

ASX Listing Conditions

Lithium Consolidated Mineral Exploration Limited ACN 612 008 358

Option Terms

Lithium Consolidated Mineral Exploration Limited (**LCME** or the **Company**) has issued the following unlisted options:

Issue Date	Number	Exercise Price	Expiry Date	Recipient
12-May-16	500,000	\$0.10	1-Jan-19	Neil Francis Stuart – consultant
12-May-16	500,000	\$0.10	1-Jan-19	John Williamson – consultant
12-May-16	500,000	\$0.10	1-Jan-19	Alistair Waddell – consultant
12-May-16	500,000	\$0.10	1-Jan-19	Andrew Haythorpe – consultant Options registered in his nominated account Ouro Pty Ltd
12-May-16	1,000,000	\$0.10	1-Jan-19	Vince Mascolo – non-executive director
13-Oct-16	1,000,000	\$0.20	31-Dec-19	Duncan Cornish – CFO/Company Secretary Options registered in his nominated account Albiano Holdings Pty Ltd

The other terms and conditions of the options are set out below:

Option terms and conditions

- Each Option is an Option to subscribe for one Share.
- The Options shall be issued for no consideration.
- The Options are immediately vested and capable of exercise.
- The Options are transferable in whole or in part.
- Subject to these terms and conditions, the Options may be exercised by the Option holder wholly or in part at any time prior to 5.00pm on the Expiry Date, by:
 - (a) delivering a duly completed form of Notice of Exercise of Options to the Company; and
 - (b) either:
 - (A) delivering a cheque for the Aggregate Payment to the Company; or
 - (B) paying the Aggregate Payment by electronic funds transfer in immediately available funds, to the Company.
- Upon the valid exercise of the Options and payment of the Aggregate Payment, the Company will issue Shares ranking pari passu with the then issued Shares.

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- The Option holder does 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.
- The Option holder does not have any right, in its capacity as a holder of Options, to participate in new issues of securities in the Company to existing holders of Shares, unless the Options are exercised and the resultant Shares of the Company are issued prior to the record date for the determination of entitlements to the new issue of securities and participates as a result of being a holder of those Shares.
- If the Company is not listed, In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (c) The Options will be reconstructed (as appropriate) at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the Holder which are not conferred on shareholders; and
 - (d) 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.
- If the Company is not listed and there is a Bonus Issue to the holders of Share, the number of Shares issued to the Holder on exercise of each Option will include the number of Shares that would have been issued to the Holder if the Option had been exercised prior to the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.
- The Option holder does 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 or the rules of an Approved Overseas Financial Market (as applicable), provide the Option holder 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 or the rules of an Approved Overseas Financial Market (as applicable).
- If the Company is not listed on ASX or any other recognized stock exchange, 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:

$$O^n = \frac{O - E [P - (S + D)]}{N + 1}$$

Where:

O^n = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying Shares into which one Option is exercisable

P = the average market price per Share at the time of the pro-rata issue (as determined by the accountants for the Company);

S = the subscription price for a Share under the pro rata issue;

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D = the dividend due but not yet paid on existing underlying Shares (except those to be issued under the pro rata issue); and

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

- If the Company is listed, subject to the ASX Listing Rules or the rules of an Approved Overseas Financial Market (as applicable) on which the Company's Shares are listed (if any), if there is a pro rata issue (except a bonus issue), the Exercise Price of a Option may be reduced according to the following formula:

$$O^n = \frac{O - E [P - (S + D)]}{N + 1}$$

Where:

Oⁿ = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying Shares into which one Option is exercisable

P = the average market price per Share (weighted by reference to volume) of the underlying Shares during the five (5) trading days ending on the day before the ex rights date or ex entitlements date;

S = the subscription price for a Share under the pro rata issue;

D = the dividend due but not yet paid on existing underlying Shares (except those to be issued under the pro rata issue); and

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

- If the Company is listed, subject to the ASX Listing Rules or the rules of an Approved Overseas Financial Market (as applicable) on which the Company's Shares are listed (if any), 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.
- If the Company is listed, subject to the ASX Listing Rules or the rules of an Approved Overseas Financial Market (as applicable) on which the Company's Shares are listed (if any), 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.
- If the Company is listed. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (e) 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 or the rules of an Approved Overseas Financial Market (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
 - (f) 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.

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- For the purposes of these terms and conditions, Approved Overseas Financial Market means a financial market outside Australia which ASIC has declared in writing under *ASIC Corporations (Approved Foreign Financial Markets) Instrument 2015/1071* to be an approved overseas financial market for the purposes of subsection 257B(7) of the Corporations Act.
- The Company may make such amendments to the terms of the Options as may be required to facilitate a Listing Event, so long as such amendments do not materially prejudice the rights of the Option holder.