ASX Announcement

ASX: Li3

27 February 2018

Botswana Drilling Program Completed

- **5-hole percussion drill program completed for a total of 338m**
- **Drilling encountered air lift yields of up to 60m^3/hr**
- **Drilling found hypersaline brines with Total Dissolved Solids (TDS) of up to 150,000 mg/l and conductivities of up to 163,000 µS/cm**
- **Lithium assays returned low values**

Lithium Consolidated Mineral Exploration Ltd ("LCME") has completed a limited drilling program on Prospecting Licences 264/2016 and 266/2016 situated over the Ntwetwe Pan, in the Makgadikgadi Depression, in northern Botswana.

The drilling program was designed to test for the presence of lithium bearing brines. Five holes were drilled for a total of 338m using a down-the-hole hammer air percussion rig.

The drilling program was hindered by the early onset of the wet season which caused certain of the preferred drill sites to become inaccessible due to pan surfaces becoming too soft (for the drilling rig).

Highly saline groundwater was found in all the holes, with true brines (TDS >100,000 mg/l) in three holes.

The SRV-BH/5 hole had the strongest air lift yields of up to 60 m^3/hr, as measured at the drill site.

A total of 34 water samples were submitted to X-Lab Earth Science (Pty) Ltd, in Johannesburg, South Africa.

Assay results confirmed the presence of hypersaline brines with TDS values up to a maximum of 150,000 mg/l and conductivities up to 163,000 µS/cm.

Four samples recorded lithium values in excess of 1.0 mg/L with the highest being 4.1 mg/L.

The Prospecting Licenses are believed to be underlain by a lacustrine calcareous sandstone-siltstone unit of Tertiary age and capped by a hard-siliceous sinter layer at surface, based on observations of the rock chip samples from the drilling program.

Historical Exploration

Historical exploration in the Makgadikgadi Pans had been focussed on Sua Pan, where brines have been investigated since 1960 and which is the location of the Botswana Ash soda ash extraction operation which commenced production in 1991.

Lithium has been reported in the Sua Pan brines, but at low concentrations (i.e. average of approximately 20 mg/l).

The drill program in the Ntwetwe Pan was a “green fields” exploration program, as no record could be found of historical drilling for brines in the area.

Drill Program: Key Parameters

The drill program parameters were as follows:

- A down-the-hole hammer air percussion drill rig was used.
- A tricone bit was used for part of hole SRV-BH/2.
- The deepest hole was 99m.
- Analytical water samples were taken in 1 litre bottles, at each water strike and at 10m intervals downhole during the drilling of the hole.
- No parameters (eg. TDS or conductivity) were measured at the drill site, in part due to the very high salinities of the waters.
- Rock chip samples, for possible geochemistry, were collected as composites over 10m intervals, and meter chip samples were taken for later reference if required.

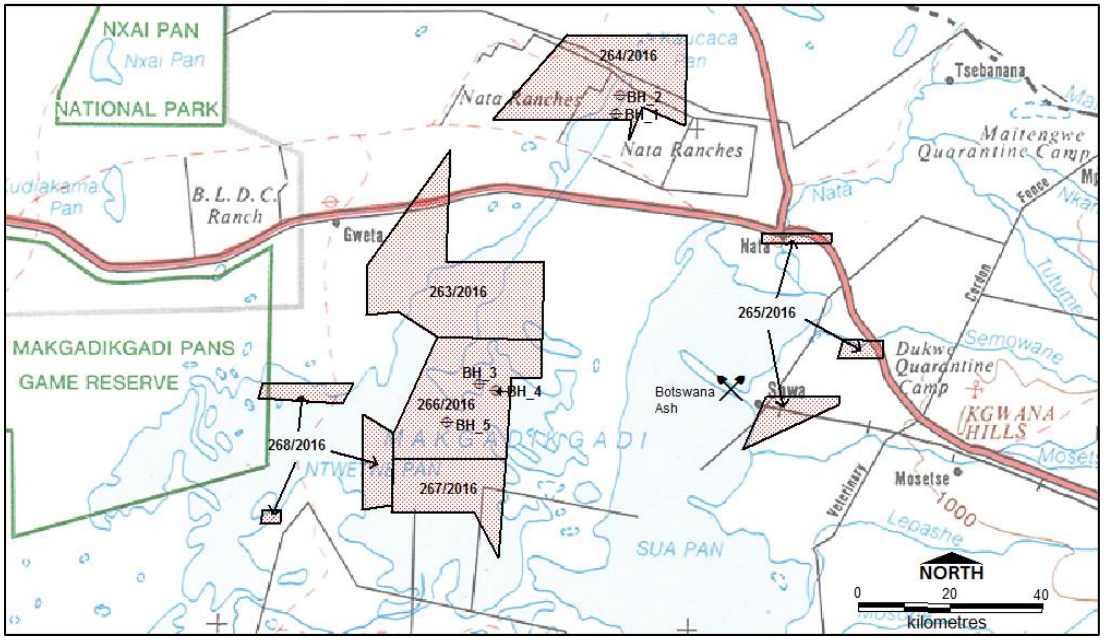
Drill Program: Results

The final results are summarised in the following table.

