

Notice of Annual General Meeting and Explanatory Memorandum

Lithium Consolidated Mineral Exploration Ltd ACN 612 008 358

Date of Meeting: 28 November 2018

Time of Meeting: 10.00am (Brisbane time)

Place of Meeting: Level 7 Waterfront Place 1 Eagle Street Brisbane QLD 4000

This is an important document and requires your attention

If you are in any doubt about how to deal with this document, please consult your legal, financial or other professional advisor.

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of Lithium Consolidated Mineral Exploration Ltd ACN 612 008 358 (**Company**) will be held at Level 7 Waterfront Place 1 Eagle Street Brisbane QLD 4000 on 28 November 2018 at 10.00am (Brisbane time).

Terms used in this Notice of Meeting are defined in Section 8 "Interpretation" of the accompanying Explanatory Memorandum.

AGENDA

ORDINARY BUSINESS

Financial Statements

To receive and consider the financial statements of the Company and its controlled entities for the period ended 30 June 2018 and the related Directors' Report, Directors' Declaration and Auditor's report.

Resolution 1 – Adoption of Remuneration Report (advisory Resolution)

To consider and, if thought fit, pass the following Resolution as an advisory Resolution, without amendment:

"That for the purposes of section 250R(2) of the Corporations Act, and for all other purposes, the Remuneration Report for the year ended 30 June 2018 (as set out on pages 19 to 23 of the Directors' Report) is adopted."

The vote on this Resolution 1 is advisory only and does not bind the Directors or the Company.

Voting restriction pursuant to section 250R(4) of the Corporations Act

A vote on this Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; and
- (b) a Closely Related Party of such a member.

However, the above persons may cast a vote on Resolution 1 if:

- (a) the person does so as a proxy; and
- (b) the vote is not cast on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member; and
- (c) either:
 - (1) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
 - (2) the voter is the Chairman of the Meeting and the appointment of the Chairman as proxy:
 - A. does not specify the way the proxy is to vote on the Resolution; and
 - B. expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

Notice of Annual General Meeting

Voting Intentions of the Chairman

Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair of the Meeting may change his/her voting intention on any Resolution, in which case an ASX announcement will be made.

Further details, in relation to the ability of the Chairman to vote on undirected proxies are set out in the accompanying proxy form.

Resolution 2 – Re-Election of Vincent Mascolo as a Director of the Company

To consider and, if though fit, pass the following Resolution with or without amendment, as an Ordinary Resolution:

“That Mr Vincent Mascolo, who retires by rotation in accordance with Rule 38.1 of the Company’s Constitution and ASX Listing Rule 14.4 and, being eligible, offers himself for re-election be re-elected as a Director of the Company.”

Resolution 3 – Ratify for the purposes of Listing Rule 7.1 the Issue of Shares, Unlisted Options and Performance Rights to Consultants of the Company

To consider and, if though fit, pass the following Resolution with or without amendment, as an Ordinary Resolution:

“That, in accordance with Listing Rule 7.4, and for all other purposes, the Company ratify the issue of:

- 327,000 fully paid ordinary shares in the Company (**Consultant Shares**);
- 654,000 options to subscribe for fully paid ordinary shares in the Company exercisable at \$0.25 each, expiring on 29 June 2010 and otherwise on the terms and conditions set out in the Explanatory Memorandum (**Consultant Options**); and
- 477,000 performance rights to subscribe for fully paid ordinary shares in the Company issued on the terms and conditions set out in the Explanatory Memorandum (**Consultant Rights**).

on 29 June 2018 to certain consultants of the Company.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of:

- (a) a recipient of Consultant Shares, Consultant Options and Consultant Performance Rights; and
- (b) any associate of a recipient of Consultant Shares, Consultant Options and Consultant Performance Rights.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

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Voting Intentions of the Chairman

Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the Resolutions the subject of this Meeting, including Resolution 3, subject to compliance with the Corporations Act. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any Resolution, in which case an ASX announcement will be made. Further details, in relation to the ability of the Chairman to vote on undirected proxies are set out in the accompanying proxy form.

Resolution 4 –Issue of Options to Mr Shanthar Pathmanathan

To consider and, if thought fit, pass the following Ordinary Resolution with or without amendment:

“That in accordance with the provisions of Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the Company is authorised to issue 2,000,000 options to subscribe for ordinary shares in the Company each exercisable at \$0.15 and expiring on 31 December 2021 to Mr Shanthar Pathmanathan, a Director of the Company, or his nominee, on the terms and conditions set out in this Notice and accompanying Explanatory Memorandum (Pathmanathan Options).”

NOTES:

A copy of this Notice and the Explanatory Memorandum which accompanies this Notice has been lodged with ASIC in accordance with Section 218 of the Corporations Act.

A detailed summary of the proposed terms of the Pathmanathan Options the subject of this Notice is contained within the Explanatory Memorandum.

Voting Exclusion Statement - Listing Rule 10.11

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

- (a) Shanthar Pathmanathan; or
- (b) any associate of Shanthar Pathmanathan.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Exclusion Statement – Part 2E of the Corporations Act

For the purposes of Part 2E of the Corporations Act, a vote on Resolution 4 must not be cast by or on behalf of:

- (a) Shanthar Pathmanathan; and
- (b) an associate of Shanthar Pathmanathan.

However, this does not prevent the casting of a vote on Resolution 4 if it is cast by a person as a proxy in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of a person referred to in sub-paragraphs (a) or (b) directly above.

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Voting Exclusion Statement - Section 250BD of the Corporations Act

A vote on Resolution 4 must not be cast on, and the Company will disregard any votes cast on, this Resolution by:

- (a) any Key Management Personnel (which includes the Chair) of the Company, or if the Company is part of a consolidated entity, of the entity; or
- (b) a Closely Related Party of such Key Management Personnel,

who is appointed as a Shareholder's proxy, where the Shareholder does not direct in writing the way the proxy is to vote on the Resolution.

However, the Company need not disregard a vote on this Resolution 4 if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, where the Shareholder does not direct in writing the way the proxy is to vote on the Resolution, on the condition that the appointment of proxy expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, of the entity.

Resolution 5 – Issue of Performance Rights to Shanthar Pathmanathan

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution, with or without amendment:

“That pursuant to Listing Rule 10.14 and for the purposes of Part 2E of the Corporations Act and for all other purposes, Shareholders approve the grant to Shanthar Pathmanathan, being a Director of the Company, or his nominee, of 2,000,000 Class A Performance Rights (**Pathmanathan Performance Rights**) for nil consideration and to allot and issue Shares upon the vesting and subsequent exercise of those Performance Rights (on a one-for-one basis) in accordance with the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

NOTES:

A copy of this Notice and the Explanatory Memorandum which accompanies this Notice has been lodged with ASIC in accordance with Section 218 of the Corporations Act.

A detailed summary of the proposed terms of the Pathmanathan Options the subject of this Notice is contained within the Explanatory Memorandum.

Voting Exclusion Statement - Listing Rule 10.14

The Company will disregard any votes cast in favour of this Resolution by any Director of the Company who is eligible to participate in the Performance Rights Plan and any associate of them.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Exclusion Statement – Part 2E of the Corporations Act

For the purposes of Part 2E of the Corporations Act, a vote on Resolution 5 must not be cast by or on behalf of:

- (a) Shanthar Pathmanathan; and
- (b) an associate of Shanthar Pathmanathan.

However, this does not prevent the casting of a vote on Resolution 5 if it is cast by a person as a proxy in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of a person referred to in sub-paragraphs (a) or (b) directly above.

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Voting Exclusion Statement - Section 250BD of the Corporations Act

A vote on Resolution 5 must not be cast on, and the Company will disregard any votes in favour of this Resolution by or on behalf of:

- (a) any Key Management Personnel (which includes the Chair) of the Company, or if the Company is part of a consolidated entity, of the entity; or
- (b) a Closely Related Party of such Key Management Personnel,

who is appointed as a Shareholder's proxy, where the Shareholder does not direct in writing the way the proxy is to vote on the Resolution.

However, the Company need not disregard a vote on this Resolution 5 if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, where the Shareholder does not direct in writing the way the proxy is to vote on the Resolution, on the condition that the appointment of proxy expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, of the entity.

SPECIAL BUSINESS

Resolution 6 – Change of Company Name

To consider and, if thought fit, pass the following Resolution, as a Special Resolution, without amendment:

*“That, in accordance with Section 157 of the Corporations Act 2001 (Cth), the Company adopts the new name **Lithium Consolidated Limited** and Shareholders approve the Company changing its name to **Lithium Consolidated Limited** with the effect from the day on which the Australian Securities and Investments Commission alters the details of the Company’s registration.”*

Resolution 7 – Approval to issue an additional 10% of the issued capital of the Company over a 12-month period pursuant to Listing Rule 7.1A

To consider and, if thought fit, pass the following Resolution, as a Special Resolution, without amendment:

*“That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, the Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the date of the Meeting, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions described in the Explanatory Memorandum (**Placement Securities**).”*

Voting Exclusion Statement

The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of:

- (a) any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an associate of that person (or those persons) in (a) above.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

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GENERAL BUSINESS

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

By order of the Board

Duncan Cornish
Company Secretary
25 October 2018

Explanatory Memorandum

Introduction

This Explanatory Memorandum is provided to Shareholders of Lithium Consolidated Mineral Exploration Ltd ACN 612 008 358 (**Company**) to explain the resolutions to be put to Shareholders at the Annual General Meeting to be held at Level 7 Waterfront Place 1 Eagle Street Brisbane QLD 4000 on 28 November 2018 commencing at 10.00am (Brisbane time).

