



**LITHIUM CONSOLIDATED MINERAL
EXPLORATION LIMITED**

ACN 612 008 358

**CONSOLIDATED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2016**

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Cautionary Statements

Forward-looking statements

This document may contain certain forward-looking statements. Such statements are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the company's control. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement.

The inclusion of such statements should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward-looking statements will be or are likely to be fulfilled.

Lithium Consolidated Mineral Exploration Ltd undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this document (subject to securities exchange disclosure requirements).

The information in this document does not take into account the objectives, financial situation or particular needs of any person or organisation. Nothing contained in this document constitutes investment, legal, tax or other advice.

Corporate Information

Directors and Company Secretary

Mr Jim McKerlie (Non-executive Chairman)
Mr Shanthar Pathmanathan (Managing Director)
Mr Brian Moller (Non-executive Director)
Mr Vincent Mascolo (Non-executive Director)

Mr Duncan Cornish (Company Secretary)

Head Office and Registered Office

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Auditors

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Share Registry

Link Market Services Limited
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Brisbane QLD 4000
Tel: 1300 554 474
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Stock Exchange Listing

Australian Securities Exchange Ltd
ASX Code: LI3

Australian Business Number

32 612 008 358

Directors' Report

The directors submit their report on the consolidated entity ("Group") consisting of Lithium Consolidated Mineral Exploration Limited ("Company") and the entities it controlled at the end of, and during, the half-year ended 31 December 2016.

Directors

The following persons were Directors of the Company during or since the end of the financial period:

- Mr Damien Reynolds (appointed 22 April 2016, the date of the Company's incorporation, resigned 7 November 2016)
- Mr Vincent Mascolo (appointed 19 May 2016)
- Mr Shanthar Pathmanathan (appointed 13 October 2016)
- Mr Brian Moller (appointed 13 October 2016)
- Mr Jim McKerlie (appointed 2 November 2016)

Review of Operations

The Group's operating loss for the financial period, after applicable income tax was \$776,184. Exploration and evaluation expenditure during the period totalled \$513,676.

At 31 December 2016, the Group's net assets totalled \$1,035,913 which included cash assets of \$183,611. The movement in net assets largely resulted from the following factors:

- Operating losses of \$776,184;
- Cash outflows from operating activities were \$511,217.
- Cash outflows on exploration and evaluation assets were \$386,750.
- Cash inflows from issue of shares were \$1,017,562.
- Cash outflows on (IPO) share issue costs were \$198,502.

During the period, the Company's principal activity was lithium exploration. Since the incorporation of Lithium Consolidated Mineral Exploration Pty Ltd on 22 April 2016, the Group has been compiling a portfolio of lithium exploration projects around the world and preparing the Company for a listing on the ASX.

Nevada USA projects

On 19 May 2016 the Company (through a deed of assignment) entered in to two Term Sheets that provided the Company with options to obtain 80% interests in (primarily Lithium) exploration projects in Nevada, USA. On 17 October 2016, these Term Sheets were replaced by an Option and Exploration Deed ("Nevada Option Deed"). The total options fees and consideration payable by the Company pursuant to the Nevada Option Deed is set out below:

- USD\$186,000 payable on account of land registry fees to effect granting of the project tenements. This was paid before 30 June 2016.
- USD\$30,000 payable to reimburse the vendors for various legal and other expenses. This was paid before 30 June 2016.
- USD\$30,000 in respect to ground magnetics. This was paid after 30 June 2016, before 31 December 2016.

Once these Option fees were paid, and various other conditions have been met including the successful listing of the Company's shares on the ASX, the consideration then payable by the Company to perfect the acquisitions will be:

- Pay \$100,000;
- Issue 12,000,000 shares in the Company to the vendors; and
- Grant a 3% net smelter return.

These projects contain a substantial number of mining claims and applications in Nevada which are prospective for lithium.

Australian projects

The Company, through West Resource Ventures Pty Ltd, has applied for eight (lithium) exploration tenements in Western Australia and five (lithium) exploration tenements in South Australia. At 30 June 2016, the Company owned 70% of West Resource Ventures Pty Ltd. On 30 September 2016 the Company acquired the remaining 30% interest in West Resource Ventures Pty Ltd for consideration of 3,000,000 shares in the Company.

As these tenements are in the application stage, no field exploration work or significant expenditure has occurred.