Borehole No.	PL	Final Depth (m)	Max Airlift Yields (m^3/hr)	Highest Lithium value (mg/l)
SRV-BH/1	264/2016	99m	12.56	0.04
SRV-BH/2	264/2016	97m	9.65	0.52
SRV-BH/3	266/2016	54m	7.96	0.10
SRV-BH/4	266/2016	40m	2.88	4.1
SRV-BH/5	266/2016	48m	59.78	0.22
		338m		

The Appendix has a summary of percussion drill hole parameters (see Table A1) and a summary of assay results (see Table A2).

The Prospecting Licenses and borehole positions are shown on the map below.



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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. 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.

Competent Person Statement

The information in this release that relates to Exploration Results has been reviewed and approved by Jerry Aiken, who is a Registered Member of the Society for Mining, Metallurgy and Exploration (SME). Jerry Aiken is a geologic consultant to the Company, and has extensive experience relevant to the styles of mineralisation and type of deposit under consideration. Mr Aiken is a Competent Person (CP) as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC). Jerry Aiken consents to the inclusion in the release of the concepts and geologic principles expressed in this press release, based on his review in the form and context in which it appears.

Appendix: Additional Information

Table A1: Percussion drill hole parameters

Hole Name	PL	Final Depth, (m)	Water Yields		
			Depth (m)	V-notch (mm)	Air lift yields (m^3/hr)
SRV-BH/1	264/2016	99	37	>82	9.65
			57	>90	12.45
			77	>120	12.56
SRV-BH/2	264/2016	97	39	>84	9.65
SRV-BH/3	266/2016	54	12	>76.2	7.96
SRV-BH/4	266/2016	40	26	>50	2.88
SRV-BH/5	266/2016	48	33	>67	5.78
			36	>75	7.18
			37	>90	12.56
			39 & 44	>135	33.7
			48	>172	59.78
		338 m			

Table A2: Assay results

Hole Name	From (m)	To (m)	TDS (0.7µm @ 105°C)	Conductivity (µS/cm)	Li (mg/l)
SRV-BH/1	6	7	52000	74500	0.032
	23	24	70000	93300	0.018
	33	34	66000	94200	0.028
	43	44	73000	98500	0.040
	53	54	89000	110000	0.030
	63	64	110000	126000	0.010
	73	74	100000	126000	0.022
	79	80	110000	126000	0.030
	83	84	110000	120000	0.015
	90	91	110000	125000	0.021
	98	99	100000	123000	0.008
SRV-BH/2	14	15	31000	52200	0.056
	24	25	53000	79000	0.045
	34	35	60000	85900	0.052
	40	44	70000	97300	0.039
	64	65	66000	95500	0.52
	84	85	69000	94600	0.034
SRV-BH/3	6	7	42000	67000	0.017
	16	17	45000	71100	0.10
	50	51	120000	140000	0.048
SRV-BH/4	5	6	31000	52400	0.059
	15	16	51000	83600	4.1
	25	26	80000	110000	0.42
SRV-BH/5	4	5	32000	50800	0.12
	14	15	40000	64000	0.17
	19	20	83000	112000	0.056
	24	25	84000	116000	0.22
	34	35	120000	146000	0.056
	40	41	140000	157000	0.027
	44	45	140000	159000	0.021
	47	48	150000	163000	0.019

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 has completed **5 air percussion drill holes for a total of 338 m drilled.** Table A1 has a drill hole summary. The samples collected were of saline groundwater and brines. A brine is defined as having greater than 100,000 mg/L TDS (Total Dissolved Solids).
	Include reference to measures taken to ensure sample is representative and the appropriate calibration of any measurement tools or systems used	Samples were collected from the drill collar, on the way down, at each major water strike and at 10 m intervals during the drilling. Each sample consisted of 2 x 1 litre plastic bottles. Due to the early stage nature of the project, packers were not used to seal off sample intervals. Borehole yield was measured by a V-notch weir.
	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*	The samples were bottled at the drill site and not treated in any way. In some cases, the water contained a great deal of fine grained suspended material which was allowed to settle before the sample bottles were filled. However, for three samples water and sediment would not separate, and these were collected as sludge, 2 x plastic bags per sample. A total of 34 samples were analysed by X-Lab Earth Science (Pty) Ltd, 259 Kent Avenue, Ferndale, Johannesburg, South Africa. X-Lab is accredited by SANAS to ISO/IEC17025, laboratory number T0775.
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).*	The drilling was carried out by C. H. Herbst Drilling (Pty) Ltd, Lerala, Botswana, using a Super Rock machine. The drilling was by conventional air percussion, drilling a 6.5" hole with a down-the-hole hammer driven by compressor. Part of hole SRV-BH/2 was drilled with a tricone bit due to caving ground.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	Recovery of water samples was by air lift, in the return air from the hammer.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Water samples were collected as the boreholes were being drilled, in order to minimise water mixing in the hole.
	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.	With water there is no sample loss in the usual sense.
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 chip samples were laid out in 10m lines. Individual samples were sieved in water to remove the fines and chips logged on by a qualified geologist. Representative samples of the 1m intervals were collected and stored in marked 10 compartment plastic chip trays. The chip trays 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 entered into Excel spreadsheets.
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.*	The water samples do not require sub-sampling or sample preparation.
	Quality control procedures adopted for all sub-sampling stages to maximise the representative nature of the samples.	There was no sub-sampling.
	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.	All samples were collected in duplicate to allow for referee analyses. In view of the results obtained, submission of referee samples has not been necessary.

