with respect to both its internal dealings with employees and consultants, and external dealings with Shareholders and the community at large.

The Code of Conduct sets out the standard which the Board, Management and employees of the Company are encouraged to comply with when dealing with each other, Shareholders and the broader community.

The responsibilities contained within the Code of Conduct include:

- to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's Shareholders and the financial community;
- compliance with all legislative and common law requirements which affect its business;
- compliance with the applicable legal rules regarding privacy, privileges, private and confidential information; and
- compliance with the laws and regulations of the countries in which its businesses operate and acting in an ethical manner, consistent with the principles of honesty, integrity, fairness and respect.

11.9 Diversity Policy

Given the relative small size of the Company and its staff, the Board does not consider it appropriate to establish a diversity policy at this time. As the nature and scope of the activities of the Company increase, the Board will review this position and adopt a diversity policy at an appropriate time.

11.10 Risk Management Policy

The Company has established an Audit and Risk Committee (refer to Section 10.7).

11.11 Share Trading Policy

The Company has adopted a Trading Policy which is intended to ensure that persons who are discharging managerial responsibilities including but not limited to Directors, do not abuse, and do not place themselves under suspicion of abusing Inside Information that they may be thought to have, especially in periods leading up to an announcement of the Company.

Under the terms of the Trading Policy, a Restricted Person (as identified in the Trading Policy) must not deal with Securities of the Company unless a clearance to deal is obtained in accordance with the Trading Policy or the dealing is an Excluded Dealing (as identified in the Trading Policy). Further, a Restricted Person must not deal with Securities of the Company if such a dealing would involve:

- use of inside information;
- short-term selling;
- short selling; or
- hedging transactions.

11.12 Compliance with Recommendations

The table below summarises how the Company complies with the Recommendations, and, in the case of non-compliance, why not. The Board is of the view that with the exception of the departures from the Recommendations noted below it otherwise complies with all of the Recommendations.

Principle Number	Best Practice Recommendation	Compliance (Yes/No)
1	**Lay solid foundations for management and oversight**	
1.1	Disclose the respective roles and responsibilities of the board and management and those matters expressly reserved to the board and those delegated to management.	Yes
1.2	Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director and provide security holders with all material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a director.	Yes
1.3	Have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes - see 9.8 and 9.9
1.4	The company secretary should be accountable directly to the board, through the chair, on all matters to do with the property functioning of the board.	Yes
1.5	• Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measureable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. • Disclose that policy or a summary of it. • Disclose at the end of each reporting period the measureable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the Company's diversity policy and its progress toward achieving them and either the respective proportions of men and women on the board, in senior executive positions across the whole organisation (including how the entity has defined "senior executive" for these purposes) or if the Company is a relevant employer" under the Workplace Gender Equality Act 2012 (Cth), the Company's most recent "Gender Equality Indicators", as defined in and published under that Act.	No – see 10.9
1.6	Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors and disclose whether a performance evaluation was undertaken in accordance with that process.	No - see notes below
1.7	Have and disclose a process for periodically evaluating the performance of senior executives and disclose whether a performance evaluation was undertaken in accordance with that process.	No - see notes below

11. Corporate Governance (continued)

Principle Number	Best Practice Recommendation	Compliance (Yes/No)
2	**Structure the Board to add value**	
2.1	Does the Board have a nomination committee. If the Board does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	No - see 10.5
2.2	Have and disclose a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	No - see notes below
2.3	• Disclose the names of the directors considered by the Board to be independent directors. • If a director has an interest, position, association or relationship that might cause doubts about the independence of a director, disclose the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion. • Disclose the length of service of each director.	Yes
2.4	The majority of the Board should be independent directors.	No - see notes below
2.5	The chair of the Board should be an independent director and, in particular, should not be the same person as the chief executive officer.	Yes
2.6	Have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes
3	**Act ethically and responsibly**	
3.1	Have a code of conduct for directors, senior executives and employees and disclose that code or a summary of it.	Yes see 10.8
4	**Safeguard integrity in corporate reporting**	
4.1	The Board should have an audit committee which: • has at least three members, all of whom are non-executive directors; and • a majority of whom are independent directors; and • be chaired by an independent director who is not the chair of the board; and • disclose the charter of the committee, the relevant qualifications and experience of the members of the committee; and • in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	Yes 10.7 Yes Yes Yes Yes Yes

11. Corporate Governance (continued)

Principle Number	Best Practice Recommendation	Compliance (Yes/No)
4.2	The Board should, before it approves the entity's financial statements for a financial period, receive from its chief executive officer and chief financial officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes
4.3	Ensure that the Company's external auditor attends the annual general meeting and is available to answer questions from security holders relevant to the audit.	Yes
5	**Make timely and balanced disclosure**	
5.1	Establish a written policy designed to ensure compliance with ASX Listing Rule disclosure requirements and disclose that policy or a summary of it.	Yes
6	**Respect the rights of shareholders**	
6.1	Provide information about the Company and its governance to investors via the Company's website.	Yes
6.2	Design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes
6.3	Disclose policies and processes in place to facilitate and encourage participation at meetings of security holders.	Yes
6.4	Give security holders the option to receive communications from, and send communications to, the Company and its security registry electronically.	Yes

11. Corporate Governance (continued)

Principle Number	Best Practice Recommendation	Compliance (Yes/No)
7	**Recognise and manage risk**	
7.1	Have a committee or committees to oversee risk, each of which has: • at least three members; and • a majority of whom are independent directors; and • are chaired by an independent directors; and • disclose the charter of the committee and the members of the committee; and • at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	Yes - see 10.7 Yes Yes Yes Yes Yes
7.2	The Board or committee of the board should review the Company's risk management framework at least annually to satisfy itself that it continues to be sound and disclose, in relation to each reporting period, whether such a review has taken place.	Yes
7.3	Disclose if it has an internal audit function, how the function is structured and what role it performs or if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes.	Yes
7.4	Disclose whether the Company has any material exposure to economic, environmental and social sustainability risks and if it does, how it manages or intends to manage those risks.	Yes - see Section 4
8	**Remunerate fairly and responsibly**	
8.1	The Board should have a remuneration committee which has: • at least three members, all of whom are independent directors; and • is chaired by an independent director; and • disclose the charter of the committee, the members of the committee; and • at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	No - see 10.6
8.2	Separately disclose policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes see 9.8 and 9.9
8.3	Have a policy on whether participants are permitted to enter into transactions (whether through use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or a summary of it.	Yes - see 10.11

11. Corporate Governance (continued)

NOTES:

(a) **Recommendation 1.6: Board reviews.**

The Board did not conduct a performance evaluation during the last 12 months and has not adopted a Board performance evaluation policy.