Corporate

Lithium Consolidated Mineral Exploration Pty Ltd is an Australian incorporated company that was incorporated as a proprietary company limited by shares on 16 April 2016. It converted to a public company on 18 November 2016.

On 8 November 2016 the Company lodged a prospectus with the Australian Securities and Investments Commission ("ASIC") seeking a listing on the ASX and an Initial Public Offering (IPO) to raise between \$8.0 million to \$9.0 million. The Company issued first, second and third supplementary prospectuses dated 12 December, 2016, 12 January 2017 and 27 January 2017 respectively, before lodging a further 'refresh' prospectus on 3 February 2017 ("Supplementary Prospectuses"). The main outcome of these Supplementary Prospectuses was to change the proposed IPO raising to \$5.0million (minimum) to \$8.0million (maximum) and extend the IPO closing date to 6 March 2017.

At the date of this report, the minimum IPO subscription had been reached and the Company was progressing with the other conditions required to list on the ASX, with a schedule listing date of 17 March 2017.

Subsequent Events

Other than as noted above (principally in relation to the Supplementary Prospectuses and the IPO update), no other material matters or circumstances have arisen since the balance date.

Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is included in this financial report.

Signed in accordance with a resolution of the Board of Directors.



Brian Moller
Director

14 March 2017
Brisbane

Auditor's Independence Declaration



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DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF LITHIUM CONSOLIDATED MINERAL EXPLORATION LIMITED

As lead auditor for the review of Lithium Consolidated Mineral Exploration Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Lithium Consolidated Mineral Exploration Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'T J Kendall', is written over a horizontal line.

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 14 March 2017

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half-Year Ended 31 December 2016

	Note	31 December 2016
		\$
Revenue		-
Corporate and administrative expenses		(511,373)
Tenement acquisition expenses		(58,945)
Foreign exchange loss		(18,922)
Share-based payments	11	(186,944)
Loss before income tax expense		(776,184)
Income tax expense		-
Loss for the period		(776,184)
Other comprehensive income		
Other comprehensive income/(loss) for the period, net of tax		-
Total comprehensive income/(loss) for the period		(776,184)
Loss for the period attributable to:		
Owners of the parent company		(776,182)
Non-controlling interests		(2)
		(776,184)
Total comprehensive income for the period attributable to:		
Owners of the parent company		(776,182)
Non-controlling interests		(2)
		(776,184)
Loss per share attributable to owners of the parent company		Cents
Basic and diluted earnings per share		(1.77)

The accompanying notes form part of this financial statement.

Consolidated Statement of Financial Position as at 31 December 2016

	Note	31 Dec 2016 \$	30 June 2016 \$
CURRENT ASSETS			
Cash and cash equivalents		183,611	262,518
Trade and other receivables		57,230	3,757
Prepaid (IPO) share issue costs	1	428,234	-
Other current assets		989	-
Total Current Assets		670,064	266,275
NON-CURRENT ASSETS			
Exploration and evaluation assets	3	867,464	353,788
Plant and equipment	4	1,684	2,029
Total Non-Current Assets		869,148	355,817
TOTAL ASSETS		1,539,212	622,092
CURRENT LIABILITIES			
Trade and other payables	5	503,299	14,504
Total Current Liabilities		503,299	14,504
TOTAL LIABILITIES		503,299	14,504
NET ASSETS		1,035,913	607,588
EQUITY			
Issued capital	10	2,300,064	930,001
Reserves		275,954	141,510
Accumulated losses		(1,540,105)	(457,218)
Equity attributable to owners of the parent company		1,035,913	614,293
Non-controlling interests		-	(6,705)
TOTAL EQUITY		1,035,913	607,588

The accompanying notes form part of this financial statement.

Consolidated Statement of Changes in Equity for the Half-Year Ended 31 December 2016

	Note	Attributable to Owners of Parent Company			Total	Non-controlling Interests	Total Equity
		Issued Capital	Accumulated Losses	Share-Based Payments Reserve			
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2016		930,001	(457,218)	141,510	614,293	(6,705)	607,588
Loss for the period		-	(776,182)	-	(776,182)	(2)	(776,184)
Acquisition of non-controlling interests		-	(306,705)	-	(306,705)	6705	(300,000)
Other comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income		930,001	(1,540,105)	141,510	(468,594)	(2)	(468,596)
Issue of shares	10	1,344,063	-	-	1,344,063	-	1,344,063
Issue of shares to non-controlling interests		-	-	-	-	2	2
Share-based payments	11	52,500	-	134,444	186,944	-	186,944
Share issue costs	10	(26,500)	-	-	(26,500)	-	(26,500)
Balance at 31 December 2016		2,300,064	(1,540,105)	275,954	1,035,913	-	1,035,913

The accompanying notes form part of this financial statement.

