

ASX Announcement

ASX: Li3

30 August 2018

Bepe and Kondo Mines Due Diligence Commencement

Zimbabwe Hard Rock Lithium

- Bepe and Kondo Mines acquisition due diligence process has commenced
- Potential spodumene mineralisation identified at surface and in underground workings at Bepe Mine

Lithium Consolidated Mineral Exploration Ltd ("**Lithium Consolidated**" or the "**Company**") is pleased to announce that it has commenced a due diligence process at the Bepe and Kondo mines in Zimbabwe (the "**Mines**").

Further to the Company's ASX Announcement on 6 August 2018 of the potential acquisition of the Bepe and Kondo Mines, and subject to satisfactory results from the due diligence process, the Company will acquire a 100% interest in:

1. The Bepe Mine through the Bepe Special Mining License (Registration No.: M4740BM) (the "**Bepe Mine**"); and
2. The Kondo Mine through three (3) Mining Licenses: Mwami 'L' (Registration No.: 40832BM), Jerejoga '20' (Registration No.: 27976BM), Kondo 9 (Registration No.: 25988BM) (the "**Kondo Mine**"),
(collectively the "**Mining Licenses**").

The due diligence process will be undertaken in two (2) phases:

- Phase 1: Site visit, including field reconnaissance sampling and mapping; and
- Phase 2: Analysis of assay results, and Competent Person's site visit.

The main objective of the due diligence process will be to verify the presence of lithium mineralisation and, if possible, determine the approximate size of the pegmatites at the Mines.

The due diligence process is expected to be completed in approximately six (6) weeks.

Bepe Mine: Preliminary Findings

The Company's preliminary investigations at the Bepe Mine have been very encouraging. The pegmatite at Bepe Mine has a strike length of ~180 m, an apparent width on surface of ~30 m and dips to the southwest at between 40° and 60°. The pegmatite is hosted in an amphibolite which has a well-developed fabric. Three zones have been identified surrounding the massive quartz core: the inner intermediate zone; the outer intermediate zone; and the wall zone.

Potential spodumene is observed at surface, usually weathered, in float and outcropping pegmatites as well as in underground workings.

Figure 1

(A) Potential spodumene grab sample; (B) Large outcropping boulders containing potential spodumene