The Company believes that the small size of the Board and the current scale of the Company's activities makes the establishment of a formal performance evaluation procedure unnecessary. Performance evaluation is a discretionary matter for consideration by the entire Board. In the normal course of events the Board reviews performance of the Management, Directors and the Board as a whole. Achievement of goals and business development and compliance issues are evaluated regularly on an informal basis.

The Board is provided with the information it needs to discharge its responsibilities effectively. All Directors have access to corporate governance policies and material contracts entered into by the Company. The Directors also have access to the Company secretary for all Board and governance-related issues.

(b) **Recommendation 1.7: Management reviews.**

The Board did not conduct a performance evaluation of senior executives during the last 12 months and has not adopted a performance evaluation policy.

The Company believes that the small size of the executive team and the current scale of the Company's activities makes the establishment of a formal performance evaluation procedure unnecessary. Performance evaluation is a discretionary matter for consideration by the entire Board. In the normal course of events the Board reviews performance of the Management, Directors and the Board as a whole. Achievement of goals and business development and compliance issues are evaluated regularly on an informal basis.

(c) **Recommendation 2.2: Board skills matrix.**

Details of the current Directors, their skills, experience and qualifications is set out in the Prospectus. These details, plus a record of attendance at meetings, will be included in the Directors' Report within the annual report in future. No specific skills matrix is currently prepared and disclosed as the Company does not believe its current size and scale warrants that level of detail.

(d) **Recommendation 2.4: Majority of Directors to be independent.**

The Company is of the view that Jim McKerlie and Vincent Mascolo are considered to be independent directors and therefore is of the view that the Board does not consist of a majority of independent Directors. Shanthar Pathmanthan is an executive director, Mr Moller is a member of the firm of HopgoodGanim , Solicitors to the Company. As such, it is not considered that Mr Moller is independent.

The Board will consider appointing further independent Directors in the future, when the Company is of sufficient size and having regard to the scale and nature of its activities. In the meantime, the Company believes that given the size and scale of its operations, non-compliance by the Company with this recommendation will not be detrimental to the Company or its Shareholders.

LCME

Section 12

Material contracts

12. Material contracts

12.1 Introduction

The Board considers that the material contracts described below in Sections 12.2 to 12.6are those which an investor would reasonably regard as material and which investors and their professional advisors would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of an investment in the Company under the Offer.

This Section 12 contains a summary of the material contracts and their substantive terms which are not otherwise disclosed elsewhere in this Prospectus.

12.2 Nevada Option Deed

The Company has on 17 October 2016 entered into with both ProspectOre LLC and Big Smokey Exploration LLC (collectively and individually **Grantors**) an Option and Exploration Deed (**Nevada Option Deed**).

The Grantors hold a substantial number of mining claims and applications in Nevada which are prospective for lithium (**Claims**).

The Company has exercised an option to acquire initially 80% of the ownership of the Claims for a consideration comprising:

(a) AU$ 100,000;

(b) the issue of 12,000,000 Shares; and

(c) the grant of a 3% net smelter return (NSR).

The Nevada Option Deed is subject to a number of regulatory and other conditions, including the successful closing of the Offer and execution of the Consultancy Agreement between the Company and Gordon Addie.

On completion of the exercise of the Option, a joint venture will be formed between the Company and the Grantor on an 80/20 % basis.

From Completion the Company is obliged to solely fund all exploration, including the contribution of the Grantors until the time of completion of a Feasibility Study (**Financing Option**).

The Company has agreed to provide any funding required pursuant to the Financing Option to the Grantors by way of a loan to the Grantor (**Grantor Loan**). The Grantor Loan shall attract a commercial rate of interest compounding on monthly balances, until repaid in full.

The Grantor Loan (and interest accrued thereon) shall be repayable out of proceeds arising from all or any of the following distributions of proceeds from commencement of treatment and sale of minerals extracted and recovered from the mining interests, or in the event of a sale of all of the shares in the Grantor, distributions from proceeds from of such sale to which the Grantor which the Grantor would otherwise be entitled until the Grantor Loan is repaid in full.

On completion of a Definitive Feasibility Study, the Company has an option to buy-out the Grantor's interest at market value.

On commencement of mining operations, the Company is obliged to pay the Grantors $USD 100,000.

The Company has an option to purchase 50% of the NSR for the fair value, to be assessed.

Either the Company or the Grantor may request that a formal joint venture agreement be prepared and entered into and have agreed that any such joint venture agreement is to be based upon Form 5 A or Form 5A-LLC published by the Rocky Mountain Mineral Law Foundation.

12.3 CEO Agreement

The Company has entered into an Executive Services Agreement with Shanthar Pathmanathan dated 2 October 2016 under which Mr Pathmanathan will agree to be employed as the Managing Director and Chief Executive Officer of the Company (**CEO Agreement**).

Mr Pathmanathan will receive a remuneration of $240,000 per annum (inclusive of income, fringe benefits tax and superannuation).

In addition, Mr Pathmanathan has been granted 5,000,000 Performance Rights (see section 13.4).

The CEO Agreement commenced on 11 October 2016.

The Company may terminate the CEO Agreement upon providing Mr Pathmanathan with not less than 12 months written notice and Mr Pathmanathan may terminate the CEO Agreement upon providing not less than 6 months written notice.

Mr Pathmanathan may terminate the CEO Agreement immediately if there is a significant diminution of benefits, job content, status, responsibility or authority (which will be deemed to be termination by the Company with an entitlement to 12 months' pay) subject to compliance with the Corporations Act and Listing Rules.

The Company may terminate the CEO Agreement immediately in a number of circumstances including serious misconduct or serious or persistent breach of the CEO Agreement by Mr Pathmanathan or the bankruptcy of Mr Pathmanathan. The Company may also terminate the CEO Agreement on one months' notice due to Mr Pathmanathan being sick or incapacitated and unable to fulfil his duties for a continuous period of three months or a cumulative period of three months in any 12 month period.

