# ASX Announcement

ASX: Li3

16 January 2018

## Yilgarn Lithium Drilling Program Completion

- **Phase 1 drilling program completed in December 2017**
- **94 aircore holes and total 3958m drilled**
- **Drilling at 6 licences on broad spaced lines**
- **Weathered pegmatites intersected under cover in 3 licences**

Lithium Consolidated Mineral Exploration Ltd ("LCME") is pleased to announce that the Phase 1 Drilling Program at the Yilgarn Lithium Project in Western Australia was completed in December 2017.

94 aircore holes were drilled for a total of 3958m at 6 of our licenses.

The Ten Mile, Snomys, Cool, Bedonia, Dundas, and Nawoc licenses were drilled as planned.

The 22 planned holes at the Junction license were not drilled due to delays from storm weather conditions.

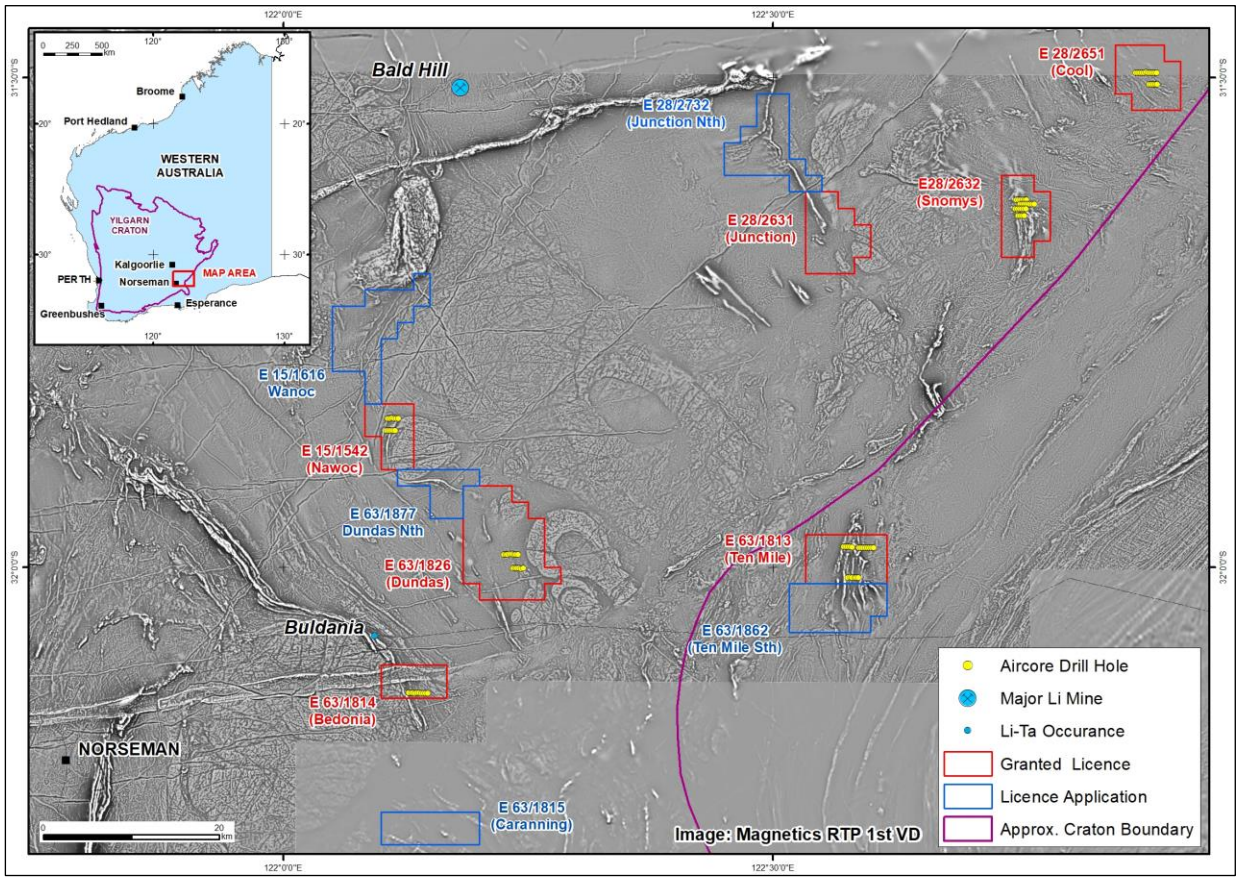
**Figure 1: Drilling at Dundas License**