The Directors recommend shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Terms used in this Explanatory Memorandum are defined in Section 8 "Interpretation".

Financial Statements

The Corporations Act requires that the Company's Annual Financial Report for the period ending 30 June 2018 (including the Directors' Report, Financial Statements and the Audit Report) be laid before the Annual General Meeting for discussion. Although not requiring a vote of members, an opportunity will be provided for members to ask questions on the Annual Financial Report.

The Company will not provide a hard copy of the Company's Annual Financial Report to Shareholders unless specifically requested to do so. The Company's Annual Financial Report is available on its website at www.li3limited.com.

1. Resolution 1 – Adoption of Remuneration Report

1.1 Remuneration Report

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding advisory Resolution in accordance with section 250R of the *Corporations Act*.

The Remuneration Report is set out on pages 19 to 23 of the Directors' Report section of the Annual Financial Report for the period ending 30 June 2018. The Report:

- (a) explains the Board's policy for determining the nature and amount of remuneration of Key Management Personnel of the Company;
- (b) explains the relationship between the Board's remuneration policy and the Company's performance;
- (c) sets out remuneration details for each Key Management Personnel of the Company including details of performance related remuneration and performance rights and options granted as part of remuneration; and
- (d) details and explains any performance conditions applicable to the remuneration of Key Management Personnel of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

1.2 Recommendation

The Directors unanimously recommend that Shareholders vote in favour of adopting the Remuneration Report. A vote on this resolution is advisory only and does not bind the Directors or the Company.

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1.3 Voting restrictions on Key Management Personnel and their Closely Related Parties and their proxies

As set out in the notes to Resolution 1, a voting restriction applies with respect to the voting on this Resolution by members of the Key Management Personnel and their Closely Related Parties and their proxies voting (in any capacity) (**Voting Restriction**). Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The Voting Restriction does not apply where:

- (a) the Chairman or any other member of the Key Management Personnel is appointed in writing (by a Shareholder who is not a member of the Key Management Personnel or a Closely Related Party of the Key Management Personnel) as a proxy (**Management Proxy**) with specific instructions on how to vote on a resolution to adopt the remuneration report of the Company; or
- (b) the Chairman is appointed in writing (by a Shareholder who is not a member of the Key Management Personnel or a Closely Related Party of the Key Management Personnel) as a proxy with no specific instructions on how to vote on a non-binding Shareholder vote on remuneration, where the Shareholder provides express authorisation for the Chairman to do so.

Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the Resolutions the subject of this Meeting, including this Resolution 1, subject to compliance with the Corporations Act. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

2. Resolution 2 – Re-Election of Vincent Mascolo as a Director of the Company

Mr Vincent Mascolo retires by rotation in accordance with Rule 38.1 of the Company's Constitution and ASX Listing Rule 14.4 and, being eligible, offers himself for re-election as a Director.

Under Rule 38.1 of the Company's Constitution, one-third of Directors are required to retire at each annual general meeting (excluding directors seeking election at the meeting for the first time, or the Managing Director).

Vincent Mascolo's qualifications and experience

Mr Mascolo is a qualified mining engineer with extensive experience in gold and coal mining, quarrying and civilworks. He has been a director of various public and private companies over the past 25 years and is currently Chief Executive Officer and Managing Director of AIMlisted IronRidge Resources Ltd.

During the past three years, Mr Mascolo has also served as a director of the following listed companies:

- DGR Global Ltd*
- Ironridge Resources Limited*^

**denotes current directorship*

^denotes listed on the Alternative Investment Market of the London Stock Exchange

Mr Mascolo is a member of the Audit & Risk Management Committee.

In accordance with the Company's Corporate Governance Charter that has been drafted with consideration of the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations, 3rd Edition", Mr Mascolo is considered independent.

The Directors (with Mr Mascolo abstaining) recommend that you vote in favour of this ordinary resolution.

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3. Resolution 3 - Ratify for the purposes of Listing Rule 7.1 the Issue of Shares, Unlisted Options and Performance Rights to Consultants of the Company

3.1 Introduction

On 29 June 2018 the Company issued the following securities to certain consultants of the Company:

- 327,000 fully paid ordinary shares (**Consultant Shares**);
- 654,000 options to subscribe for fully paid shares in the Company exercisable at \$0.25 each, expiring on 29 June 2020 and otherwise on the terms set out in Schedule 1 (**Consultant Options**); and
- 477,000 performance rights to subscribe for fully paid shares in the Company, with various vesting conditions, performance hurdles and expiry dates and otherwise on the terms set out in Schedule 2 (**Consultant Rights**).

3.2 ASX Listing Rule 7.4

In accordance with Listing Rule 7.4, Shareholder approval is sought to ratify the issue and allotment of the Consultant Shares, Consultant Options and Consultant Rights, being issues of securities made by the Company on 29 June 2018 for which shareholder approval has not already been obtained.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders. Under Listing Rule 7.1A, shareholders can give prior approval (by special resolution at an annual general meeting) to the issue of securities equivalent to an additional 10% of its capital over a 12 month period. Shareholders gave their approval for the issue of additional shares under Listing Rule 7.1A at the last annual general meeting of the Company held on 21 November 2017.

Equity securities issued with shareholder approval under Listing Rules 7.1 or 7.4 do not count towards the 15% limit under Listing Rule 7.1 or the 10% limit under Listing Rule 7.1A. Listing Rule 7.4 provides that an issue of securities made without prior approval under Listing Rule 7.1 can be treated as having been made with that approval if shareholders subsequently approve it.

If Resolution 1 is approved it will have the effect of refreshing the Company's ability, to the extent of the Consultant Shares, Consultant Options and Consultant Rights, to issue further capital during the next 12 months pursuant to Listing Rule 7.1 without the need to obtain further Shareholder approval (subject to the Listing Rules and the Corporations Act).

If Resolution 1 is not passed, the Consultant Shares, Consultant Options and Consultant Rights will be counted toward the 15% limit pursuant to Listing Rule 7.1 for a period of 12 months from the date of issue.

For the purposes of ASX Listing Rule 7.5, the Company advises:

Number of securities issued	327,000 Consultant Shares, 654,000 Consultant Options and 477,000 Consultant Rights.
Date the Company issued the securities	The Consultant Shares, Consultant Options and Consultant Rights were issued on 29 June 2018.
Issue price of the securities	The Consultant Shares, Consultant Options and Consultant Rights were issued for nil consideration.

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Recipients of the securities	The Consultant Shares, Consultant Options and Consultant Rights were issued to consultants of the Company for services in accordance with Service Agreements.
Terms of the Securities	<p>The Consultant Shares are fully paid ordinary shares and rank equally with all other existing Shares presently on issue.</p> <p>The Consultant Options were issued on the terms and conditions set out in Schedule 1 to this Explanatory Memorandum.</p> <p>The Consultant Rights were issued on the terms and conditions set out in Schedule 2 to this Explanatory Memorandum.</p>
Intended use of funds	No funds raised.

3.3 Director Recommendation

The Board recommends that Shareholders vote in favour of this Ordinary Resolution.

4. Resolution 4 –Issue of Options to Mr Shanthar Pathmanathan

4.1 Introduction

The Directors have resolved to refer to members for approval the issue of 2,000,000 options to Mr Shanthar Pathmanathan, a Director of the Company, or his nominee, each exercisable at \$0.15 and expiring on 31 December 2021. The Options will vest immediately upon the share price of the Company trading for at least 60 consecutive days at not less than \$0.25.

The terms of the Pathmanathan Options are set out in more detail below.

Approval for the issue of the Pathmanathan Options is sought in accordance with the provisions of Listing Rule 10.11 and Part 2E of the Corporations Act. If approval is given under Listing Rule 10.11, approval will not be required under Listing Rule 7.1, pursuant to exception 14 of Listing Rule 7.2.

4.2 Option Terms

A summary of the material terms of the Options is set out below:

- The securities to be issued to Mr Shanthar Pathmanathan (**Option holder**) are options to subscribe for Shares.
- The Options are to be issued for no consideration.
- The exercise price of each Option is \$0.15 (**Exercise Price**).
- The Options will vest immediately upon the share price of the Company trading for at least 60 days at not less than \$0.25 in a calendar year (**Vesting Date**).
- The Options will expire and be forfeited (if the Options have not already been forfeited) on the earlier of (**Expiry Date**):
 - (a) 31 December 2021; or
 - (b) if the Option Holder's employment or engagement with the Company or an Associated Body Corporate ceases because of an Uncontrollable Event, 6 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Option Holder ceased that employment or engagement; or
 - (c) if the Option Holder's employment or engagement with the Company or an Associated Body Corporate ceases because of a Controllable Event, 3 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Option Holder

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ceased that employment or engagement; or

- (d) if the Option Holder ceases to be employed or engaged by the Company or an Associated Body Corporate of the Company due to fraud, dishonesty or being in material breach of their obligations to the Company or an Associated Body Corporate, immediately upon (or such other period as the Board shall, in its absolute discretion, determine) the date on which the Option Holder ceased that employment or engagement.