12.4 ACVC Agreement

The Company has entered into a consultancy agreement with Australian Consolidated Venture Capital Pty Ltd (**ACVC**) under which ACVC has agreed to provide certain executive, business development and consultancy services to the Company (**Consultancy Agreement**).

The services to be provided by ACVC to the Company include providing executive and consulting services including services related to strategic planning, capital raisings, marketing plans, mineral exploration, introductions to brokers, financiers and investors, and development and implementation of acquisition and divestment strategies (**Services**). ACVC agrees to appoint Mr Damien Reynolds to act as a consultant of the Company and provide the Services to the Company.

A fee of $210,000 per annum is payable on account of the provision of the Services.

The Agreement commenced on 11 October 2016.

The Board shall conduct a review of the performance of the Services and the consultancy fee payable every 12 months (which shall be increased at least by any upwards movement in the Australian Quarterly CPI). The Company is obliged to reimburse ACVC for all reasonable and necessary expenses incurred in the performance of the Services.

ACVC may terminate the Consultancy Agreement by giving 6 months written notice. The Company may terminate the Consultancy Agreement by giving 12 months written notice or paying ACVC the amount equivalent to the consultancy fee for 12 months. The Company may immediately terminate the Consultancy Agreement by giving written notice if ACVC breaches any term of the agreement, an insolvency event occurs in respect of ACVC, any officer of ACVC is charged with a criminal offence which in the reasonable opinion of the Company brings the Company into disrepute.

The Company indemnifies ACVC, its staff and Mr Reynolds in respect of claims, actions, demands, suits, costs and any other ramifications which arise as a consequence of or in the course of the discharge by them of duties or activities pursuant to the Consultancy Agreement, except to the extent the liability is incurred as a result of a proven act of dishonesty by ACVC, its staff or Mr Reynolds (which ACVC indemnifies the Company for).

12.5 Lead Manager Engagement

The Company has entered into a mandate with Sequoia Capital Pty Limited dated on or about 12 September 2016 (**Lead Manager Mandate**).

Pursuant to the Lead Manager Mandate, Sequoia has been appointed as lead manager to the Offer and will assist the Company in undertaking the Offer. Sequoia is not underwriting the Offer.

Sequoia is entitled to a monthly retainer of $15,000 per month and on successful completion of the Offer, $80,000.

Additionally, Sequoia will receive a capital raising fee of 6% of any funds raised from the Offer as a result of Applications in excess of $5,000 per Applicant and 8% of any funds raised from the Offer as a result of Applications less than $5,000. The Company has agree to reimburse the Lead Manager in respect of expenses incurred incidental to the Offer and indemnify the Lead manager and related persons against losses, liabilities and claims in respect of the Offer.

Either party may terminate the Lead Manager Mandate at any time on written notice to the other party. If the Lead Manager Mandate is terminated, the Company is required to reimburse the Lead Manager for expenses incurred prior to termination. Further, if terminated by the Company (other than for cause) and the Company raises capital within 12 months of termination from parties introduced by the Lead Manager or in receipt of documentation prepared pursuant to the Lead Manager Mandate, the Company will be required to pay the fees set out above.

12.6 Service Contract

The Company and Corporate Administration Services Pty Ltd (**CAS**) (a related entity of Duncan Cornish, the Company Secretary and Chief Financial Officer) have entered into a Services Contract dated 19 September 2016 (**CAS Service Contract**).

The Company as the principal will engage CAS as the contractor to provide services which shall include company secretarial services such as all ASIC lodgements and changes, liaising with the ASX as required, compiling and recording agendas and minutes of Board and Committee meetings, annual general meeting and general meeting planning coordination, managing capital raisings and Shareholder queries.

The commencement date was 19 September 2016 and the contract fee of $120,000 per annum exclusive of GST will commence from the successful listing of the Company.

Duncan Cornish (or his nominee) has also been granted 1,000,000 unlisted Options each exercisable at $0.20 on or before 31 December 2019 and 500,000 Performance Rights.

CAS may delegate the work necessary to complete the contract work by engaging Mr Duncan Cornish who has agreed to be the Company Secretary and Chief Financial Officer.

Either party may terminate the CAS Services Contract for any reason at any time by giving the other party 3 months written notice.

The Company may terminate the CAS Services Contract at any time without notice but if in its reasonable opinion:

(a) CAS is in breach of the Contract;

(b) CAS fails for any reason to fulfil the duties of its position for a period longer than six (6) consecutive months; or

(c) CAS's conduct or behaviour is fraudulent or illegal.

CAS is responsible for and indemnifies the Company for all claims or actions and all loss or expenses or any damage or injury, including death, to persons or property caused by or sustained as a result of the intentional or negligent acts and omissions by CAS in the performance by CAS .

CAS has other existing arrangements which the Company acknowledges.

CAS warrants that it and its employees possess the necessary skills and qualifications to complete the contract work.

12.7 Share Exchange Agreement

Pursuant to a share exchange agreement dated 30 September 2016 entered into by the Company and Romardo Group Pty Ltd and Darryn Charles Hedger as trustee for the Hedger Family Trust (**Vendors**), the Company acquired 30% of the issued share capital of West Resources Pty Ltd, the holder of the Western Australian and South Australian exploration permit applications.

The Company issued 3,000,000 Shares to the Vendors as consideration for the acquisition. Additionally, the Vendors have been granted a 2% NSR in respect of any future mineral production from the tenements. The Vendors have in turn granted to the Company an option to buy back 50% of this NSR for $1,000,000.

12.8 Gordon Addie Consultancy Agreement

The Company has entered into a Consultancy Agreement with Gordon Addie dated 4 November 2016 under which Mr Addie will agree to be employed as a Technical Consultant in Nevada by the Company (**Addie Agreement**).

Mr Addie will receive a remuneration of $USD 7,500 per month (inclusive of income, fringe benefits tax and superannuation).

Remuneration under the Addie Agreement will be subject to semi-annual review.

The Addie Agreement will commence on completion of the Nevada Option Deed.

The Company may terminate the Addie Agreement upon providing Mr Addie with not less than 3 months written notice and Mr Addie may terminate the Addie Agreement upon providing not less than 3 months written notice.