Drilling parameters were as follows:

- east-west drill traverses, with 200m spaced holes, over zones interpreted to be prospective for spodumene bearing lithium-caesium-tantalum ("LCT") pegmatites;
- holes drilled to blade refusal;
- a number of holes were extended into the basement using a hammer drill;
- the Aircore sample piles were logged at 1m intervals; and
- the analytical samples were collected in 1m single samples and composites up to 5m, based on logged geology, and forwarded to ALS Global for multi-element analysis, including lithium and other associated elements.

The Appendix has a summary of the number of holes at each of the licenses and total meters drilled (see Table A1).

**Figure 2: Regional Location of the drilling**




Pegmatites were intersected in:

- 3 holes at the Dundas license (E63/1826);
- 1 hole at the Bedonia license (E 63/1814); and
- 1 hole at the Cool license (E 28/2651).

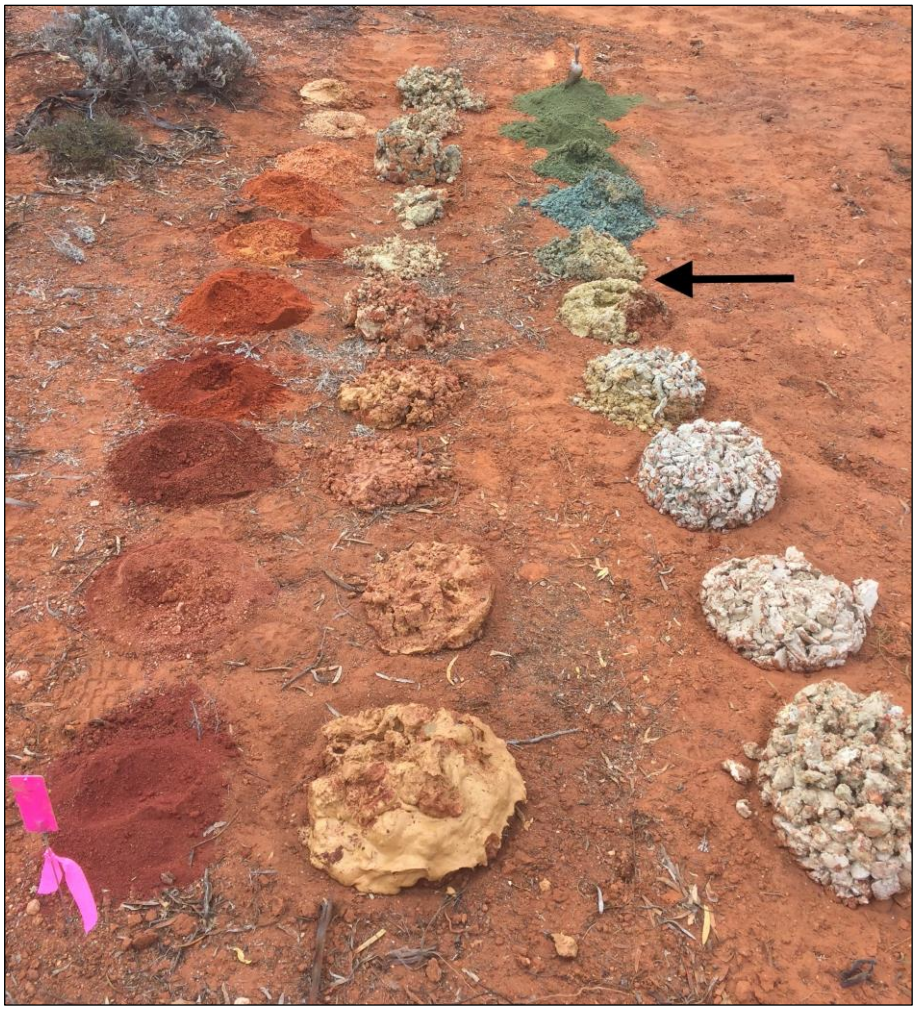
The Appendix has a summary of the significant intersections (see Table A2).