Consolidated Statement of Cash Flows for the Half-Year Ended 31 December 2016

31 December 2016

\$

CASH FLOWS FROM OPERATING ACTIVITIES

Other receipts	(54,460)
Payments to suppliers and employees	(456,757)
Net cash used in operating activities	(511,217)

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for exploration and evaluation assets	(386,750)
Net cash used in investing activities	(386,750)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issue of shares	1,017,562
Prepayments for (IPO) share issue costs	(198,502)
Net cash provided by financing activities	819,060

Net increase/(decrease) in cash held	(78,907)
Cash at Beginning of Period	262,518
Cash at End of Year	183,611

The accompanying notes form part of this financial statement.

Notes to the Financial Statements for the Half -Year Ended 31 December 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 "Interim Financial Reporting". The historical cost basis has been used.

This interim financial report does not include all notes of the type normally included in the Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report of Lithium Consolidated Mineral Exploration Limited (the "Company") as at 30 June 2016.

The accounting policies and methods of computation adopted are consistent with those of the previous financial period as disclosed in the 30 June 2016 Annual Report. There has been no new or revised Australian Accounting Standards issued by the AASB that materially affected the Company in the current period.

Share Capital Costs

Costs incurred in issuing own equity instruments are to be accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs incurred by the Company for the intended issue of equity instruments have been capitalised and recorded as prepayments in the Statement of Financial Position until such time as the equity is raised and they can be accounted for as a deduction from equity.

Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The ability of the Group to maintain continuity of normal business activities and to pay its debts as and when they fall due is dependent on the ability of the Group to successfully raise additional capital and/or successful exploration and subsequent exploitation of areas of interest through sale or development. As set out in the Financial Statements, the Group currently has no continuing sales income and a low cash balance. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern.

During the half-year, the Group raised \$1,017,562 equity capital. On 8 November 2016 the Company lodged a prospectus with the Australian Securities and Investments Commission ("ASIC") seeking a listing on the ASX and an Initial Public Offering (IPO) to raise between \$8.0 million to \$9.0 million. The Company issued first, second and third supplementary prospectuses dated 12 December, 2016, 12 January 2017 and 27 January 2017 respectively, before lodging a further 'refresh' prospectus on 3 February 2017 ("Supplementary Prospectuses"). The main outcome of these Supplementary Prospectuses was to change the proposed IPO raising to \$5.0million (minimum) to \$8.0million (maximum) and extend the IPO closing date to 6 March 2017. At the date of this report, the minimum IPO subscription has been reached and the Company is progressing with the other conditions required to list on the ASX, with a schedule listing date of 17 March 2017.

As the minimum IPO subscription has been reached, and the directors believe it is reasonable to assume that the other conditions required to list on the ASX will be met, the directors are satisfied that the going concern basis of preparation is appropriate.

However, should the Group not be able to meet the ASX listing conditions (and therefore required to refund all IPO subscription funds received), there exists a material uncertainty regarding the Company's and Group's ability to continue as a going concern and realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial statements. Under these circumstances the Group may also be unable to meet its debts as and when they fall due. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities which might be necessary should the Group not be able to continue as a going concern and/or unable to meet its debts as and when they fall due.

NOTE 2: RESULTS FOR THE PERIOD

	31 Dec 2016
	\$
The following (corporate and administration) expense items are relevant in explaining the financial performance for the interim period:	
Depreciation	345
Consulting fees	235,891
Insurance	72,737
Legal fees	75,765
Business development and investor relations	87,593

NOTE 3: EXPLORATION AND EVALUATION ASSETS

	31 Dec 2016	30 June 2016
	\$	\$
Exploration and evaluation expenditure carried forward in respect of the areas of interest are:		
Exploration and evaluation expenditure	867,464	353,788
Movement in exploration and evaluation assets:		
Opening balance – at cost	353,788	-
Option fee paid to acquire tenements	-	81,987
Capitalised exploration expenditure	513,676	271,801
Total exploration and evaluation expenditure	867,464	353,788
Carrying amount at the end of period	867,464	353,788

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of projects, or alternatively through the sale of the areas of interest.