The Company may terminate the Addie Agreement immediately in a number of circumstances including serious misconduct or serious or persistent breach of the Addie Agreement by Mr Addie or the bankruptcy of Mr Addie. The Company may also terminate the Addie Agreement on one months' notice due to Mr Addie being sick or incapacitated and unable to fulfil his duties for a continuous period of three months or a cumulative period of three months in any 12 month period.

In the event that Mr Addie terminates the Addie Agreement without cause or where the Company terminates the Addie Agreement for serious misconduct, Mr Addie will be subject to non-competition and non-solicitation restraints for up to a maximum period of 2 years with respect to the areas in Nevada where the Company's projects are located, and 12 months with respect to the Americas (North and South), Hawaii and Australia.

LCME

Section 13

Additional Information

13. Additional Information

13.1 Constitution and Rights Attaching to Shares

The Company's constitution (the Constitution) is of the kind usually adopted by a public company, with certain provisions taking effect once (and for so long as) the Company is listed on the ASX. A summary of the rights attaching to Shares under the Constitution is set out below at 13.2. The summary is qualified by the full terms of the Constitution (copies of the Constitution may be inspected at the registered office of the Company during normal business hours by appointment with the Company secretary).

These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory, ASX Listing Rules and common law requirements. This summary is not intended to be exhaustive. For more particular details of the rights attaching to Shares in the Company, investors should refer to the Constitution of the Company.

13.2 Summary of Rights Attaching to Shares in the Company

Voting: At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

Dividends: The Shares will rank equally with all other issued Shares in the capital of the Company and will participate in dividends out of profits earned by the Company from time to time. Subject to the rights of holders of Shares of any special preferential or qualified rights attaching thereto, the profits of the Company are divisible amongst the holders of Shares in proportion to the Shares held by them irrespective of the amount paid up or credited as paid up thereon. The Directors may from time to time pay to Shareholders such interim dividends as in their judgement the position of the Company justifies.

Winding Up: Upon paying the Application moneys, Shareholders will have no further liability to make payments to the Company in the event of the Company being wound up pursuant to the provisions of the Corporations Act.

Transfer of Securities: Generally, the Shares in the Company will be freely transferable, subject to satisfying the usual requirements of security transfers on the ASX. The Directors may decline to register any transfer of Shares but only where permitted to do so under its Constitution or the ASX Listing Rules.

Sale of Non-Marketable Holdings: The Company may take steps in respect of non marketable holdings of Shares in the Company to effect an orderly sale of those Shares in the event that holders do not take steps to retain their holdings. The Company may only take steps to eliminate non marketable holdings in accordance with the Constitution and the ASX Listing Rules.

13.3 Options

At the date of this Prospectus, the Company has issued 4,000,000 Options over Shares as follows:

Number	Issue Date	Exercise Price	Remaining Vesting Conditions	Expiry date
3,000,000	17 May 2016	$0.10	Nil	1 January 2019
1,000,000	13 October 2016	$0.20	Nil	31 December 2019

The terms and conditions applying to the Options are as follows:

Entitlement: Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

Notice of Exercise: The Options may be exercised wholly or in part by delivering a notice of exercise, and payment of the exercise price for each option, to the Company prior to the Expiry Date

Expiry: The Options will, except to the extent earlier exercised, lapse on the Expiry Date or in the event that the Company issues a notice notifying the Option holder that it has obtained approval to list on the ASX, then 11 days after receipt of that notice (see section 13.11).

Issue of Shares: Upon a valid exercise of the Options the Company will issue Shares ranking pari passu with the then issued Shares. The Company shall apply for listing of the resultant Shares of the Company issued upon exercise of any Option.

Dividends: option holders do not participate in any dividends unless the Options are exercised and the resultant Shares of the Company are issued prior to the record date to determine entitlements to the dividend.

Reconstruction: in the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:

(1) the number of Options, the Exercise Price of the Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Options which are not conferred on Shareholders; and

(2) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged;

Pro-rata issue: if there is a pro rata issue (except a bonus issue), the Exercise Price of an Option may be reduced according to the following formula:

$$O^n = O - E\left[P-(S + D)\right] \quad \text{where } N + 1$$

Where:

O^n = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying securities into which one Option is exercisable;

P = the volume weighted average market price per security of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;

S = the subscription price for a security under the pro rata issue;

D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);

N = the number of securities with rights or entitlements that must be held to receive a right to one new security;

Bonus Issue: if there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.

Change of Terms: the terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of Shares approve of such a change. However, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options.

13.4 Performance Rights

At the date of this Prospectus, the Company has issued or agreed to issue 7,500,000 Performance Rights in accordance with the terms and conditions of Performance Rights Plan (for rights attaching to the Performance Rights see section 10.13) as follows:

Holder	Number	Issue Date	Vesting Conditions	Expiry Date
Jim McKerlie	1,000,000	1 November 2016	Issued in 7 tranches, each tranche vesting the later of; • expiration of any ASX imposed escrow on the Holder; and • for tranche 1- the Company listing on ASX (Listing); • for trance 2 - the Company completing a capital raising subsequent to the Listing; • for Tranche 3 - the Shares trading at a VWAP of not less than 50c for 90 consecutive days; and • for tranche 4, 5, 6 and 7 – the Holder remaining in their current role for 18, 24, 30 and 36 months, respectively.	72 months from the Issue Date
Shanthar Pathmanathan	5,000,000	10 October 2016		
Vincent Mascolo	500,000	10 October 2016	The later of; • the successful listing of the Company on ASX; and • expiration of any ASX imposed escrow on the Holder.	72 months from the Issue Date
Brian Moller	500,000	10 October 2016		
Duncan Cornish	500,000	31October 2016		

13.5 Trading policies

The Directors, executives and employees of the Company are subject to the trading policy adopted by the Company (**Trading Policy**). The Trading Policy, is a section within the Company's Corporate Governance Charter and imposes a number of restrictions in relation to them dealing in Shares of the Company. As a general policy, Directors, executives and employees can only deal in Shares in the Company during certain periods or in certain circumstances and then only after giving notice of the intended transaction to the Chairman of the Board.

The Trading Policy, within the Company's Corporate Governance Charter, can be obtained, at no cost, from the Company's registered office and is also available on the Company's website www.lithiumconsolidated.com.