For the purpose of these Option terms, and in particular, the Expiry terms:

- Controllable Event means cessation of employment or engagement other than by an Uncontrollable Event.
- Uncontrollable Event means:
 - (1) death, serious injury, disability or illness which renders the Eligible Person incapable of continuing their employment or engagement (or providing the services the subject of the engagement) with the Company or Associated Body Corporate;
 - (2) forced early retirement, retrenchment or redundancy; or
 - (3) such other circumstances which results in an Eligible Person leaving the employment of or ceasing their engagement with the Company or Associated Body Corporate and which the Board determines is an Uncontrollable Event.
- Shares issued on exercise of the Options will rank *pari passu* with all existing Shares from the date of issue.
- Once vested the Options may be exercised wholly or in part by notice in writing to the Company received at any time on or before the Expiry Date together with a cheque for the Exercise Price of the Option multiplied by the number of Shares in respect of which Options are being exercised.
- The Options shall be unlisted but shall be transferable.
- Upon allotment of Shares pursuant to the exercise of Options, the Company shall use its best endeavours to have such Shares quoted and listed on the Official List of the ASX.
- Option holders do not have any right to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where required pursuant to the Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to Shareholders generally) to exercise the Options, in accordance with the requirements of the Listing Rules.
- Option holders do not participate in dividends or in bonus issues unless the Options are exercised and the resultant shares of the Company are issued prior to the record date to determine entitlements to the dividend or bonus issue.
- In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (a) the number of Options, the exercise price, or both will be reconstructed (as appropriate) in a manner consistent with the Listing Rules, but with the intention that such reconstruction will not result in any benefits being conferred on the Option holder which are not conferred on Shareholders; and
 - (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders of the Company approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged.
- If there is a bonus issue to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Option holder would have received if the Options had been exercised before the record date for the bonus issue.

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- If, during the life of any Option, there is a pro rata issue (except a bonus issue), the Exercise Price of an Option may be reduced according to the following formula:

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

where

O¹ = the new exercise price of the Option

O = the old exercise price of the Option

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

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

S = the subscription price for a security under the pro-rata issue

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

N = the number of securities with rights or entitlements that must be held to receive a right to one new security

- The terms of the Options shall only be changed if Shareholders (whose votes are not to be disregarded) approve of such a change. However, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options.

For the purposes of the terms of the Options, “associate” and “relevant interest” have the meaning given to those terms in the Corporations Act.

4.3 Regulatory Requirements

(a) Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of that public company unless the benefit falls within one of the various exceptions to the general prohibition. One of the exceptions includes where the company first obtains the approval of its shareholders in general meeting in circumstances where the requirements of Chapter 2E of the Corporations Act in relation to the convening of that meeting have been met.

A “related party” for the purposes of the Corporations Act is defined widely and includes a director of a public company.

A “financial benefit” for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

The proposed resolutions, if passed, will confer financial benefits to Mr Shanthar Pathmanathan, or his nominee, and the Company seeks to obtain Shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act and for this reason and for all other purposes the following information is provided to Shareholders.

(i) The related party to whom Resolution 4 would permit the financial benefit to be given

Mr Shanthar Pathmanathan, being a Director of the Company (or his nominee) are the related parties to whom Resolution 4 would permit the financial benefit to be given.

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(ii) The nature of the financial benefit

The nature of the proposed financial benefit to be given is:

- The issue of 2,000,000 Options to Mr Shanthar Pathmanathan, or his nominee, as referred to in Resolution 4 (further details of which are set out above);
- The Options shall be issued for no cash consideration; and
- The Options shall each be exercisable into fully paid Shares at an exercise price of \$0.15 and expiring on 31 December 2021.

(iii) Directors' Recommendation

With respect to Resolution 4, Mr Mascolo and Mr Moller recommend that Shareholders vote in favour of this Resolution. As Mr Shanthar Pathmanathan is interested in the outcome of Resolution 4, he accordingly makes no recommendation to Shareholders in respect of this Resolution.

The reasons for the above recommendations include:

- (i) the issue of the Pathmanathan Options will provide Mr Shanthar Pathmanathan with reward and incentive for future services he will provide to the Company to further the progress of the Company;
- (ii) the Pathmanathan Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (iii) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, the Directors considered that the incentive provided a cost effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses, increased remuneration). However, it must be recognised that there will be an opportunity cost to the Company, being the price at which the Company could issue the Pathmanathan Options to a third party.

(iv) Recipients' interests and other remuneration

Mr Shanthar Pathmanathan has a material personal interest in the outcome of Resolution 4, as it is proposed that the Pathmanathan Options be issued to him (or his nominee) as set out in Resolution 4. Excluding the Pathmanathan Options, and the Performance Rights to be issued to Shanthar Pathmanathan pursuant to Resolution 4, Mr Pathmanathan (and entities associated with him) hold:

- 636,750 Shares,
- Nil options to subscribe for Shares; and
- 5,000,000 Performance Rights.

Other than the Pathmanathan Options to be issued to Mr Pathmanathan (or his nominee) pursuant to Resolution 4, and the Performance Rights to be issued to Shanthar Pathmanathan pursuant to Resolution 5, Mr Pathmanathan currently receives director's remuneration of \$240,000 (including superannuation) per annum from the Company for his services as Managing Director of the Company.

Directors' Interests in Shares

If all of the Options issued are exercised by Mr Pathmanathan, or his nominees, the following will be the effect on their holdings in the Company and the dilutionary impact on current Shareholders of the Company:

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Shareholder	Current Share Holding	% of Total Share Capital Shares on issue)	Shares held Upon Exercise of Options ^{1, 2}	% of Total Share Capital Shares on issue) ^{1, 2}
Current Shareholders (other than Mr Pathmanathan)	89,862,372	99.30%	90,862,372	97.18%
Mr Pathmanathan	636,750	0.70%	2,636,750	2.82%
Total	90,499,122	100.00%	93,499,122	100.00%

Notes:

1. Assuming that no other Shares are issued.
2. Assuming each of the other Directors or their nominees exercise all of their Options. Mr Vince Mascolo is the only other director holding options (1,000,000).

(v) Valuation

The Pathmanathan Options will not be currently quoted on the ASX and as such will have no market value. The Pathmanathan Options each grant the holder a right to subscribe for one Share upon exercise of each Option and payment of the Exercise Price. Accordingly, the Pathmanathan Options may have a present value at the date of their exercise.

The Pathmanathan Options may acquire future value dependent upon the extent to which the Shares exceed the exercise price of the Pathmanathan Options during the term of the Pathmanathan Options.

As a general proposition, options to subscribe for ordinary fully paid shares in a company have value. Various factors impact upon the value of options including things such as:

- the period outstanding before the expiry date of the options;
- the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
- the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (i.e. whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
- the value of the shares into which the options may be converted; and
- whether or not the options are listed (i.e. readily capable of being liquidated).

The Company sought an independent valuation of the Options. The method used to value the options was the Black Scholes Model, which is the most widely used and recognised model for pricing options. The value of an option calculated by the Black Scholes Model is a function of the relationship between a number of variables, being the share price, the exercise price, the time to expiry, the vesting condition/s, the risk free interest rate and the volatility of the Company's underlying share price.

Inherent in the application of the Black Scholes Model are a number of inputs, some of which must be assumed. The data relied upon in applying the Black Scholes Model was:

- The exercise price of the Options being \$0.15;
- The Share price at the time of issue of the Options, which is estimated to be \$0.08 per Share (being the closing Share price as at 8 October 2018);

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- Estimated discount applied to the value arrived under the Black Scholes model for the probability of the Options vesting of 65%;
- The Expiry Date being 31 December 2021;
- A volatility measure of 113%;
- A risk-free interest rate of 2.10%; and
- A nil dividend yield,

(Assumed Data).

Based on this information, the Company has adopted an indicative value for the Options of \$0.0479 each.

On that basis, and taking into account the Assumed Data, the respective value of the Pathmanathan Options to be issued pursuant to Resolution 4 is \$33,600.

(vi) Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors

There is no other information known to the Company or any of its Directors that is reasonably required by Shareholders to make a decision with respect to the Resolution save and except as follows:

Market Price Movement

The Pathmanathan Option valuation noted above assumes a market price of the Shares on the date of issue of \$0.08 per share (being the closing Share price as at 8 October 2018). There is a possibility that the market price of the Shares on the date of issue of the Pathmanathan Options will be different to this and that the market price of the Shares will change up to the date of the Meeting.

Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Pathmanathan Options to Mr Pathmanathan, or his nominee, is the potentially dilutionary impact on the issued share capital of the Company (in the event that the Pathmanathan Options are exercised). Until exercised, the issue of the Pathmanathan Options will not impact upon the number of Shares on issue in the Company. To the extent that upon their exercise the dilutionary impact caused by the issue of Shares will be detrimental to the Company, this is more than offset by the advantages accruing from the Company securing the services of an experienced and skilled Director on appropriate incentive terms.