The aircore drilling (see Additional Information) was a first pass exploration program designed to identify the lithium prospectivity of an area by drilling through the barren cover rocks and sampling the underlying older weathered Archean basement for Li-bearing pegmatites or

indications of Li-bearing pegmatites in the area. As a result of this approach, all of the pegmatites intersected were strongly weathered and no spodumene was observed. Geochemical analysis will be used to determine whether the weathered pegmatites are Li-bearing.

Drilling at the other licenses intersected mostly chloritised schists, quartzo-feldspathic meta-sediments, felsic meta-volcanics and minor quartz veining.

**Figure 3: Drill samples laid out in 1m intervals**



*Note: Top of the hole is in the bottom left corner and increases in depth towards the top and to the right, ending at a depth of 30m in green weathered chlorite schist in the top right corner. The black arrow marks the Archean basement unconformity at approximately 25m.*

## Dundas License

3 holes intersected pegmatites at the Dundas License (see Figure 4). On the northern drill line (see Figure 5), the drill hole WRVAC004 intersected a 4m pegmatite and the adjacent drill hole WRVAC005, 200m to the east, intersected a 6m pegmatite and 3m pegmatite for a combined 11m pegmatite intersection.

On the southern line, 1.6km to the south, WRVAC010 had a 5m pegmatite intersection from 18m.

**Figure 4: Dundas license pegmatite intersections**

| Drill traverse line | Hole ID | Total Depth | Intersection | Thickness |
|---|---|---|---|---|
| **North** | WRVAC004 | **33m** | **23m-27m** | **4m** |
| **North** | WRVAC005 | **24m** | **2m-8m** | **6m** |
| **North** | Same hole as above | | **10m-13m** | **3m** |
| **South** | WRVAC010 | **30m** | **18m-23m** | **5m** |