13.6 Litigation

As at the date of this Prospectus, the Company is not involved in any material litigation or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company or its subsidiaries..

13.7 Australian Taxation Implications of Investing Under the Offer

The following general taxation comments consider the Australian taxation implications for Australian tax residents only. The tax implications for holders of Shares in the Company relate to the receipt of dividends and potential gains on the disposal of Shares.

The comments do not purport to provide tax advice to any particular investor and should not be relied upon as the tax position of each investor may vary depending on the specific circumstances of the investor. The Company recommends that each investor seeks their own independent income tax advice based on their particular circumstances. All current or potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares.

To the maximum extent permitted by law, the Company, its officers, Directors, and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of acquiring or disposing of Shares issued under this Prospectus.

(a) **Dividends**

For Australian resident individual investors, dividend income should be treated as assessable income in the year in which the dividend is paid. As detailed below, if the relevant dividend is 'franked', the amount of taxable payable in relation to the receipt of that dividend income may be reduced.

In this regard, Australian tax resident companies, such as the Company, can pay dividends to Shareholders on a fully, partly or un-franked basis.

To 'frank' a dividend, means to attach franking credits to that dividend. Franking credits are, broadly, generated from the payment of Australian corporation tax. The overarching objective of franking credits is, inter alia, to give recipient Shareholders credit for corporation tax already paid in relation to the dividend(s) received (to the extent that those dividends are franked), so that the recipients' income tax liability in relation to those dividends is reduced accordingly.

This means that a company, as a result of paying company tax in Australia, can allocate the tax paid to its Shareholders by issuing franking credits attached to the dividend received by Shareholders.

It should be noted that the general entitlement to franking credits can be impacted in certain circumstances. For example, over a de minimis threshold, shareholders must own their shares for at least 45 days (or 90 days for preference shares) in order to benefit from franking credits.

For completeness, we note that for non-resident (**for tax purposes**) investors, another impact of the franking regime is to impact the extent to which dividends paid to non-resident investors should be subject to dividend withholding tax (**DWT**). In this regard:

- dividends paid to non-resident shareholders that are franked should not be subject to DWT (only to the extent of the franking of those dividends); and
- to the extent that the dividends paid to non-resident investors are unfranked:
  - prima facie, those dividends should be subject to a DWT rate of 30%; however
  - this rate may be reduced to the extent that the investor is a resident of a country that is subject to a Double Taxation Agreement (DTA) with Australia. For example, for a US resident investor who owns less than 10% of the Company, the DWT rate on unfranked dividends would be reduced to 15%.

Such investors may also be taxable in their country of tax residence on receiving such dividends, and, depending upon the laws of the relevant country, a credit may be available in relation to any withholding tax suffered in relation thereto.

(b) **Disposal of Shares**

Please note that the below comments relate to Australian resident investors who hold their shares on capital account only. For any sophisticated investors who actively trade in shares, or investors who have purchased their shares solely to derive profit on their re-sale in the short to medium term, please seek independent advice as it is likely that any gains made on the sale of shares may be subject to income tax on revenue account, without any capital gains tax (**CGT**) discounts available.

(c) **Capital Gains Tax**

To the extent that the shares are held on capital account (which is required to be determined on a case by case basis, and independent advice should be sought in relation to this issue), the disposal of Shares by a Shareholder would be a CGT event.

For Australian resident investors, a capital gain will arise where the capital proceeds on disposal exceed the cost base of the Shares (broadly, the amount paid to acquire the Shares plus any transaction costs incurred in relation to the acquisition or disposal of the Shares). In the case of an arm's length on-market sale, the capital proceeds will generally be the cash proceeds received from the sale of the Shares.

A CGT discount may be applied against the net capital gain where the Shareholder is an individual, complying superannuation entity or trustee, and the Shares have been held for more than 12 months prior to the CGT event. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustee (other than a trust that is a complying superannuation entity) may be reduced by one-half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one-third, after offsetting current year or prior year capital losses. A capital loss will be realised where the reduced cost base of the Shares exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the Shareholder in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

(d) **Goods and Services Tax (GST)**

No GST should be payable in respect of the acquisition or disposal of the Shares. Further, no GST should be payable in respect of dividends paid.

(e) **Stamp Duty**

On the issue or allotment of the Shares as part of the offer, no stamp duty should be payable. No stamp duty should be payable in respect of the acquisition or disposal of the Shares that are quoted on the ASX at the time of the Listing.

13.8 Interests of Experts and Advisors and Remuneration

Other than as set out below, no person named in this Prospectus as providing professional or advisory services in connection with the preparation of this Prospectus or any firm in which any such person is a partner:

- has or had at any time during the two years preceding the date of this Prospectus, any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company or the Offer; or
- has been paid or agreed to be paid any amount or given or agreed to be given any other benefit for services rendered by them in connection with the formation or promotion of the Company or the Offer.

LCME has engaged the following professional advisors:

- HopgoodGanim Lawyers has acted as Australian legal advisor to the Company in relation to the Offer. They have been involved in the process of reviewing this Prospectus for consistency with the material contracts. In doing so, they have placed reasonable reliance upon information provided to them by the Company and other third parties. They do not make any other statement in this Prospectus. The Company has paid, or agreed to pay, approximately A$130,000 (excluding disbursements and GST), for these services. Further amounts may be paid to HopgoodGanim Lawyers in accordance with time-based charges;
- Carl Swensson trading as Swensson Integrated Natural Resource Management Services is named in the Corporate Directory as Independent Geological Consultants to the Company. Swensson Integrated Natural Resource Management Services was involved in the preparation of the Independent Expert's Report, which is set out in Section 6. In doing so, Mr Swensson has placed reasonable reliance upon information provided to him by the Company and other third parties. He does not make any other statement in this Prospectus. Swensson Integrated Natural Resource Management Services will be paid for work performed in accordance with usual time based charge out rates and estimates the professional costs at $10,000 (excluding disbursements and GST) at the date of this Prospectus.
- Erwin Thompson is named in the Corporate Directory as US Solicitors to the Company. They were involved in the preparation of the report set out in Section 9 of this Prospectus . In doing so, they have placed reasonable reliance upon information provided to them by the Company and other third parties. They do not make any other statement in this Prospectus. Erwin Thompson will be paid for work performed in accordance with usual time based charge out rates and estimate their professional costs at USD$10,000 (excluding disbursements and GST), at the date of this Prospectus.
- BDO Audit (Qld) Pty Ltd is named in the Corporate Directory as Independent Accountants and Auditors to the Company. They were involved in the preparation of the Independent Accountant's Report set out in Section 7. In doing so, they have placed reasonable reliance upon information provided to them by the Company and other third parties. They do not make any other statement in this Prospectus. BDO Audit (QLD) Pty Ltd will be paid for work performed in accordance with usual time based charge out rates and estimate their professional costs at $7,500 (excluding disbursements and GST), at the date of this Prospectus.
- Link Market Services Limited has given its written consent to be named as the Registry in the form and context in which it is named and has not withdrawn its consent prior to lodgement of this Prospectus within ASIC. Link Market Services Limited has had no involvement in the preparation of any part of the Prospectus other than being named as the Share Registrar to the Company. Link Market Services Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.
- Sequoia Corporate Finance Pty Ltd ACN 602 219 072 are named in the Corporate Directory as Lead Manager to the Offer. Each of D2MX Pty Ltd and Sequoia Corporate Finance Pty Ltd (Sequoia) have given their written consent to be named as Lead Manager to the Company in the form and context in which they are named and have not withdrawn their consent prior to lodgement of this Prospectus within ASIC. Sequoia have not authorised or caused the issue of this Prospectus and do not make or purport to make any statement in this Prospectus. In consideration of Sequoia Corporate Finance Pty Ltd ACN 602 219 072 role as Lead Manager to the Offer they will receive a fee as set out in Section 12.
- Trenavin Holdings Pty Ltd ACN 109 672 282 are named in the Corporate Directory as Corporate Advisor to the Offer. Trenavin Holdings Pty Ltd ACN 109 672 282 has given their written consent to be named as Corporate Advisor to the Company in the form and context in which they are named and have not withdrawn their consent prior to lodgement of this Prospectus with ASIC. Trenavin Holdings Pty Ltd ACN 109 672 282 have not authorised or caused the issue of this Prospectus and do not make or purport to make any statement in this Prospectus.
- CRU International (Australia) Pty Ltd (CRU) has given its written consent to be named as the author of the Lithium Industry Overview (being section 3 of the Prospectus) in the form and context in which it is included this Prospectus, and to all statements attributed to it in this Prospectus. CRU has not withdrawn its consent prior to lodgement of the Prospectus within ASIC. CRU has not authorised or caused the issue of this Prospectus. In consideration of CRU providing the Lithium Industry Overview the Company has agreed to pay CRU $15,000 (excluding GST).

These amounts, and other expenses of the Offer, will be paid out of funds raised under the Offer or cash otherwise available to the Company.

13.9 Costs of the Offer

The total estimated costs to the Company in connection with the Offer, including advisory, legal, accounting, tax, listing and administrative fees, as well as printing, advertising and other expenses, are currently estimated to be approximately between $889,092 and $960,092 as follows:

Item of Expenditure	Amount of Expenditure (excluding GST)	
	Minimum	Maximum
ASX and ASIC fees	$67,776	$68,776
Legal and Due Diligence	$156,667	$156,667
Accounting	$7,500	$7,500
Lead Manager	$640,000	$710,000
Printing and registry costs	$17,150	$17,150
Total costs of the Offer	$889,092	$960,092

13.10 Consents

Each of the following parties has given and has not, before the issue of this Prospectus, withdrawn its written consent to being named in this Prospectus and to the inclusion, in the form and context in which it is included, of any information described below as being included with its consent. None of the parties referred to below has caused the issue of this Prospectus.

Name of Entity	Name as	Reports or statements
HopgoodGanim Lawyers	Legal Advisor	-
Erwin Thompson	Legal Advisor	Solicitors Report on Title
Carl Swensson trading as Swensson Integrated Natural Resource Management Services	Independent Geological Consultant	Independent Consulting Geologist Report
BDO Audit (Qld) Pty Ltd	Independent Accountants and Auditors to the Company.	Independent Investigating Accountants Report
Sequoia Corporate Finance Pty Ltd ACN 602 219 072	Lead Manager	-
Link Market Services Limited	Share Registrars	-
CRU International (Australia) Pty Ltd	Author	Lithium Industry Overview
Trenavin Holdings Pty Ltd ACN 109 672 282	Corporate Advisor	

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors of the Company, persons named in this Prospectus with their consent as proposed Directors of the Company, any Underwriters, persons named in this Prospectus with their consent as having made a statement in this Prospectus and persons involved in a contravention in relation to this Prospectus, with regard to misleading or deceptive statements made in this Prospectus. Although the Company bears primary responsibility for this Prospectus, other parties involved in the preparation of this Prospectus can also be responsible for certain statements made in it.

In light of the above, each of the parties referred to above, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name and any statement or report included in this Prospectus with the consent of that party as described above.

13.11 ASX Waivers and Confirmations

The Company's application for admission to the Official List of ASX will seek a waiver from ASX from:

- the requirement for the Company to provide financial statements for the last three full financial years set out in Listing Rule 1.3.5 (a); and
- Listing Rule 1.1 Condition 11 which provides that if the entity seeking admission has options on issue, the exercise price for each underlying security must be at least 20 cents (20 Cent Rule).

Waivers in respect of Listing Rule 1.3.5(a) are commonly given and the Company anticipates ASX granting a waiver in respect of this Listing Rule in this case.

Waivers in respect of the 20 Cent Rule are given by the ASX in circumstances where the Options, and Performance Rights, if exercised would result in the issue of shares which represent an insignificant percentage of the issued share capital on a fully diluted basis. For this reason the Company anticipates that it will be granted this waiver. However in the event that the waiver is not granted, the Company has the right under the Option terms and conditions to cause the Options, except to the extend earlier exercised, to lapse prior to quotation on the ASX (see section 13.3).

13.12 Working Capital Statement

The Board believes that the Company's current cash reserves plus the net proceeds of the Offer will be sufficient to fund the Company's stated business objectives.

The Board will consider the use of further equity funding or placements if appropriate to further accelerate growth or fund a specific project, transaction or expansion.

13.13 Subsequent Events

There has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially:

- the operations of the Company;
- the results of those operations; or
- the state of affairs of the Company.