It is also considered that the potential increase in the value of the Pathmanathan Options is dependent upon a concomitant increase in the value of the Company generally.

Taxation Consequences

No stamp duty will be payable in respect of the issue of the Pathmanathan Options. No GST will be payable by the Company in respect of the issue of the Pathmanathan Options (or if it is then it will be recoverable as an input credit).

AASB 2 “Share Based Payments” requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the statement of comprehensive income. Where the issue date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management’s assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

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Listing Rule 10.11

Listing Rule 10.11 requires an entity to obtain the approval of Shareholders to an issue of securities to a related party. Mr Pathmanathan, being a Director of the Company, is a related party of the Company. Accordingly, because the issue of the Pathmanathan Options will result in the Company issuing securities to a related party, approval under Listing Rule 10.11 is required.

For the purposes of Listing Rule 10.13, the Company advises as follows:

- The maximum total number of Pathmanathan Options to be issued to Mr Pathmanathan, or his nominee, is 2,000,000 Options;
- Subject to Shareholder approval being obtained, a letter of offer for the issue of the Pathmanathan Options will be sent to Mr Pathmanathan (Offer). Subject to his acceptance of the Offer, the Pathmanathan Options are intended to be issued as soon as possible following the Meeting, but in any event, no later than one (1) month after the date of the Meeting;
- The Pathmanathan Options are being issued for nil consideration and the terms of the issue are set out in further detail above at section 4.2;
- No funds are being raised by the issue of the Options; and
- As noted above, as Shareholder approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

(b) Voting Restriction

There are restrictions on voting on Resolution 4, by Mr Pathmanathan and his associates and Key Management Personnel and their Closely Related Parties. For additional details please refer to the Voting Exclusion Statements in Resolution 4 of the Notice of Meeting.

Shareholders should be aware that any undirected proxies given to the chairperson will be cast by the Chairman and counted in favour of the resolutions the subject of this Meeting, including these Resolution 4, subject to compliance with the Corporations Act.

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to benefits contemplated by Resolution 4.

5. Resolution 5 – Approval for Issue of Performance Rights to Mr Shanthar Pathmanathan

5.1 Background

Resolution 5 seeks shareholder approval for the issue of Performance Rights, and Shares issued on exercise of the Performance Rights, to Mr Shanthar Pathmanathan under the LCME Performance Rights Plan (as approved by shareholders at the AGM on 21 November 2017) (**Performance Rights Plan**), as part of his long term incentive arrangements.

The Board's rationale for the Performance Rights Plan is to:

- (a) align the interests of participant's in the Performance Rights Plan with Shareholders through the allocation of equity based incentives which are linked to the performance of the Company;
- (b) attract, motivate and retain quality employees; and
- (c) preserve cash reserves.

The Performance Rights Plan is a flexible equity-based scheme which will allow the Company to grant different types of appropriately structured performance-based awards to eligible employees of the

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Company, depending upon the prevailing circumstances and having regard to market practices generally.

The Performance Rights are also a key component of the Company's executive remuneration strategy. Performance Rights allow Participants to acquire Shares, subject to remaining employed by the Company and based on the performance of the Company. If Performance Rights vest, Participants are entitled to be issued with a corresponding number of Shares without being required to pay any monetary consideration.

The Performance Rights Plan has been designed so that it is an integral component of the Company's remuneration philosophy and has been considered and reviewed by the Board, having specific regard to the Company's current key business drivers.

A summary of the terms and conditions of the Performance Rights Plan is set out in Schedule 3 to this Explanatory Memorandum.

5.2 Introduction

Resolution 5 is subject to the Performance Rights Plan, a summary of which appears in Schedule 3. The Resolution seeks Shareholder approval to issue 2,000,000 Performance Rights to Mr Shanthar Pathmanathan, or his nominee.

It is proposed to grant Mr Shanthar Pathmanathan (or his nominee) Performance Rights in order to provide him with reward and incentive for future services he will provide to the Company to further progress the aims and objectives of the Company.

5.3 Regulatory Requirements

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of that public company unless the benefit falls within one of various exceptions to the general prohibition. One of the exceptions includes where a company first obtain the approval of its shareholders in general meeting in circumstances where the requirements of Chapter 2E of the Corporations Act in relation to the convening of that meeting have been met.

The proposed resolution, if passed, will confer financial benefit on Mr Shanthar Pathmanathan (being a related party of the Company), and the Company seeks to obtain Shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act and for this reason, and for all other purposes, the following information is provided to Shareholders.

(a) The related party to whom Resolution 5 would permit the financial benefit to be given

Mr Shanthar Pathmanathan is the related party to whom Resolution 5 would permit the financial benefit to be given.

(b) The nature of the financial benefit

The nature of the proposed financial benefit is:

- the grant of 2,000,000 Performance Rights to Mr Shanthar Pathmanathan (or his nominee);
- the Performance Rights be issued for nil consideration; and
- the Performance Rights shall be capable of conversion into Shares in accordance with the terms of the Performance Rights Plan provided that the Performance Hurdles have been met (further details of which can be found in the table in section 5.4 of this Explanatory Memorandum).

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(c) Directors' Recommendation

With respect to Resolution 5, all directors other than Mr Shanthar Pathmanathan recommend that Shareholders vote in favour of this resolution. As Mr Pathmanathan is interested in the outcome of Resolution 5, he accordingly makes no recommendation to Shareholders in respect of this resolution.

The reasons for the above recommendation include:

- (a) the grant of the Performance Rights as proposed to Mr Shanthar Pathmanathan will provide him with reward and incentive for future services he will provide to the Company to further the progress of the Company;
- (b) the Performance Rights are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (c) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, the Directors considered that the incentive provided a cost effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses, increased remuneration). However, it must be recognised that there will be an opportunity cost to the Company, being the potentially dilutionary impact of the issue of Shares on the conversion of the Performance Rights. It should be noted however that one of the Performance Hurdles to the issue of Shares on the conversion of Performance Rights is the Company's Share price performance.

(d) Directors' interests and other remuneration

Mr Shanthar Pathmanathan has a material personal interest in the outcome of Resolution 5, as it is proposed that the Performance Rights be issued to him (or his nominee) as set out in Resolution 5.

Excluding the Performance Rights to be issued to Mr Shanthar Pathmanathan pursuant to Resolution 5, and the Pathmanathan Options to be issued to Shanthar Pathmanathan pursuant to Resolution 4, Mr Shanthar Pathmanathan (and entities associated with him), holds;

- 636,750 Shares;
- Nil Options; and
- 5,000,000 Performance Rights.

Please refer to the table below under the heading "Dilutionary Effect" which indicates the holdings of Mr Shanthar Pathmanathan (and entities associated with him).

Other than the Performance Rights to be issued pursuant to Resolution 5 and the Pathmanathan Options to be issued to Mr Pathmanathan (or his nominee) pursuant to Resolution 4, Mr Shanthar Pathmanathan currently receives an annual base salary of \$240,000 per annum (including statutory superannuation) from the Company for his services as Managing Director of the Company.

(e) Valuation

The Performance Rights are not currently quoted on the ASX and as such have no ready market value. The Performance Rights each grant the holder a right of grant of one ordinary Share in the Company upon vesting of the Performance Rights for nil consideration. Accordingly, the Performance Rights may have a present value at the date of their grant.

Various factors impact upon the value of Performance Rights including:

- the period outstanding before the expiry date of the Performance Rights;
- the underlying price or value of the securities into which they may be converted;

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- the proportion of the issued capital as expanded consequent upon conversion of the Performance Rights into Shares (i.e. whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest); and

The Company has commissioned an independent valuation of the Performance Rights, for the purposes of disclosing to Shareholders such information required to decide whether or not it is in the Company's interest to pass Resolution 5 and disclosing expenses in the Company's Financial Statements in accordance with AASB 2 Share Based Payments.

The fair value of the Shares at the time the Performance Rights are to be issued was used to value the Performance Rights based on attainment of business KPIs. The Performance Rights are issued for nil consideration and no consideration will be payable upon the vesting of the Performance Rights to ordinary shares in the Company.

A Performance Right lapses as described above. On this basis, there is an implied service condition in that the holder is required to be continuously employed by the Company, otherwise the Performance the Rights will lapse. This service condition does not affect the valuation.

The undiscounted value of a Performance Right is the value of an underlying ordinary share in the Company at the deemed date of grant of the Rights. For the purpose of this valuation based on the deemed grant date of 8 October 2018, the last traded price of a Share in the Company on ASX prior to finalisation of this notice, being 8.0 cents.

The number of Performance Rights that will vest depends upon the Performance Hurdles noted below being satisfied within the vesting period (i.e. on or before 31 December 2021), as well as Shanthar Pathmanathan remaining employed or engaged by the Company within the vesting period. The Performance Hurdles are deemed to comprise both non-market based and market-based performance vesting conditions.