NOTE 4: PLANT AND EQUIPMENT

	31 December 2016	30 June 2016
	\$	\$
At cost	2,029	2,029
Accumulated depreciation	(345)	-
Total plant and equipment	1,684	2,029
Reconciliation of the carrying amounts for property, plant and equipment is set out below:		
Balance at the beginning of period	2,029	-
Additions during the period	-	2,029
Depreciation expense	(345)	-
Carrying amount at the end of period	1,684	2,029

NOTE 5: TRADE AND OTHER PAYABLES

	31 December 2016	30 June 2016
	\$	\$
Current:		
Trade payables and accrued expenses	503,299	14,504
Total payables (unsecured)	503,299	14,504

NOTE 6: COMMITMENTS**(a) Exploration Commitments**

At the date of this report, the Group has no obligations to expend (minimum) amounts on exploration on any tenement areas that it has an interest in.

Other than the project acquisition costs (noted below in Note 6(c)) there are no exploration expenditure commitments for the Nevada projects that the Group has interests in.

The Group's 13 Australian tenements are all in the application stage. Minimum expenditure commitments will be triggered upon granting of the tenements.

(b) Operating Lease Commitments

The Group has no operating leases.

(c) Capital Commitments

On 19 May 2016 the Company (through a deed of assignment) entered into two Term Sheets that provide the Company with options to obtain 80% interests in (primarily Lithium) exploration projects in Nevada, USA. On 17 October 2016, these Term Sheets were replaced by an Option Agreement.

Once total option fees (totalling up to USD\$246,000) have been paid, and various other conditions have been met including the successful listing of the Company's shares on the ASX, consideration then payable by the Company to perfect the acquisitions will be:

- Pay \$100,000;
- Issue 12,000,000 shares in the Company to the vendors; and
- Grant a 3% net smelter return.

NOTE 7: CONTINGENT LIABILITIES

There were no contingent liabilities at the end of the reporting period.

NOTE 8: EVENTS SUBSEQUENT TO REPORTING DATE

On 8 November 2016 the Company lodged a prospectus with the Australian Securities and Investments Commission ("ASIC") seeking a listing on the ASX and an Initial Public Offering (IPO) to raise between \$5.0million to \$9.0 million. The Company issued first, second and third supplementary prospectuses dated 12 December, 2016, 12 January 2017 and 27 January 2017 respectively, before lodging a further 'refresh' prospectus on 3 February 2017 ("Supplementary Prospectuses"). The main outcome of these Supplementary Prospectuses was to change the proposed IPO raising to \$5.0million (minimum) to \$8.0million (maximum) and extend the IPO closing date to 6 March 2017.

At the date of this report, the minimum IPO subscription had been reached and the Company was progressing with the other conditions required to list on the ASX, with a schedule listing date of 17 March 2017. Other than as noted above (principally in relation to the Supplementary Prospectuses and the IPO update), there were no events subsequent to reporting date that required disclosure in this financial report.

NOTE 9: SEGMENT REPORTING**Description of Segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director/Chief Executive Officer.

Management currently identifies the Group as having only one reportable segment, being the exploration of mineral projects.

NOTE 10: ISSUED CAPITAL

	31 Dec 2016	30 June 2016
	\$	\$
(a) Issued and paid up capital		
Ordinary shares fully paid	2,336,564	940,001
Share issue costs	(36,500)	(10,000)
	<u>2,300,064</u>	<u>930,001</u>

Ordinary shares participate in dividends and the proceeds on winding up the Company. At shareholder meetings, each ordinary share is entitled to one vote when a poll is called. Otherwise each shareholder has one vote on show of hands.

	31 Dec 2016	
	Number of shares	\$
Opening balance as at 1 July	37,400,000	930,001
Shares issued:		
18 August 2016 (1)	750,000	75,000
23 August 2016 (2)	127,500	12,750
20 September 2016 (3)	2,100,000	210,000
5 October 2016 (4)	3,000,000	300,000
11 October 2016 (5)	3,388,128	338,813
17 October 2016 (6)	500,000	50,000
31 October 2016 (7)	4,100,000	410,000
	<u>51,365,628</u>	<u>2,326,564</u>
Total transaction costs associated with share issues	-	(26,500)
Closing Balance as at 31 December	<u>51,365,628</u>	<u>2,300,064</u>

NOTE 10: ISSUED CAPITAL (continued)