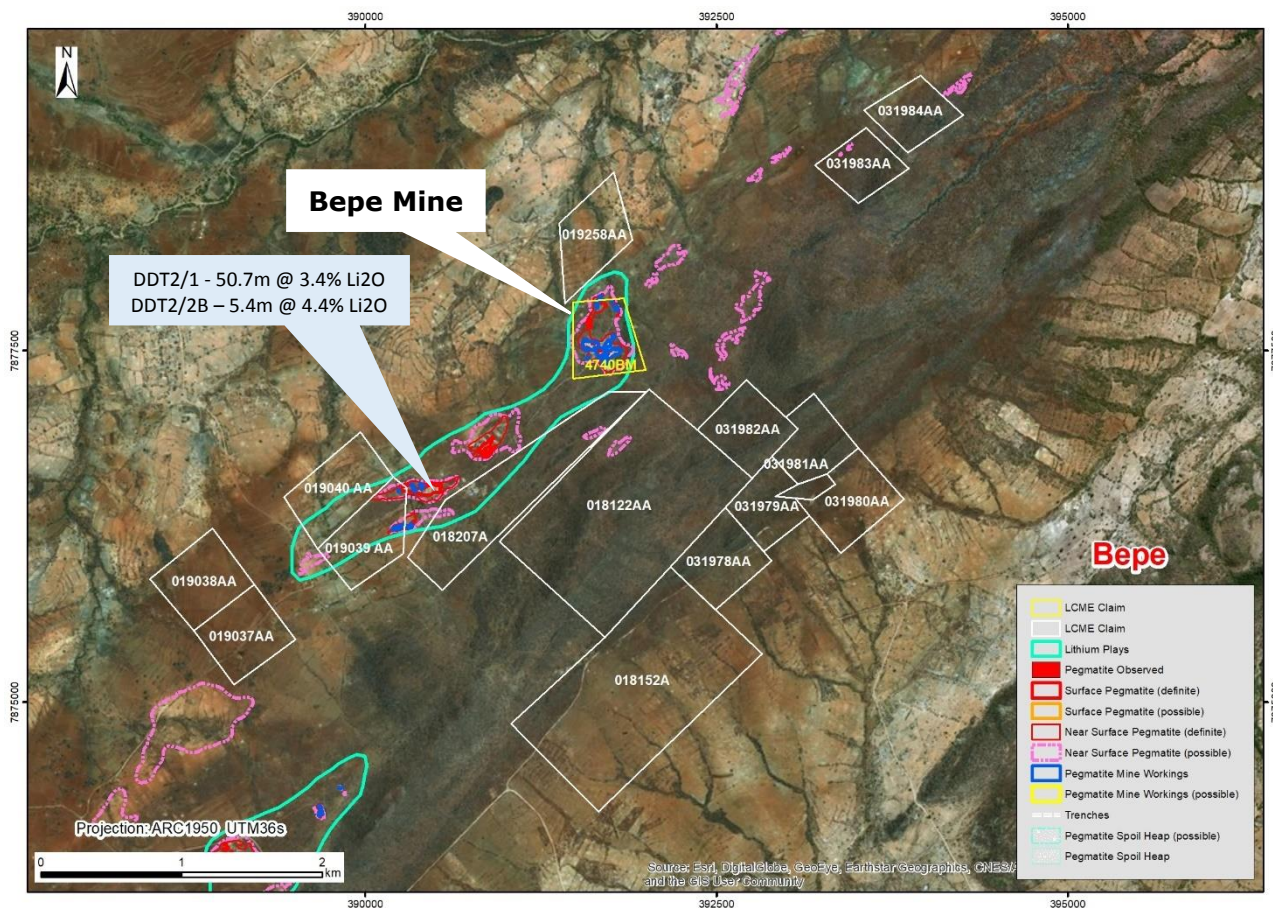
The Bepe Special Mining Licence, combined with our existing Bepe Prospecting Licences, establishes a controlling position in the Bepe Pegmatite Field (see Figure 2). The presence of a further six (6) lithium assets in the area suggests a strong case for lithium exploration in the Mutare Greenstone Belt.

Recent exploration drilling of LCT pegmatites in the Bepe Pegmatite Field, adjacent to the Company's licences, has resulted in a best intersection of 50.7 m at 3.4 % Li_2O (hole DDT2/2B)¹.

¹ Source: Mezzotin Minerals Inc Announcement titled: "Mezzotin Minerals Announces Results of Preliminary Drill Programme on Sabi Star Completed by Max Mind" on 1 September 2017.

Figure 2

Bepe – Location and Interpreted Pegmatites ^(a) and the Bepe Mine (yellow) and 15 other Prospecting Licences either granted to or applied for by the Company (see Li3 ASX Announcement Dated 30 July 2018)



Notes:

- a) Image interpretation based on spectral signatures and the size of the cluster of workings show the pegmatites here are potentially extensive and potentially have flat dips.

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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's Statement:

The information in this announcement that relates to the geological descriptions of the Zimbabwe Assets is based on information reviewed and compiled by Michael Cronwright, a Competent Person who is a fellow of The Geological Society of South Africa and Pr. Sci. Nat. (Geological Sciences) registered with the South African Council for Natural Professions. Mr Cronwright is a Principal Consultant with The MSA Group (Pty) Ltd, a South African based consultancy. Mr Cronwright has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Cronwright consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



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Appendix 1:

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	<i>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.</i>	Rock chip and grab samples have been taken of potential lithium mineralisation to confirm the presence of lithium mineralisation. Samples are to be submitted to a suitable laboratory for lithium assay and XRD analysis.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used</i>	The rock chip and grab samples taken are considered representative of the potential lithium mineralisation present; however, results should not be considered to be representative grade of the mineralisation.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> <i>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</i>	NA, Further details to be provided once the samples have been assayed.
Drilling techniques	<i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details</i>	NA

Criteria	JORC Code explanation	Commentary
	<i>(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).</i>	
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	NA
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	NA.
	<i>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.</i>	NA
Logging	<i>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.</i>	NA
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	NA
	<i>The total length and percentage of the relevant intersections logged.</i>	NA.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	NA

Criteria	JORC Code explanation	Commentary
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	NA
	<i>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.</i>	NA.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled</i>	NA
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	NA
	<i>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.</i>	NA
	<i>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.</i>	NA

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i>	NA
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	NA
	<i>Discuss any adjustment to assay data.</i>	NA
Location of data points	<i>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.</i>	GPS coordinates have been taken of the rock chip and grab sample locations. Any assay results from the rock chip and grab samples shall be used to confirm / refute the presence of lithium mineralisation only.
	<i>Specification of the grid system used.</i>	All coordinates are recorded in the southern Africa ARC 1950 datum, UTM 36 South Zone, unless otherwise specified.
	<i>Quality and adequacy of topographic control</i>	NA.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	NA.
	<i>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.</i>	NA.
	<i>Whether sample compositing has been applied.</i>	NA.
	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures</i>	Samples of potential lithium mineralisation have been taken and will be biased to the

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	<i>and the extent to which this is known, considering the deposit type.</i>	zones identified as containing potential lithium mineralisation.
	<i>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.</i>	NA
Sample security	<i>The measures taken to ensure sample security.</i>	Samples were taken by MSA with a unique sample ticket inserted into the plastic bag and sealed with a cable tie. MSA delivered the samples to the LCME in country representative who will ship the samples to a suitable laboratory for assay.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	No audits or reviews of the sampling techniques and data have been done at this stage.

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	<i>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.</i>	Wiscap Trading (Private) Limited has a 100% interest in the subject licenses: 1) Bepe Special Mining License (Registration Number M4740BM) 2) Mwami 'L' (Registration No.: 40832BM) 3) Jerejoga '20' (Registration No.: 27976BM) 4) Kondo 9 (Registration No.: 25988BM)
	<i>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.</i>	The Wiscap Trading (Pvt) Limited owned Mining Licenses are understood to be in good standing, although this will be verified as part of the pending due diligence process. Lithium Consolidated Mineral Exploration Limited has executed an Agreement

Criteria	JORC Code explanation	Commentary
		for the Purchase of the shares in wholly owned, Zimbabwe registered subsidiaries of Wiscap Trading (Pvt) Limited, to acquire a 100% interest in the Mining Licenses from Wiscap Trading (Pvt) Limited. Please refer to Section 3 of the Company's ASX Announcement on 6 August 2018: Key Terms Summary.
Exploration done by other parties	<i>Acknowledgment and appraisal of exploration by other parties.</i>	<p>The Kondo Mine has been mined in the past and produce tantalite concentrates. Currently the mine is not operational</p> <p>The Bepe Mine has been mined in the past and produced tantalite concentrates. Currently the mine is not operational</p>
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	<p>The Kondo Mine potentially contains pegmatite hosted tantalite mineralisation in the Mwami Pegmatite Field. The pegmatites are possibly Li-Ta-Cs (LCT) type pegmatites which may contain lithium mineralisation in the form of spodumene, petalite and/or lepidolite which will need to be confirmed in the current due diligence exercise. These pegmatites are hosted by garnet-staurolite-quartz mica schists and gneiss of the Magondi Mobile Belt, within an area of bold rugged topographic relief. The pegmatites are Palaeoproterozoic in age.</p> <p>The pegmatite in the Bepe Mine are possibly Li-Ta-Cs (LCT) type pegmatites which may contain lithium mineralisation in the form of spodumene, petalite and/or</p>