The Performance Hurdles are set out below:

- (a) 20% if LCME delivers a commercially viable (in the opinion of the Board acting reasonably) JORC Li based resource on any Company project;
- (b) 20% if LCME undertakes a successful capital raising of at least \$3,000,000 by 30 June 2019 to advance its projects;
- (c) 20% if LCME secures a strategic partner or investor (in the opinion of the Board acting reasonably) for advancement of one or more of its projects;
- (d) 20% if the LCME share price trades for 60 days at not less than \$0.25; and
- (e) 20% if the LCME share price trades for 60 days at not less than \$0.75.

Performance hurdles (a) to (c)

These Performance Hurdles are deemed to be non-market based performance vesting conditions as they are linked to key internal Company objectives.

Under Australian Accounting Standard 2: Share-based Payments ("**AASB 2**"), if a condition is a non-market-based condition, the impact of the condition is not taken into account when estimating the fair value of each Performance Right at the grant date. Instead, the condition is taken into account by adjusting the number of Performance Rights so as to reflect the number of Performance Rights that are expected to vest, at each relevant reporting date.

In assessing the number of awards that are likely to vest, the Company may consider a probability factor of the likelihood that the non-market performance conditions will be achieved (including the related service condition). The approach followed is to determine a best estimate of the number of awards expected to vest for each Performance Hurdle. In other words, for example, a $\geq 50\%$ probability ("more likely than not") the vesting condition will be met, reflects that the most likely outcome is that 100% of the securities will vest and 100% of the value is

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then recognised for accounting purposes. Accordingly, whether a tranche of securities is recognised in the accounts is typically a binomial outcome.

On this basis, the Board have determined that hurdles (a) and (b) will be met “more likely than not” and therefore valued at \$0.08 per Performance Right (ie. 100% of the value), and that hurdle (c), considered a ‘stretch target’, have no (accounting) value as it is considered to have a <50% chance of being met.

Performance hurdles (d) and (e)

These Performance Hurdles are deemed to be market based performance vesting conditions as they are linked to the market price of the Company’s shares. Under AASB 2, if a vesting condition is a market based performance condition, the impact of the condition on a share-based payment is taken into account when first granted i.e. the initial valuation of the security may include a discount for the likelihood (at the grant date) that the market based condition will be met. This value is not subsequently adjusted during the term of the security.

On the assumption that there was a 100% probability that the vesting condition would be achieved, then no discount would be applied to the value. On the assumption that there was a 0% probability that vesting conditions (market-based condition only) would be achieved, then a 100% discount would be applied.

Based on the share price of \$0.08 per share and the target price per share set out per Performance Hurdle (d) (\$0.25), the market based vesting condition will only be met if the share price maintains a price of 3.125 times the current (8 October 2018) price.

Based on the Share price of \$0.08 per Share and the target price per share set out per Performance Hurdle (e) (\$0.75), the market based vesting condition will only be met if the share price maintains a price of 9.375 times the current (8 October 2018) price.

For purposes of the valuation, the estimated discount to apply to the value under Performance Hurdle (d) is 65% and for the probability of the Performance Rights vesting under Performance Hurdle (e) is 95%.

The determination of the probability and therefore discount to apply is somewhat subjective as we cannot predict the future prospects of the Company or the market. These discounts are based on similar discounts applied to other share option valuations we have undertaken with similar vesting hurdles as noted above. We note the highest price since listing in March 2017 has been 26.0 cents (achieved for a single day only in November 2017) which is also the 12-month high share price. Over the past 4 months the shares have traded in the range of 9.0 cents to 14.5 cents.

Based on the independent valuation of the Performance Rights, and the Company’s assessment of the probability of the non-market hurdles as described above, the Company agrees that the respective value of the Performance Rights to be issued pursuant to Resolution 5 is \$76,800, broken down as follows:

Performance Hurdle	Undiscounted Value	Discount Applied	Discounted Value	Number	Total Value
(a)	\$0.08	0%	\$0.08	400,000	\$32,000
(b)	\$0.08	0%	\$0.08	400,000	\$32,000
(c)	\$0.08	100%	Nil	400,000	Nil
(d)	\$0.08	65%	\$0.028	400,000	\$11,200
(e)	\$0.08	95%	\$0.004	400,000	\$1,600
Total				2,000,000	\$76,800

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The (accounting) value of the Performance Rights will be spread evenly over the accounting periods until the earlier of 31 December 2021 or when a Performance Hurdle is met (ie. vests).

(f) Any other information that is reasonably required by Shareholders to make an informed decision and that is known to the Company or any of its Directors

There is no other information known to the Company or any of its Directors that is reasonably required by Shareholders to make a decision with respect to Resolution 5, save and except as follows:

Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Performance Rights to Mr Shanthar Pathmanathan (or his nominee) is the potentially dilutionary impact on the issued Share capital of the Company (in the event that the Performance Rights are converted). To the extent that upon their conversion the dilutionary impact caused by the issue of the Shares will be detrimental to the Company, this is more than offset by the advantages accruing from the Company securing the services of an experienced and skilled Managing Director and management on appropriate incentive terms.

It is also considered that the potential increase of value in the Performance Rights is dependent upon a relative increase in the value of the Company generally.

Taxation Consequences

No stamp duty will be payable in respect of the grant of the Performance Rights. No GST will be payable by the Company in respect of the grant of the Performance Rights (or if it is then it will be recoverable as an input credit).

AASB 2 "Share Based Payments" requires that reporting entities must recognise services acquired in a share-based payment transaction as the services are received. The issue of Performance Rights is in return for services provided to the Company, therefore these services are to be recognised.

The value of the services acquired by the Company is to be measured at the fair value of the equity instrument granted, where fair value of the services provided cannot be estimated reliably. As the issue of Performance Rights is in consideration of future services, the fair value of the services cannot be reliably measured. As such, the value of the Performance Rights to be issued needs to be used as the reliable measurement of the services provided.

As the Performance Rights will not be listed on the ASX and will not be tradable, the market value of the Performance Rights cannot be readily determined from any sales data. Therefore, an option pricing model is necessary to provide a value for the performance rights issued.

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Dilutionary Effect

If all of the Performance Rights proposed to be granted under Resolution 5 vest and are subsequently converted by Mr Shanthar Pathmanathan, the following will be the effect on their holdings in the Company and the dilutionary impact on the current Shareholders of the Company:

Shareholder	Current Share Holding	% of Total Share Capital Shares on issue)	Shares held upon issue of Performance Rights^{1,2}	% of Total Share Capital Shares on issue)^{1, 2}
Current Shareholders (other than Mr Shanthar Pathmanathan)	89,862,372	99.30%	89,862,372	90.31%
Mr Shanthar Pathmanathan	636,750	0.70%	9,636,750	9.69%
Total	90,499,122	100.00%	99,499,122	100.00%

Notes:

(1) *Assuming that no other Shares are issued.*

(2) *Assuming that all of the Performance Rights and Options already issued to Mr Shanthar Pathmanathan (or his nominee) as well as those to be issued pursuant to Resolution 4 vest, and are subsequently converted into Shares in accordance with their terms.*

5.4 Listing Rules

Securities cannot be issued to a Director under an employee incentive scheme (like the Performance Rights Plan) without first obtaining shareholder approval. The purpose of Resolution 5 is to seek approval in accordance with Listing Rule 10.14 of the issue of Performance Rights, and Shares issued on exercise of the Performance Rights, to Mr Shanthar Pathmanathan, Managing Director of the Company.

The following information is provided in compliance with Listing Rule 10.15.

Maximum number of securities	2,000,000 Performance Rights. Each Performance Right is exercisable, subject to the satisfaction of the Performance Hurdles and being exercised during the applicable period for exercise, for one Share.
Issue Price	The Performance Rights will be issued for nil consideration on the basis that their issue represents an incentive for future performance, and will be subject to performance based vesting conditions (Performance Hurdles below). It is a term of the Performance Rights Plan that Performance Rights have a nil exercise price.

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Performance Hurdles	<p>Vesting of the Performance Rights will be as follows:</p> <ul style="list-style-type: none"> (a) 20% if LCME delivers a commercially viable (in the opinion of the Board acting reasonably) JORC Li based resource on any Company project; (b) 20% if LCME undertakes a successful capital raising of at least \$3,000,000 by 30 June 2019 to advance its projects; (c) 20% if LCME secures a strategic partner or investor (in the opinion of the Board acting reasonably) for advancement of one or more of its projects; (d) 20% if the LCME share price trades for 60 days at not less than \$0.25; and (e) 20% if the LCME share price trades for 60 days at not less than \$0.75. <p>The Board retains the right to cancel unvested Performance Rights in the event Mr Pathmanathan ceases employment due to termination or resignation.</p>
Last Exercise Date	<p>The Last Exercise Date for Vested Performance Rights, to the extent they have not been exercised, will be the earlier to occur of:</p> <ul style="list-style-type: none"> (1) where Performance Hurdles have not been satisfied, 31 December 2021; (2) where Performance Hurdles have been satisfied, the last date of exercise of the those (vested) Performance Rights, being 10 Business Days after 31 December 2021; or (3) 3 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the holder ceases employment or engagement.
Issue Date	<p>The Performance Rights under the Performance Rights Plan will be issued to Mr Pathmanathan as soon as possible after the Meeting, and in any event, no later than one month after the date of the Meeting.</p>
Security Details	<p>The details of any Performance Right issued under the Performance Rights Plan will be published in each Lithium Consolidated Mineral Exploration Limited Annual Report relating to a period in which Performance Rights have been issued. The Annual Report will also state that approval for the issue of Performance Rights was obtained under Listing Rule 10.14.</p> <p>No loan has or will be made in respect of the Performance Rights.</p>
Other Performance Rights issued under the Performance Rights Plan	<p>No persons referred to in Listing Rule 10.14 have received securities under the scheme since the last approval.</p>
Under LR 10.14 entitled to participate in the Performance Rights Plan	<p>The following persons are persons referred to in Listing Rule 10.14 entitled to participate in the Performance Rights Plan (subject to a determination to propose issuing securities to him or her, and to shareholder approval for the issue):</p> <ul style="list-style-type: none"> - Mr Vincent Mascolo, Director; - Mr Brian Moller, Director; and - Mr Shanthar Pathmanathan, Director.