13.14 Inspection of Documents

Copies of following documents may be inspected free of charge at the registered office of the Company and at the offices of HopgoodGanim Lawyers, Level 8, 1 Eagle Street, Brisbane QLD 4000, during normal business hours:

- the Material Contracts in Section 12 of this Prospectus;
- the Constitution of the Company;
- the consents referred to in Section 13.10 of this Prospectus; and
- the Corporate Governance Charter.

13.15 Governing Law

This Prospectus and (unless otherwise specially stated) the contracts that arise from the acceptance of the Applications are governed by the laws applicable in Queensland and each Applicant submits to the exclusive jurisdiction of the courts of Queensland.

13.16 Consent to Lodgement

The issue of this Prospectus has been authorised by each Director. Each Director has consented to lodgement of the Prospectus and issue of the Prospectus and has not withdrawn that consent.

Signed on behalf of the Company by:

.....

Brian Moller

Director

LCME

Section 14

Glossary

14. Glossary

A$	Australian Dollars
AEST	Australian Eastern Standard Time
Allotment Date	The date on which Shares are allotted under the Offer
Applicant	A person applying for Shares offered by this Prospectus
Application	A valid application to subscribe for a specified number of Shares under the Offer
Application Form	The form to be completed by Applicants as provided at the end of this Prospectus
Application Monies	Monies that are payable in accordance with the terms of the Offer by an Applicant when submitting an Application
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or the securities exchange it operates, as the context requires
ASX Listing Rules or Listing Rules	The Official Listing Rules of the ASX as amended or waived from time to time
ASX Settlement	ASX Settlement Pty Limited (ABN 98 008 504 532)
ASX Settlement Operating Rules	The operating rules of ASX Settlement Pty Limited
Audit and Risk Committee	A committee established by the Company to assist the Board in discharging its responsibility to exercise due care, diligence and skill
Board	The Board of Directors of the Company
Botswana Mines and Minerals Act	Botswana Mines and Minerals Act
Bouguer gravity or Bouguer anomaly	gravity anomaly, corrected for the height at which it is measured and the attraction of terrain
business day	Has the meaning ascribed to it in the ASX Listing Rules
CGT	Capital Gains Tax
CHESS	The Clearing House Electronic Sub-Register System of share transfers operated by ASX Settlement
LCME Website	www.lithiumconsolidated.com
Claims	The placer claims which comprise the Tonopah Project and the Teels Project
Closing Date	The date on which the Offer closes, and which is expected to be 13 December 2016 unless the Company, in conjunction with the Lead Manager, exercise their right to vary that date
Company or LCME	Lithium Consolidated Mineral Exploration Pty Ltd ACN 612 008 358 to be renamed Lithium Consolidated Mineral Exploration Limited

14. Glossary (continued)

Completion	Completion of the initial public offering contemplated under this Prospectus
Consolidated Entity	The Company and its subsidiaries
Constitution	The Constitution of the Company
Conversion	Conversion of the Company to a public company on or about 18 November 2018
Corporate Governance Charter	The corporate governance charter adopted by the Company on 31 October 2016 and lodged with ASIC on 8 November 2016
Corporate Governance Principles and Recommendations	The corporate governance principles and recommendations of the ASX Corporate Governance Council as at the date of this Prospectus
Corporations Act	*The Corporations Act 2001 (Commonwealth)*
Definitive Feasibility Study	A comprehensive study of the technical, commercial and economic feasibility of development and mining and to be identified in reasonable detail such that it could reasonably serve as the basis for a final decision by a financial institution to finance the development
Directors	Members of the Board of Directors of the Company
ESOP	The Employee Share Option Plan implemented by the Company
Existing Shareholders	A holder of Shares as at the date of this Prospectus
Exposure Period	The period of 7 days commencing on the date of lodgement of this Prospectus with ASIC as extended by up to a further 7 days
Group	Lithium Consolidated Mineral Exploration Pty Ltd, LCME Holdings Inc, West Resources Pty Ltd and South Resources Ventures Pty Ltd.
GST	Goods and Services Tax
HIN	Holder Identification Number
Historical Financial Information	Has the meaning given in Section 6
Indicative Exchange Rate	A$1.00 = $USD 0.75 , being the exchange rate relied upon when preparing this Prospectus
Investigating Accountant	BDO Audit (Qld) Pty Ltd
Investigating Accountant's Report	The report prepared by the Investigating Account
Lacustrine	relating to or associated with lakes
Listing	Acceptance on to the Official List of the ASX
m	Million
Management	The Company's management team

14. Glossary (continued)

Mina Deflection	• geologic term is given to a specific region where a right-stepping zone of faults connect the northern eastern California Shear zone to the south with the Walker Lane Belt to the north
Nevada Projects	Each of : • Teels Project; and • Tonopah Lithium Project.
New Shares	Ordinary shares in the Company to be issued under this Offer
Offer	The invitation in this Prospectus to subscribe for Shares
Offer Period	The period during which the Offer is open, being from the Opening Date to the Closing Date
Offer Price	A$0.20 per Share
Official List	The Official List of entities that ASX has admitted and not removed
Official Quotation	Official quotation in the market operated by the ASX
Opening Date	The date the Offer opens, which is expected to be 22 November 2016
Options	An option to acquire a Share
Oversubscription	5,000,000 Shares
Performance Rights	The Performance Rights granted by the Company
Privacy Policy	Sets out the Company's approach to the management of personal information
Prospectus	This Prospectus, dated 8 November 2016 for the issue of up to 45 million Shares
Prospectus Date	8 November 2016
Shareholders	Holders of Shares in the Company
Shares	Fully paid ordinary shares in the capital of the Company
Share Registry	Link Market Services Limited
Sophisticated Investors	Investors who are persons in Australia who are "professional investors" or "sophisticated investors" under sections 708(11) and 708(8) of the Corporations Act
Teels Project	The 737 staked claims in the Big Smokey Valley, Nevada, USA
Tonopah Lithium Project	The 1244 staked claims in the Big Smokey Valley, Nevada, USA
USA or United States	The United States of America, its territories and provinces, any state of the United States of America and the District of Colombia
US Dollars or US$	United States Dollars

References in this Prospectus to sections and paragraphs are to sections and paragraphs of this Prospectus.