Criteria	JORC Code explanation	Commentary
		<p>lepidolite which will need to be confirmed in the current due diligence exercise. The pegmatite in the area outside the licence are known to contain lithium mineralisation hosted in spodumene, petalite and lepidolite.</p> <p>These pegmatites are Archaean in age and hosted in slightly older Archaean greenstones and meta-sediments in the region.</p>
Drill hole Information	<p><i>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:</i></p> <p><i>easting and northing of the drill hole collar</i></p> <p><i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></p> <p><i>dip and azimuth of the hole</i></p> <p><i>down hole length and interception depth</i></p> <p><i>hole length.</i></p> <p><i>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.</i></p>	NA
Data aggregation methods	<p><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually</i></p>	NA

Criteria	JORC Code explanation	Commentary
	<i>Material and should be stated.</i>	
	<i>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.</i>	NA.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	NA.
Relationship between mineralisation widths and intercept lengths	<p><i>These relationships are particularly important in the reporting of Exploration Results.</i></p> <p><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></p> <p><i>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').</i></p>	NA
Diagrams	<i>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.</i>	See above document for locality maps of the licences.
Balanced reporting	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of</i>	NA

Criteria	JORC Code explanation	Commentary
	<i>both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	
Other substantive exploration data	<i>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.</i>	<p>A high-level desktop study has been done as well as detailed interpretation of satellite imagery was used to determine old workings, exposed and sub-cropping pegmatites.</p> <p>The first phase of the due diligence has identified potential spodumene mineralisation at the Bepe Mine.</p> <p>No site visit by the CP has been done at this stage and will be part of the further due diligence phase of work described.</p>
Further work	<p><i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></p> <p><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></p>	<p>LCME plan is currently undertaking the first phase of the due diligence to assess the potential for lithium mineralisation. This includes a data review, mapping and preliminary rock chip and grab sampling to establish the presence of lithium bearing pegmatites.</p>

Appendix 2: Zimbabwe Prospecting Licenses

	Asset	Prospecting Licence (Claim No)	Area (ha)	Status
1	Tals 5	018123A	140	Granted
2	Nels Luck	018121 A	110	Granted
		019060AA	23	Granted
		019061AA	22	Granted
		019062AA	17	Granted
		019270 AA	25	Granted
		019271 AA	15	Granted
		019272 AA	25	Granted
		018151A	75	Granted
3	Bepe	018152A	100	Pending
		019037AA	25	Pending
		019038AA	25	Pending
		019039AA	25	Pending
		019040AA	25	Pending
		031978 AA	25	Granted
		031979 AA	24	Granted
		031980 AA	25	Granted
		031981 AA	20	Granted
		031982 AA	25	Granted
		031983 AA	25	Granted
		031984 AA	25	Granted
		019258 AA	25	Pending
		018207 A	65	Pending
		018122 A	150	Granted
4	Magoda	018153A	142	Pending
		018154A	131	Pending
		018155A	149	Pending
		018156A	80	Pending
		018157A	90	Pending
		018158A	116	Pending
		018159A	105	Pending

	Asset	Prospecting Licence (Claim No)	Area (ha)	Status
		018160A	115	Pending
5	Day Dawn	019126AA	19	Granted
		019421AA	25	Pending
		019422AA	25	Pending
		019423AA	25	Pending
6	Chisuma	019118AA	25	Granted
		019120AA	25	Granted
		019121AA	25	Granted
		019122AA	24	Granted
		019123AA	25	Granted
		019362AA	25	Pending
7	Grey Lady	019119 AA	24	Granted
		019124 AA	23	Granted
		019125 AA	22	Granted
		019255 AA	14	Granted
		019256 AA	17	Granted
		019257 AA	8	Granted