**Figure 5: Dundas License drill hole locations**

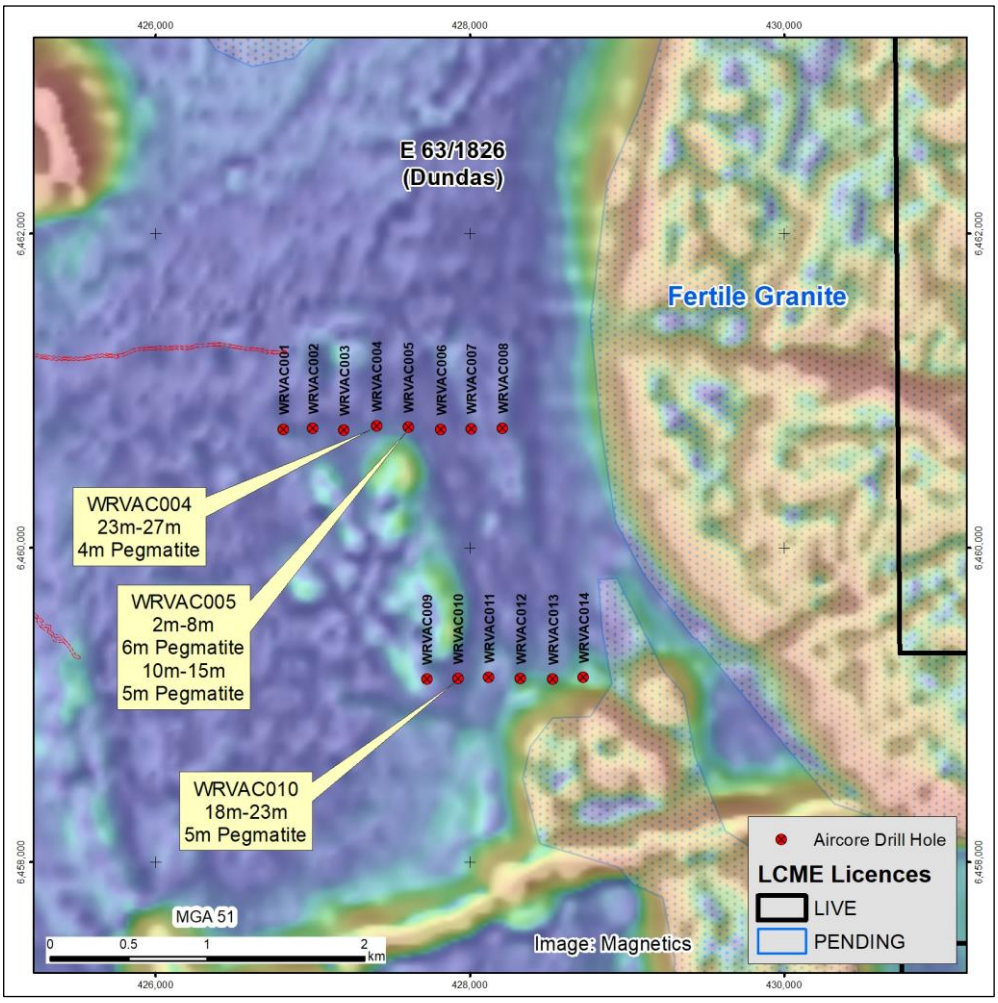
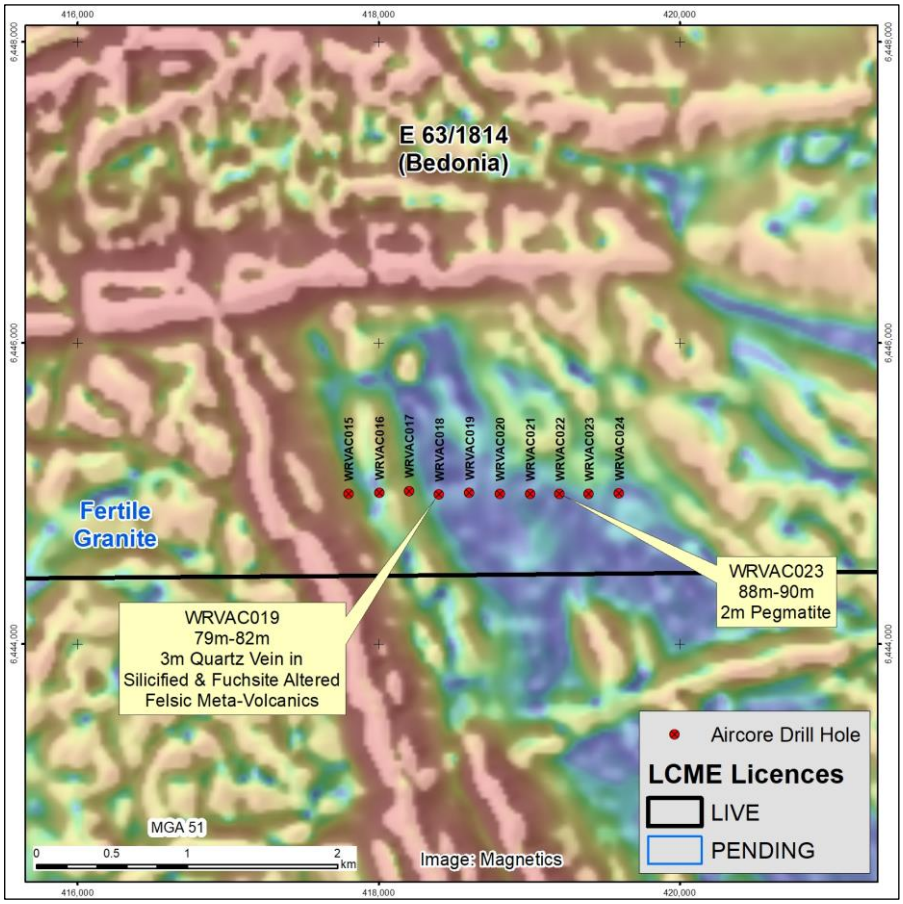


**Figure 6: Weathered pegmatite samples in WRVAC005**

## Bedonia License

A 2m pegmatite was intersected from 88m in WRVAC023 at the Bedonia License (see Figure 7). Drill hole WRVAC019 intersected a 3m quartz vein from 79m within sulphide bearing strongly silicified, fuchsite altered felsic volcanics which will be analysed for gold.