Notes for the above table, relating to the half-year ended 31 December 2016, are

1. Issued at \$0.10 each, pursuant to a private placement.
2. 75,000 shares Issued at no consideration, pursuant to a board resolution to advisors of the Company for corporate services rendered. Valued at \$0.10 each, being the latest share issue price. Refer to Note 11 for details of share based payments.
52,500 shares Issued at no consideration, pursuant to a board resolution to advisors of the Company for capital raising services rendered. Valued at \$0.10 each, being the latest share issue price.
3. 2,000,000 shares issued at \$0.10 each, pursuant to a private placement.
A further 100,000 issued at no consideration, pursuant to a board resolution to advisors of the Company for corporate services rendered. Valued at \$0.10 each, being the latest share issue price. Refer to Note 11 for details of share based payments.
4. Issued as consideration for the acquisition of (the final) 30% interest in West Resource Ventures Pty Ltd. Valued at \$0.10 each, being the latest share issue price.
5. 3,175,628 shares issued at \$0.10 each, pursuant to a private placement.
A further 212,500 issued at no consideration, pursuant to a board resolution to advisors of the Company for capital raising services rendered. Valued at \$0.10 each, being the latest share issue price.
6. 3,750,000 shares issued at \$0.10 each, pursuant to a private placement.
A further 350,000 issued at no consideration, pursuant to a board resolution to advisors of the Company for corporate services rendered. Valued at \$0.10 each, being the latest share issue price. Refer to Note 11 for details of share based payments.
7. Issued at \$0.10 each, pursuant to a private placement.

	Note	31 Dec 2016 Number	30 June 2016 Number
(b) Options			
Unlisted Share Options		4,000,000	3,000,000
Balance at the beginning of the reporting period		3,000,000	-
Options issued during the period:			
Issued to a director and consultants	11	-	3,000,000
Issued to a consultant	11	1,000,000	-
Balance at the end of the reporting period		4,000,000	3,000,000
(c) Performance Rights			
Unlisted Performance Rights		7,500,000	-
Balance at the beginning of the reporting period		-	-
Performance Rights issued during the period:			
Issued to directors and consultants	11	7,500,000	-
Balance at the end of the reporting period		7,500,000	-

NOTE 11: SHARE BASED PAYMENTS

Share based payment expense recognised during the period:

	31 December 2016
	\$
Share based payment expense recognised during the period:	
Shares issued to advisors (1)	52,500
Options revaluation (2)	42,840
Options issued to a consultant (3)	50,580
Performance Rights issued to directors (4)	32,915
Performance Rights issued to consultants (4)	8,109
	186,944

Notes for the above table, relating to the half-year ended 31 December 2016, are:

- 525,000 shares were issued to various advisors for the services they provided. The shares were valued at \$0.10 per share, being the latest capital raising price at the relevant dates of issue.
- The expiry dates on 3,000,000 options previously issued to a director and advisors (on 17 May 2016) were extended from 1 December 2017 to 1 January 2019. This resulted in an adjustment to the fair value of the options of (an increase of) \$42,840.
- 1 million options were granted to a consultant. The options vested on grant date and expire on 31 December 2019.
- The weighted average fair value of options granted during the period was 5.06 cents. The fair values at grant date were determined by using a Black-Scholes option pricing model that takes into account the share price at grant date, exercise price, expected volatility, option life, expected dividends, the risk free rate, the impact of dilution, the fact that the options are not tradeable. The inputs used for the Black-Scholes option pricing model for options granted during the half year ended 31 December 2016 were as follows:
 - grant dates: 13 October 2016
 - share price at grant date: 10 cents
 - exercise prices: 20 cents
 - expected volatility: 100%
 - expected dividend yield: nil
 - risk free rate: 1.72%
- 7.5 million performance rights which have various vesting conditions, performance hurdles and expiry dates were granted to directors and consultants. The weighted average fair value of performance rights granted during the half year was 9.04 cents. The fair values at grant date were determined by an independent valuator taking into account the share price at grant date, expected volatility, vesting conditions, expiry dates, expected dividends, the risk free rate, the impact of dilution and the fact that the performance rights are not tradeable. The values are spread over future accounting periods based on the various vesting periods.

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Brian Moller
Director

14 March 2017
Brisbane

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Lithium Consolidated Mineral Exploration Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Lithium Consolidated Mineral Exploration Limited, which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lithium Consolidated Mineral Exploration Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report 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 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Lithium Consolidated Minerals Exploration Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lithium Consolidated Mineral Exploration Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

BDO Audit Pty Ltd



T J Kendall
Director

Brisbane, 14 March 2017