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Voting restrictions

There are restrictions on voting on Resolution Five, by Mr Pathmanathan and his associates and Key Management Personnel and their Closely Related Parties. For additional details please refer to the Voting Exclusion Statements in Resolution 5 of the Notice of Meeting.

Shareholders should be aware that any undirected proxies given to the chairperson will be cast by the Chairman and counted in favour of the resolutions the subject of this Meeting, including this Resolution 5, subject to compliance with the Corporations Act.

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to benefits contemplated by Resolution 5.

6. Resolution 6 – Change of Company Name

Special Resolution

The proposed change of name pursuant to Resolution 6 is to **Lithium Consolidated Limited**.

The Corporations Act requires that this resolution be passed as a Special Resolution. Accordingly, in order for the resolution to be passed, at least 75% of the votes cast by members entitled to vote on the resolution must be in favour of the resolution.

Recommendation

The Directors unanimously recommend that Shareholders vote in favour of this Special Resolution.

7. Resolution 7 – Approval to issue an additional 10% of the issued capital of the Company over a 12-month period pursuant to Listing Rule 7.1A

7.1 Introduction

Pursuant to Resolution 7, the Company is seeking Shareholder approval to issue an additional 10% of its issued capital over a 12-month period pursuant to Listing Rule 7.1A. If passed, this Resolution will allow the Company to allot and issue up to the number of new Equity Securities calculated in accordance with Listing Rule 7.1A.2 (**Placement Securities**) each at an issue price of at least 75% of the volume weighted average price (**VWAP**) for the Company's Equity Securities in that class (calculated over the last 15 days on which trades in the Equity Securities are recorded immediately before the date on which the price at which the Placement Securities are to be issued is agreed, or if the Placement Securities are not issued within five trading days of that date, the date on which the Placement Securities are issued) (**Issue Price**).

This approval is sought pursuant to Listing Rule 7.1A. Under Listing Rule 7.1A, small and mid-cap listed entities that meet the eligibility threshold and have obtained the approval of their ordinary shareholders by special resolution at the annual general meeting, are permitted to issue an additional 10% of issued capital over a 12-month period from the date of the annual general meeting (**Additional 10% Placement**). The Additional 10% Placement under Listing Rule 7.1A is in addition to the ability of the Company to issue 15% of its issued capital without shareholder approval over a 12-month period pursuant to Listing Rule 7.1. The Company may issue the Placement Securities to raise funds for the Company and as non-cash consideration (further details of which are set out below).

Funds raised from the issue of Placement Securities, if undertaken, would be applied towards the continued growth of the Company's business operations (including client growth) and general working capital.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7.

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7.2 Listing Rule 7.1A

(a) General

(1) Eligibility

An entity is eligible to undertake an Additional 10% Placement if at the time of its annual general meeting it has a market capitalisation of \$300 million or less and it is not included in the S&P/ASX300 Index.

As required by the Listing Rules, the Company's market capitalisation will be based on the closing price on the Trading Day before the Meeting. The calculation of market capitalisation will be based on the Closing Price of Shares on the last Trading Day on which trades in the Shares were recorded before the date of the AGM, multiplied by the number of Shares on issue (in that main class, but excluding restricted securities and securities quoted on a deferred settlement basis).

For illustrative purposes only, on 8 October 2018 (being the last trading day prior the finalisation of this AGM Notice), the Company's market capitalisation was approximately \$7.2 million based on the closing trading price on that date. The Company is not included in the S&P/ASX300 Index as at the time of issue of this Notice of Meeting and the Company does not expect that it will be included in the S&P/ASX300 Index at the date of the AGM.

The Company is therefore an eligible entity and able to undertake an Additional 10% Placement under Listing Rule 7.1A. In the event that the Company is no longer an eligible entity to undertake an Additional 10% Placement after the Company has already obtained Shareholder approval, the approval obtained will not lapse and the Company will still be entitled to issue the Placement Securities.

(2) Special Resolution

Listing Rule 7.1A requires this Resolution 7 to be passed as a Special Resolution, which means that it must be passed by at least 75% of the votes cast by members entitled to vote on the Resolution. Pursuant to Listing Rule 7.1A, no Placement Securities will be issued until and unless this Special Resolution is passed at the Meeting.

(3) Shareholder Approval

The ability to issue the Placement Securities is conditional upon the Company obtaining Shareholder approval by way of a Special Resolution at the Meeting.

(b) 10% Placement Period - Listing Rule 7.1A.1

Assuming Resolution 7 is passed, shareholder approval of the Additional 10% Placement under Listing Rule 7.1A is valid from the date of the AGM and expires on the earlier to occur of:

- (a) the date that is 12 months after the date of the AGM; or
- (b) the date of the approval by shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX.

If approval is given for the issue of the Placement Securities then the approval will expire, on 28 November 2019, unless shareholder approval is granted pursuant to Listing Rules 11.1.2 or 11.2 prior to that date.

(c) Formula for calculating Additional 10% Placement

Listing Rule 7.1A.2 provides that Eligible Entities that have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12-month period after the

Explanatory Memorandum

date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

(A x D) – E

Where:

A is the number of ordinary securities on issue 12 months before the date of issue or agreement:

- (1) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- (3) plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rules 7.1 or 7.4 (but note that this does not include an issue of fully paid ordinary securities under the entity's 15% placement capacity without shareholder approval); and
- (4) less the number of fully paid ordinary securities cancelled in the 12 months.

Note that "A" has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rules 7.1 or 7.4.

(d) Listing Rule 7.1A.3

(1) Equity Securities

Any Equity Securities issued under the Additional 10% Placement must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this notice of meeting, the only class of Equity Securities in the Company quoted on the ASX are ordinary shares. The Company presently has 90,499,122 shares on issue at the date of this Notice of Meeting.

(2) Minimum Issue Price

The issue price for the Placement Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days immediately before:

- (a) the date on which the price at which the relevant Placement Securities are to be issued is agreed; or
- (b) if the relevant Placement Securities are not issued within five trading days of the date in paragraph (A) above, the date on which the relevant Placement Securities are issued.

(e) Information to be given to ASX – Listing Rule 7.1A.4

If Resolution 7 is passed and the Company issues any Placement Securities under Listing Rule 7.1A, the Company will give to ASX:

- (a) a list of allottees of the Placement Securities and the number of Placement Securities allotted to each (this list will not be released to the market); and

Explanatory Memorandum

- (b) the following information required by rule 3.10.5A, will be released to the market on the date of issue:
 - (1) details of the dilution to the existing holders of Shares caused by the issue;
 - (2) where the Shares are issued for cash consideration, a statement of the reasons why the Company issued the Shares as a placement under rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing Shareholders would have been eligible to participate;
 - (3) details of any underwriting arrangements, including any fees payable to the underwriter; and
 - (4) any other fees or costs incurred in connection with the issue.

(f) Listing Rules 7.1 and 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 90,499,122 Shares, and therefore has the capacity to issue:

- (a) 13,574,868 Equity Securities under Listing Rule 7.1; and
- (b) 9,049,912 Equity Securities under Listing Rule 7.1A.

The actual number of Placement Securities that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Placement Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as described above).

7.3 Specific information required by Listing Rule 7.3A

(a) Minimum price of securities issued under Listing Rule 7.1A - Listing Rule 7.3A.1

Pursuant to and in accordance with Listing Rule 7.1A.3, the Placement Securities issued pursuant to approval under Listing Rule 7.1A must have an issue price of not less than 75% of the VWAP for the Equity Securities over the 15 trading days immediately before:

- (a) the date on which the price at which the Placement Securities are to be issued is agreed; or
- (b) if the Placement Securities are not issued within five trading days of the date in paragraph (1) above, the date on which the Placement Securities are issued.

The Company will disclose to the ASX the issue price on the date of issue of the Placement Securities.

(b) Risk of economic and voting dilution - Listing Rule 7.3A.2

As provided by Listing Rule 7.3A.2, if Resolution 7 is passed and the Company issues the Placement Securities, there is a risk of economic and voting dilution to the existing Shareholders. The Company currently has on issue 90,499,122 Shares, 6,154,000 Options and 7,177,000 Performance Rights. On this basis, following approval of the Additional 10% Placement, the Company will have approval to issue an additional 9,049,912 Equity Securities. The exact number of Placement Shares to be issued under the Additional 10% Placement will be calculated in accordance with the formula contained in Listing Rule 7.1A.2 and set out above. Any issue of Placement Securities will have a dilutive effect on existing Shareholders.