**Figure 7: Bedonia License drill hole locations**



## Cool License

A thin pegmatite vein was intersected in drill hole WRVAC039 between 35m and 36m within a chlorite schist at the Cool License.

**Figure 9: Cool License drilling on the edge of a Salt Lake**

## Competent Person's Statement:

Information in this report that related to Exploration Results is based on and fairly represents information and supporting documentation prepared by Mr Adrian Black. Mr. Black is a director of Newexco Services Pty Ltd, an independent geological consultancy contracted by LCME. Mr Black is a member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results. Specifically, Mr. Black consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

## Additional Information:

Aircore drilling is a shallow, cost effective exploration technique for geochemically testing the older basement rocks, in which the Li-bearing pegmatites occur. It is also useful in areas where the basement is not exposed but covered by varying thickness of younger barren rocks or transported cover. The basement rocks in these areas are generally strongly weathered or decomposed due to geochemical processes. Aircore drilling uses a blade bit and in some cases a small percussion hammer to cut through and sample the weathered rocks. It provides similar information to surface sampling and trenching as used in outcropping terrains. Fresh basement rocks are generally too hard for aircore drilling and as such the technique is not appropriate for more detailed exploration or delineation drilling.

**For more information, please contact:**

**Duncan Cornish**

Company Secretary

Phone: +61 7 3212 6299

Email: investors@lithiumconsolidated.com

Please visit us at: www.lithiumconsolidated.com

**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. LCME 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

LCME

## Appendix: Additional Information

### Table A1: Aircore drill hole summary

| Exploration Licence | Number of Holes | Meters Drilled (m) |
|---|---|---|
| **E 63/1826 (Dundas)** | **14** | **414** |
| **E 63/1814 (Bedonia)** | **10** | **843** |
| **E 28/2632 (Snomys)** | **24** | **1091** |
| **E 63/1813 (Ten Mile)** | **19** | **508** |
| **E 15/1542 (Nawoc)** | **11** | **483** |
| **E 28/2651 (Cool)** | **16** | **619** |

### Table A2: Significate intersections

| Licence | Hole Id | Hole Depth | Intersection | Thickness | Observations |
|---|---|---|---|---|---|
| **E 63/1826 (Dundas)** | WRVAC004 | 33m | 23m - 27m | 4m | Weathered, quartz-feldspar-muscovite pegmatite in Archean meta-sediments with disseminated pyrite. |
| **E 63/1826 (Dundas)** | WRVAC005 | 24m | 2m – 8m | 6m | Weathered, quartz-feldspar-muscovite pegmatite in Archean meta-sediments. |
| " | " | " | 10m - 13m | 3m | Weathered, quartz-feldspar-muscovite pegmatite in Archean meta-sediments. |
| **E 63/1826 (Dundas)** | WRVAC010 | 30m | 18m - 23m | 5m | Weathered, quartz-feldspar-muscovite pegmatite |
| **E 63/1814 (Bedonia)** | WRVAC023 | 91m | 88m-90m | 2m | Quartz-feldspar-biotite-muscovite pegmatite, hole terminated in finer grain granite. |

| Licence | Hole Id | Hole Depth | Intersection | Thickness | Observations |
|---|---|---|---|---|---|
| **E 63/1814 (Bedonia)** | WRVAC019 | 82m | 79m-82m | 3m | Quartz vein in silicified, sulphide bearing fuchsite altered Archean felsic meta-volcanics. |
| **E 28/2651 (Cool)** | WRVAC039 | 37m | 35m-36m | 1m | Thin pegmatite veining within a silicified chlorite schist. |