Criteria	JORC Code explanation	Commentary
	Whether sample sizes are appropriate to the grain size of the material being sampled	Not relevant for water sampling.
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.*	Metals ions were determined by ICP-OES/MS and anions were to be analysed by ion chromatography. Samples were analysed for Ca, Na, K, Mg, Li, B, and U. However, the very high salinity of the samples prevented the use of ion chromatography, thus anions were not determined. The very high levels of Na fall far outside the normal calibration curves for the analysis method used. Na values are therefore indicative only and could potentially have a high level of error associated with them. The Na results are therefore not accredited. Due to the very high TDS levels, TDS values for the samples were determined from a 10ml rather than a 50ml sample. The reported results have been corrected for this. TDS results are not accredited.
	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.	No QC samples were submitted, as the results have not warranted this.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.* *The use of twinned holes.*	The drill samples and logs were reviewed by the consulting geologist.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	All data, including drill site data and analytical data, is entered on Excel spreadsheets.
	Discuss any adjustment to assay data.	No adjustments were necessary.

Criteria	JORC Code explanation	Commentary
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.*	Drill collars were fixed by Garmin model 62 GPS instruments, and are believed accurate to ±5 m.
	Specification of the grid system used.	All co-ordinates are recorded in UTM Zone 35S, datum WGS84.
	Quality and adequacy of topographic control	The terrain is very flat thus at this stage of the program no precise topographic control is necessary. Topographic data at a relatively low level of accuracy is obtained from hand-held GPS instruments.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	The five holes drilled are very widely spaced and are of a reconnaissance nature only.
	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.	The drilling was reconnaissance only and could not establish any resource.
	Whether sample compositing has been applied.	Rock samples were composited over 10 m. These samples have however not been analysed.
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 distribution of water types is horizontal and vertical, thus the vertical holes drilled are appropriate.
	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.	No sampling bias.
Sample security	*The measures taken to ensure sample security.*	The samples were collected at the drill site and stored in one of the site vehicles before being taken to the iQuest offices in Gaborone. From there they were sent to the laboratory in Johannesburg by a commercial courier (Sprint Couriers (Pty) Ltd).
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	No audits were carried out.

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 80% ownership of South Resource Ventures (Pty) Ltd (SRV) own 80% of the tenements, which are Prospecting Licences (PLs) 264/2016 and 266/2016, for industrial minerals, issued to SRV by the Minister of Mineral Resources, Green Technology and Energy Security, Republic of Botswana. The licences carry the rights to salts of Li, K, Mg and Na only. There are no known environmental issues on the licences which would prevent the extraction of brines. The area of the licences is tribal land within the Central District, and totals 1,258.86 km^2.
	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 licences were issued on 01 October 2016 and are valid until 30 September 2019. They may be renewed for two periods of two years each, provided 50% of the area is relinquished at each renewal. There is no known impediment to the granting of a Mining Licence.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	The area of the SRV licences has been previously held under Prospecting Licences by other parties. However, there is no record that any work was actually done under the historical licences. There is thus no historical database for the licences drilled, and the program is very much “grass roots.” There are however records on the exploration and exploitation of brines in Sua Pan, to the east of the licences. Brines occur over a considerable area, and are exploited for soda ash and common salt by Botswana Ash (Pty) Ltd. The brines are known to contain low levels of lithium at an, average of about 20 mg/l which is well below economic concentrations.
Geology	*Deposit type, geological setting and style of mineralisation.*	The brines which are the target of the exploration program are within a sandstone aquifer of Tertiary age. The sandstone is of lacustrine origin, calcareous, poorly consolidated and friable. The sandstone unit thickens to the north and is >100 m thick on PL 264/2016. To the south, on PL 266/2016, it is approximately 50 m thick. Near surface the sandstone is cemented by silica to form a hard silcrete. The parameters of the aquifer are unknown, but it is clearly extensive and

Criteria	JORC Code explanation	Commentary
		often high yielding, with airlift yields of up to 60 m^3/hr.
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* *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.*	Refer to Table A1. All boreholes are vertical and at approximately 900m elevation.
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.	Not applicable to water sampling.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No Metal equivalents were used.

Criteria	JORC Code explanation	Commentary
Relationship between mineralization 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').*	As holes are vertical and water stratification is horizontal, all intercepts are true widths.
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 Tables above.
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 believes that the reporting 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).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling*	Further work is subject to review.

Criteria	JORC Code explanation	Commentary
	areas, provided this information is not commercially sensitive.	