There is a specific risk that:

- (a) the Market Price for the Company's Equity Securities may be significantly lower on the date of the issue of any Placement Securities than it is on the date of the Meeting; and

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- (b) the Placement Securities may be issued at a price that is at a discount to the Market Price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue or the value of the Placement Securities.

As required by Listing Rule 7.3A.2, Table 1 below shows the potential economic and voting dilution effect, in circumstances where the issued share capital has doubled and the Market Price of the shares has halved. Table 1 also shows additional scenarios in which the issued share capital has increased (by both 50% and 100%) and the Market Price of the shares has:

- (a) decreased by 50%; and
 (b) increased by 100%.

TABLE 1

Issued Share Capital	50% decrease in Market Price \$0.040		Current Market Price \$0.080		100% Increase in Market Price \$0.160	
	10% Voting Dilution	Capital Raise	10% Voting Dilution	Capital Raise	10% Voting Dilution	Capital Raise
Present Issued Share Capital = 90,499,122 Shares	9,049,912	\$361,996	9,049,912	\$723,993	9,049,912	\$1,447,986
50% Increase in Share Capital = 135,748,683 Shares	13,574,868	\$542,995	13,574,868	\$1,085,989	13,574,868	\$2,171,979
100% Increase in Share Capital = 180,998,244 Shares	18,099,824	\$723,993	18,099,824	\$1,447,986	18,099,824	\$2,895,972

Assumptions and explanations

- The Market Price is \$0.08, based on the closing price of the shares on ASX on 8 October 2018 (being the last trading day prior to the finalisation of this AGM Notice).
- The above table only shows the dilutionary effect based on the issue of the Placement Securities (assuming only Shares are issued), and no any Shares issued under the 15% capacity under Listing Rule 7.1.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue.
- The Company issues the maximum number of Placement Securities.
- The issued share capital has been calculated in accordance with the formula in Listing Rule 7.1A(2) as at 8 October 2018.
- The issue price of the Placement Securities used in the table is the same as the Market Price and does not take into account the discount to the Market Price (if any).

(c) Final date for issue – Listing Rule 7.3A.3

As required by Listing Rule 7.3A.3, the Company will only issue and allot the Placement Securities during the 12 months after the date of this Meeting which the Company anticipates will end on 28 November 2019. The approval under Resolution 7 for the issue of the Placement Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) or Listing Rule 11.2 (the disposal of the main undertaking of the Company) before the anniversary of the Annual General Meeting.

Explanatory Memorandum

(d) Purpose – Listing Rule 7.3A.4

As noted above, the purpose for which the Placement Securities may be issued include to raise funds for the Company and as non-cash consideration (further details of which are set out below). Funds raised from the issue of Placement Securities, if undertaken, would be applied towards the continued growth of the Company's business operations (including client growth) and general working capital.

(e) Shares issued for non-cash consideration - Listing Rule 7.3A.4

The Company may issue Placement Securities for non-cash consideration, such as the acquisition of new assets or investments. If the Company issues Placement Securities for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Placement Securities complies with Listing Rule 7.1A.3.

(f) Company's allocation policy - Listing Rule 7.3A.5

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of the Placement Securities. The identity of the allottees of Placement Securities will be determined on a case-by-case basis having regard to a number of factors including but not limited to the following:

- (a) the methods of raising funds that are available to the Company including, but not limited to, rights issue or other issue in which existing shareholders can participate;
- (b) the effect of the issue of the Placement Securities on the control of the Company;
- (c) the financial situation and solvency of the Company; and
- (d) advice from corporate, financial and broking advisers (if applicable).

The allottees of the Placement Securities have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Furthermore, if the Company is successful in acquiring new assets or investments for which Placement Securities are issued as consideration, it is likely that the allottees of some of the Placement Securities will be the vendors of the new assets or investments.

(g) Shareholder Approval previously obtained under ASX Listing Rule 7.1A – ASX Listing Rule 7.3A.6

The Company obtained Shareholder approval under ASX Listing Rule 7.1A at the Company's last Annual General Meeting held on 21 November 2017.

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Pursuant to ASX Listing Rule 7.3A.6(a), the Company has issued equity securities in the 12 months preceding the date of the Meeting. The total number of equity securities issued by the Company in the 12 months preceding the Meeting and the percentage they represent of the total number of equity securities on issue at the commencement of that 12 month period are as follows:

	Equity Securities	
Number of equity securities on issue at commencement of 12-month period	89,972,122	Shares
	5,500,000	Unlisted Options
	7,500,000	Performance Rights
	102,972,122	Total Equity Securities
Equity securities issued in prior 12-month period	527,000	Shares Issued
	654,000	Unlisted Options Issued
	477,000	Performance Rights Issued
	(800,000)	Performance Rights Exercised/Cancelled
	858,000	Total (net) Equity Securities issued
Percentage previous issues represent of total number of equity securities on issue at commencement of 12-month period	0.83% increase in Equity Securities	

As required by ASX Listing Rule 7.3A.6(b), details of equity securities issued in previous 12 months are as follows:

Exercise of Performance Rights	
Class/Type of equity security:	Fully Paid Ordinary Shares
Summary of terms:	Shares rank pari passu with all other Shares on issue in the Company
Names of persons who received securities or basis on which those persons was determined:	James McKerlie, former Chairman of the Company
Date of Issue:	24-Jan-18
Number Issued:	200,000
Price at which equity securities were issued:	Exercise of Performance Rights in to Shares at nil consideration.
Discount to market price (if any):	N/A

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Issue of Shares to Consultants	
Class/Type of equity security:	Fully Paid Ordinary Shares
Summary of terms:	Shares rank pari passu with all other Shares on issue in the Company
Names of persons who received securities or basis on which those persons was determined:	Consultants of the Company
Date of Issue:	29-Jun-18
Number Issued:	327,000
Price at which equity securities were issued:	Shares were issued for nil consideration. Issued for services rendered.
Discount to market price (if any):	N/A
Issue of Unlisted Options to Consultants	
Class/Type of equity security:	Unlisted Options
Summary of terms:	Each option exercisable at \$0.25 each on or before 29-Jun-20
Names of persons who received securities or basis on which those persons was determined:	Consultants of the Company
Date of Issue:	29-Jun-18
Number Issued:	654,000
Price at which equity securities were issued:	Options were issued for nil consideration.
Discount to market price (if any):	N/A
Issue of Performance Rights to Consultants	
Class/Type of equity security:	Performance Rights
Summary of terms:	Each Performance Right carries the right to one ordinary shares, subject to satisfaction of certain performance hurdles/ vesting conditions. The performance periods for the performance rights expires as follows: 327,000 on 10-Jan-21, and 150,000 on 9-Apr-19
Names of persons who received securities or basis on which those persons was determined:	Consultants of the Company
Date of Issue:	29-Jun-18
Number Issued:	477,000
Price at which equity securities were issued:	Performance Rights were issued for nil consideration.
Discount to market price (if any):	N/A

Explanatory Memorandum

(h) Voting Exclusion Statement

A voting exclusion statement is included in this Notice. At the date of the Notice, the proposed allottees of any 10% Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the 10% Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

8. Interpretation

Annual General Meeting or Meeting means the Annual General Meeting of the Company to be held on 28 November 2018.

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited ACN 008 624 691.

Board means the board of directors of the Company.

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependent of the member or the member's spouse; or
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this paragraph.

Company means Lithium Consolidated Mineral Exploration Ltd ACN 612 008 358.

Constitution means the constitution of the Company, as amended from time to time.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company.

Equity Securities has the meaning given to that term in the Listing Rules.

Explanatory Memorandum means the explanatory statement accompanying this Notice.

Key Management Personnel has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

Listing Rules means the listing rules of the ASX.

Market Price has the meaning given to that term in the Listing Rules.

Notice of Meeting or Notice means this notice of meeting.

Options means an option to subscribe for a Share in the Company.

Ordinary Resolution means a resolution passed by more than 50% of the votes cast by members entitled to vote on the Resolution.

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Placement Securities means the Equity Securities that may be issued if Resolution 7 is passed, representing up to 10% of the issued capital of the Company (at the time of issue) and calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the date of the Meeting, at a price not less than that determined pursuant to Listing Rule 7.1A.3, and otherwise on the terms and conditions described in the Explanatory Memorandum.

Resolution means a resolution to be proposed at the Meeting.

Shares means ordinary fully paid shares in the issued capital of the Company

Special Resolution means a resolution:

- (a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and
- (b) passed by at least 75% of the votes cast by members entitled to vote on the Resolution.