**Table A3: JORC Code, 2012 Edition – Table 1 report**

## 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.* | LCME have completed **94 aircore drill holes for 3958m**. A drilling hole summary is attached in Table A1. |
| | *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used* | Aircore hole samples were collected every 1m in buckets placed under cyclone recovery system. Samples were laid out in 1 metre piles for logging and sampling. 2kg to 3kg analytical samples were collected by hand, using a hand scoop, from the piles and stored in draw-string calico sample bags. Analytical sample lengths varied from 1m up to 5m composite based on geological logging. Compositing involved collecting an equal mass of material from each 1 m pile. Archean basement was always sampled, and a soil sample was collected from each hole. Material interpreted as being transported or exotic cover was not sampled. |
| | *Aspects of the determination of mineralisation that are Material to the Public Report.*<br>*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* | All the samples were aircore chips and sampled on site. Samples were sent to ALS Global in Perth for analysis for a suite of 48 elements via ICP techniques. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *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* | |
| ***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).* | Aircore drilling was carried out by Bostech Drilling Australia Pty Ltd using a Bostech Drillboss 200 mounted on a 4WD truck. Drilling was carried using a blade bit to refusal. Selective holes had slimline hammer tails. |
| ***Drill sample recovery*** | *Method of recording and assessing core and chip sample recoveries and results assessed.* | Sample recovery was assessed visually and was considered suitable for determining the presence of lithium mineralisation in the intersected pegmatites. |
| | *Measures taken to maximise sample recovery and ensure representative nature of the samples.* | Drilling in Archean basement was slowed to maximise recovery. |
| | *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.* | Dry and wet 1m samples were collected in buckets and laid out in 1m piles. Wet samples were laid out in holes to prevent sample loss. |
| ***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.* | 1m samples were laid out in 10m lines. Individual samples were sieved in water and logged on paper log sheets by a qualified geologist. 1m representative samples were collected and stored in 20 compartment plastic chip trays. The laid out drill holes were photographed. |
| | *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* | Logging was primarily qualitative. Each 1m sample was logged and the lithology, colour and mineralogy were described. |
| | *The total length and percentage of the relevant intersections logged.* | Lithological data for all the holes was recorded in a hard copy format and will be digitised. |
| ***Sub-sampling techniques*** | *If core, whether cut or sawn and whether quarter, half or all core taken.* | Both wet and dry samples were collected in buckets placed under the cyclone. Sample piles were sampled using a hand scoop and an effort was taken to ensure a representative |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***and sample preparation*** | *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*<br><br>*For all sample types, the nature, quality and appropriateness of the sample preparation technique.* | sample was collected from each pile in the case of composite samples. |
| | *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* | Field duplicates and a Li-Ta pegmatite standard (Geostats - GTA-02) were used. Blanks were not used. |
| | *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.* | Field duplicates were collected approximately every 30 samples and standards were inserted approximately every 50 samples. |
| | *Whether sample sizes are appropriate to the grain size of the material being sampled* | LCME believes that the sample size and sample method is appropriate for the grass-roots exploration for lithium bearing pegmatites found in the SE Yilgarn region. |
| ***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.* | Samples will be assayed at ALS Global Perth for 48 elements via ME-MS61L using a four acid digestion and ICPAES and ICPMS analyses. High grade samples will undergo Sodium Peroxide Fusion (FUS-PER02) and ME-ICP89 and ME-MS91 analyses. Both techniques are considered to be total analyses and appropriate for this type of mineralisation. |
| | *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.* | No Geophysical tools were used. |
| | *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.* | Field duplicates were collected approximately every 30 samples and standards were inserted approximately every 50 samples. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***Verification of sampling and assaying*** | *The verification of significant intersections by either independent or alternative company personnel.*<br>*The use of twinned holes.* | NA at this stage. |
| | *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* | A digital data base of drill collars, surveys, geology, analytical samples and assays is maintained by Newexco Services Pty Ltd, an independent geological consultancy. |
| | *Discuss any adjustment to assay data.* | Where appropriated, Li will be converted to $Li_2O$ via the conversion formula:<br>$Li_2O = Li \times 2.153$. |
| ***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.* | Final location of drill holes were located using a hand-held Garmin GPS 72h. |
| | *Specification of the grid system used.* | All co-ordinates are recorded in GDA 94 datum, MGA 51 Zone. |
| | *Quality and adequacy of topographic control* | Drill holes RLs were recorded using a hand held Garmin GPS 72h and verified using the Australian 1 sec SRTM hydrological adjusted DEM and are considered suitable for the current phase of exploration. |
| ***Data spacing and distribution*** | *Data spacing for reporting of Exploration Results.* | Drilling was carried out on east-west lines with 200m spaced holes. Line spacing varied from 400m up to 1.6km in the different project areas. All the holes were drilled vertically. |
| | *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.* | Drilling is suited to grass roots exploration and not deemed appropriate for grade control or to inform a mineral resource estimate. |
| | *Whether sample compositing has been applied.* | Sample compositing was carried out on a lithological basis at 1m increments up to a maximum composite length of 5m. |
| ***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.* | The orientation of any pegmatite bodies in the project is not known. Drill lines were orientated perpendicular to the structural trend of the potential host rocks as mapped or interpreted from geophysics. Pegmatites in |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | the region are known to parallel structural trends in the host rocks. |
| | *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.* | NA |
| ***Sample security*** | *The measures taken to ensure sample security.* | LCME drill holes and drill samples were managed by Newexco Services Pty Ltd, an independent geological consultancy. Samples were collected in labelled bags on site, packed in lots of 10 into labelled polyweave bags and the polyweave bags were packed in labelled bulk bags by Newexco staff. The bulk bags were despatched to ALS Global in Perth using StarTrack. A chain of custody using sample sheets, despatch sheets and freight dockets was maintained by Newexco. |
| ***Audits or reviews*** | *The results of any audits or reviews of sampling techniques and data.* | No audits were carried. |