Terms used in section 4 which are not contained in this glossary may be defined in the glossary of technical terms in section 6.

LCME

Section 15

Corporate Directory

15. Corporate Directory

15.1 Board of Directors

Jim McKerlie - Chairman

Shanthar Pathmanathan – Managing Director

Vincent Mascolo – Non-executive Director

Brian Moller – Non-executive Director

15.2 Company Secretary and Chief Financial Officer

Duncan Cornish - Chief Financial Officer

15. Corporate Directory (continued)

15.3 Company Contacts

Lithium Consolidated Mineral Exploration Ltd Offices	Lead Manager and Brokers to the Issue
Registered Office Level 10, 110 Mary Street, Brisbane QLD 4000 Tel: +61 7 3212 6299 Fax: +61 7 3212 6250 Principal Place of Business Level 10, 110 Mary Street, Brisbane Q 4000 Phone: +61 7 3212 6299 Fax: +61 7 3212 6250	Sequoia Corporate Finance Pty Ltd ACN 602 219 072 Level 4, 4 Collins Street, Melbourne , VIC 3000 Tel: +61 3 85483333 Fax: +61 2 81142200 Website: www.sequoia.com.au
Auditor and independent accountant	**Solicitors to the Issue**
BDO Audit (Qld) Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000 Tel: +61 7 3237 5999 Fax: +61 7 3221 9227 Website: www.bdo.com.au	HopgoodGanim Lawyers Level 8, Waterfront Place 1 Eagle Street Brisbane QLD 4000 Tel:+61 7 3024 0000 Fax:+61 7 3024 0300 Website: www.hopgoodganim.com.au
Share Registry	**Independent Geological Consultant**
Link Market Services Limited Level 15, 324 Queen Street Brisbane QLD 4000 Tel: 1 300 554 474	Swensson Integrated Natural Resource Management Services P.O. Box 334 Bermagui NSW 2546 Tel: +61 2 64940087; Fax: +61 2 64940087. Email: carl.swensson@bigpond.com
US Solicitors	**Corporate Advisor**
Erwin & Thompson LLP A Limited Liability Partnership 241 Ridge Street, Suite 210, Reno, Nevada, USA PO Box 40817 Tel : (775) 786-9494 Fax: (775) 786-1180 E-MAIL: erwin@renolaw.com Website: www.renolaw.com	Trenavin Holdings Pty Ltd ACN 109 672 282 Level 27 101 Collins Street Melbourne VIC 3000 Tel: +61 3 90287 825

Blank Page

LCME

Section 16

Corporate Directory

16. Application Form

Blank Page

LCME

Lithium Consolidated Mineral Exploration Limited
ACN 612 008 358

Broker Code

Adviser Code

Offer Application Form

This is an Application Form for Shares in Lithium Consolidated Mineral Exploration Limited under the Offer on the terms set out in the Prospectus dated 8 November 2016. You may apply for a minimum of 10,000 Shares and multiples of 2,500 thereafter. This Application Form and your cheque or bank draft must be received by **5:00pm (AEST) on 13 December 2016.**

If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus contains information relevant to a decision to invest in Shares and you should read the entire Prospectus carefully before applying for Shares.

A Shares applied for

(minimum 10,000, thereafter in multiples of 2,500)

at Price per Share **A$0.20**

B Application Monies A$

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names) +

C

Applicant #1
Surname/Company Name

Title | First Name | Middle Name

Joint Applicant #2
Surname

Title | First Name | Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

D

TFN/ABN/Exemption Code
First Applicant | Joint Applicant #2 | Joint Applicant #3

TFN/ABN type – if NOT an individual, please mark the appropriate box ☐ Company ☐ Partnership ☐ Trust ☐ Super Fund

PLEASE COMPLETE ADDRESS DETAILS

E

PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

Unit Number/Level | Street Number | Street Name

Suburb/City or Town | State | Postcode

Email address (only for purpose of electronic communication of shareholder information)

F

CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number here) +

X

Please note: that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN and any Shares issued as a result of the Offer will be held on the issuer sponsored sub-register.

G

Telephone Number where you can be contacted during Business Hours ( ) | Contact Name (PRINT)

Cheques or bank drafts should be made payable to **"Lithium Consolidated Mineral Exploration Limited – IPO Account"** in Australian currency and crossed "Not Negotiable".

H

Cheque or Bank Draft Number | BSB - | Account Number

Total Amount A$

LODGEMENT INSTRUCTIONS

You must return your application so it is received before 5:00pm (AEST) on 13 December 2016 to:
Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235.

LI3 IPO001

Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Shares to which this Application Form relates are Lithium Consolidated Mineral Exploration Limited ("LI3") Shares. Further details about the shares are contained in the Prospectus dated 8 November 2016 issued by Lithium Consolidated Mineral Exploration Limited. The Prospectus will expire 13 months from the Prospectus date. While the Prospectus is current, Lithium Consolidated Mineral Exploration Limited will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investments Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the Shares. You should read the Prospectus before applying for Shares.

A Insert the number of Shares you wish to apply for. The Application must be for a minimum of 10,000 Shares and thereafter in multiples of 2,500. You may be issued all of the Shares applied for or a lesser number.

B Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.

C Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.

D Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Lithium Consolidated Mineral Exploration Limited will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.

E Please enter your postal address for all correspondence. All communications to you from Lithium Consolidated Mineral Exploration Limited and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

F If you are already a CHESS participant or sponsored by a CHESS participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHESS for this HIN is different to the details given on this form, your Shares will be issued to Lithium Consolidated Mineral Exploration Limited's issuer sponsored subregister.

G Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.

H Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.
Make your cheque or bank draft payable to "Lithium Consolidated Mineral Exploration Limited – IPO Account" in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian bank. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.
If you receive a firm allocation of Shares from your Broker make your cheque payable to your Broker in accordance with their instructions.

LODGEMENT INSTRUCTIONS

This Application Form and your cheque or bank draft must be mailed or delivered so that it is received before 5:00pm (AEST) on 13 December 2016 at:

Mailing Address
Lithium Consolidated Mineral Exploration Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Hand Delivery
Lithium Consolidated Mineral Exploration Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138
(do not use this address for mailing purposes)

PERSONAL INFORMATION COLLECTION NOTIFICATION STATEMENT

Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001.* For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.