VWAP means the volume weighted average market price of the Shares.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Duncan Cornish:

Phone: +61 7 3212 6299

Email: info@lithiumconsolidated.com

Explanatory Memorandum

Schedule 1 – Summary of Consultant Option Terms

The terms and conditions applying to the Options are as follows:

- (a) **Entitlement:** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **Expiry Date:** The date which is two calendar years after the date of issue of the Options, being 29 June 2020.
- (c) **Exercise Price:** The price for exercise of each Option is \$0.25 per Share.
- (d) **Notice of Exercise:** The Options may be exercised wholly or in part by delivering a notice of exercise, and payment of the exercise price for each option, to the Company prior to the Expiry Date.
- (e) **Expiry:** The Options will, except to the extent earlier exercised, lapse on the Expiry Date.
- (f) **Issue of Shares:** Upon a valid exercise of the Options the Company will issue Shares ranking pari passu with the then issued Shares. The Company shall apply for listing of the resultant Shares issued upon exercise of any Option on the ASX. The Options will not be listed on the ASX.
- (g) **Dividends:** The Option holders do not participate in any dividends unless the Options are exercised and the resultant Shares of the Company are issued prior to the record date to determine entitlement to dividends.
- (h) **Reconstruction:** In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - 1. The number of Options, the Exercise Price of the Options, or both will be reconstructed (as appropriate) in a manner consistent with the Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will; not result in any benefits being conferred on the holders of the Options which are not conferred on shareholders of LCME: and
 - 2. Subject to the provisions with respect to round of entitlements as sanctioned by a meeting of shareholders of LCME approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged;
- (i) **Pro rata issue:** If there is a pro rata issue (except a bonus issue), the Exercise Price of the Option may be reduced according to the following formula.

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

N + 1

Where:

Oⁿ = the new exercise price of the Option;

O = the old exercise price of the Option;

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

P = the volume weighted average market price per security of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;

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

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

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N = the number of securities with rights or entitlement that must be held to receive a right to one new security.

- (j) **Bonus Issue:** If there is a bonus issue to the holder of Shares, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the option holder would have received if the Option had been exercised before the record date for the bonus issue.
- (k) **Change of terms:** The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of Shares approve of such a change. However, the terms of the Options shall not be changed to reduce the Exercise Price, increased the number of Options or change and period for exercise of the Options.

Explanatory Memorandum

Schedule 2 – Summary of Consultant Performance Rights Terms

In relation to 327,000 performance rights:

Item	Details
Performance Hurdle/Vesting Condition	The performance hurdle for vesting of a Performance Right is the definition of an Inferred JORC resource of a minimum of 20MT at 1.2% Li20 within the Tenement under the JORC Code. For the avoidance of doubt, if the Performance Hurdle is not satisfied during the Term, the Performance Rights will lapse.
Performance Period	Up to 10 January 2021
Test Date to determine if Performance Hurdle/Vesting Condition has been met	Not applicable. If the Performance Hurdle/Vesting Condition is met before the Last Exercise Date, the Performance Rights will vest.
Last Exercise Date	10 January 2021
Lapsing	A Performance Right lapses, to the extent it has not been exercised, on the earlier to occur of: <ol style="list-style-type: none"> (1) where the Performance Hurdle has not been satisfied on or before the Last Exercise Date; (2) the termination of this deed; (3) the last date of exercise of the Performance Rights, being 10 Business Days after the Last Exercise Date.

In relation to 150,000 performance rights

Item	Details
Performance Hurdle/Vesting Condition	The performance hurdle for vesting of a Performance Right is the grant of Tenements to LCME (or a subsidiary of LCME) over a minimum area of 1,500 hectares, including the issue of a prospective licence and a certificate of registration of the claim. For the avoidance of doubt, if the Performance Hurdle is not satisfied during the Term, the Performance Rights will lapse.
Performance Period	Up to 9 April 2019
Test Date to determine if Performance Hurdle/Vesting Condition has been met	Not applicable. If the Performance Hurdle/Vesting Condition is met before the Last Exercise Date, the Performance Rights will vest.
Last Exercise Date	9 April 2019
Lapsing	A Performance Right lapses, to the extent it has not been exercised, on the earlier to occur of: <ol style="list-style-type: none"> (1) where the Performance Hurdle has not been satisfied on or before the Last Exercise Date; (2) the termination of this deed.

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Schedule 3 – Summary of Performance Rights Plan

1. The Performance Rights Plan is a long term incentive scheme aimed at creating a stronger link between an eligible employees performance and reward whilst increasing Shareholder value in the Company.
2. The Board may from time to time in its absolute discretion issue or cause to be issued invitations on behalf of the Company to eligible employees to participate in the Performance Rights Plan. The invitation will include information such as performance hurdles and performance periods. On vesting, one Performance Right is exercisable into one Share.
3. A participant in the Performance Rights Plan will not pay any consideration for the grant of the Performance Rights. An eligible employee has no right to be granted any Performance Rights unless and until such Performance Rights are granted on meeting any performance conditions. The Performance Rights will not be listed for quotation on the ASX.
4. The Performance Rights may not be transferred, assigned or novated except with the approval of the Board.
5. The performance hurdles applicable to any performance period (including how they will be measured) relating to Performance Rights shall be set out in the invitation to eligible employees to take part in the Performance Rights Plan.
6. As soon as reasonably practicable after the date at which performance hurdles are to be measured to determine whether the Performance Right becomes vested (**Test Date**), the Board shall determine in respect of each Participant as at that Test Date:
 - (a) whether, and to what extent, the performance hurdles applicable up to the Test Date have been satisfied;
 - (b) the number of Performance Rights (if any) that will vest as at the Test date;
 - (c) the number of Performance Rights (if any) that will lapse as a result of the non-satisfaction of performance hurdles as at the Test Date; and
 - (d) the number of Performance Rights (if any) in respect of the performance period that continue unvested,and shall provide written notification to each Participant as to that determination.
7. Following exercise of a Performance Right, the Company must issue or transfer to the Eligible Person exercising the Performance Right the number of Shares in respect of which the Performance Right has been exercised
8. If a Participant's employment with the Company ceases because of an uncontrollable event such as death or serious injury, all of the Participant's Performance that are capable of becoming exercisable if performance hurdles are met at the next Test Date will become vested and the Performance Rights may be exercised within 3 months.
9. Where there is publicly announced any proposal (whether by takeover bid, scheme of arrangement or otherwise) in relation to the Company which the Board reasonably believes may lead to a change in control event:
 - (a) all of the Participant's unvested Performance Rights, that have not lapsed, will become vested Performance Rights; and
 - (b) the Board shall promptly notify each Participant in writing that he or she may, within the period specified in the notice, exercise vested Performance Rights.

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10. The Performance Rights Plan will be administered by the Board. The Board will have power to delegate the exercise of its powers or discretions arising under the Performance Rights Plan to any one or more persons (including, but not restricted to, a committee or sub-committee of the Board) for such period and on such conditions as the Board may determine.
11. If there are certain variations of the share capital of the Company including a capitalisation or rights issue, sub-division, consolidation or reduction in share capital, a demerger (in whatever form) or other distribution in specie, the Board may make such adjustments as it considers appropriate under the Performance Rights Plan, in accordance with the provisions of the Listing Rules.
12. Participants who are holding a Performance Right issued pursuant to the Performance Rights Plan have no rights to dividends and no rights to vote at meetings of the Company until that Performance Right is exercised and the Participant is the holder of a valid Share in the Company.
13. The terms and conditions of the Performance Rights Plan must at all times comply with the Listing Rules. If there is any inconsistency between the terms and conditions of the Performance Rights Plan and the Listing Rules then the Listing Rules will prevail.

Proxy, representative and voting entitlement instructions

PROXIES AND REPRESENTATIVES

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under section 250D of the *Corporations Act*. The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the *Corporations Act*.

This proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, scanned and emailed or sent by facsimile transmission to the address listed below**, not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

ONLINE www.linkmarketservices.com.au	BY FAX +61 2 9287 0309
BY MAIL Lithium Consolidated Mineral Exploration Limited C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia	BY HAND Link Market Services Limited 1A Homebush Bay Drive, Rhodes NSW 2138
	ALL ENQUIRIES TO Telephone: +61 1300 554 474

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company.

A proxy form is attached to this Notice.

VOTING ENTITLEMENT

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm (Sydney time) on 26 November 2018. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

SIGNING INSTRUCTIONS

You must sign the proxy form as follows in the spaces provided:

Individual:	Where the holding is in one name, the holder must sign.
Joint Holding:	Where the holding is in more than one name, both holders must sign.
Power of Attorney:	To sign under Power of Attorney, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies:	Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the <i>Corporations Act 2001</i>) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
Lithium Consolidated Mineral Exploration Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

ALL ENQUIRIES TO
Telephone: +61 1300 554 474



X999999999999

PROXY FORM

I/We being a member(s) of Lithium Consolidated Mineral Exploration Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10.00am on Wednesday, 28 November 2018 at Level 7, 1 Eagle Street, Brisbane QLD 4000 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolution 1: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.


STEP 1

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval for Issue of Performance Rights to Shanthar Pathmanathan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-Election of Vincent Mascolo as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratify the previous issue of Shares, Unlisted Options and Performance Rights to Consultants of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Approval to issue an additional 10% of the issued capital of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval for Issue of Options to Shanthar Pathmanathan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 2

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

STEP 3



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Monday, 26 November 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Lithium Consolidated Mineral Exploration Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**