## 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.* | LCME through its 100% ownership of West Resource Ventures (WRV) own 100% of the tenements E 63/1813 (Ten Mile), E 28/2632 (Snomys), E 28/2651 (Cool), E 63/1814 (Bedonia), E 28/2631 (Junction), E 15/1542 (Nawoc) and E63/1826 (Dundas). |
| | *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.* | LCME is commencing negotiations for a native title land use agreement with the Ngadju people. |
| ***Exploration done by other parties*** | *Acknowledgment and appraisal of exploration by other parties.* | Limited historical gold and nickel exploration drilling and soil samples have been recorded in the project areas. |
| ***Geology*** | *Deposit type, geological setting and style of mineralisation.* | Li-Ta-Cs ("LCT") type pegmatites which may contain spodumene mineralisation. These pegmatites are often hosted in Archean greenstones and meta-sediments in the region. |
| ***Drill hole Information*** | *A summary of all information material to the understanding of the exploration results including a* | Refer to tables A1, A2 and A3 section 1. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *tabulation of the following information for all Material drill holes:*<br>*easting and northing of the drill hole collar*<br>*elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*<br>*dip and azimuth of the hole*<br>*down hole length and interception depth*<br>*hole length.*<br>*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.* | No weighted averaging was used. |
| | *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.* | Drill samples were composited based on geological logging. Refer Table A3. |
| | *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | No Metal equivalents were used. |
| ***Relationship between mineralisation widths and intercept lengths*** | *These relationships are particularly important in the reporting of Exploration Results.*<br>*If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*<br>*If it is not known and only the down hole lengths are reported, there* | Orientation of the pegmatites is unknown at this stage of the exploration program and the relationship of true thickness to down hole lengths is unknown. Down hole lengths are reported in Tables A2 and A3 section 1. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *should be a clear statement to this effect (eg 'down hole length, true width not known').* | |
| ***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.* | See Figures 2, 5 and 7. |
| ***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.* | LCME believe the reporting above is comprehensive. |
| ***Other substantive exploration data*** | *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey 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.* | All current meaningful and material exploration data has been reported. |
| ***Further work*** | *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*<br><br>*Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.* | LCME plan to evaluate the lithological and analytical results of the drilling program once reported by ALS Global and carry out follow-up drilling where appropriate. |