



LITHIUM CONSOLIDATED LIMITED

**(formerly known as
Lithium Consolidated Minerals Exploration Ltd)**

ACN 612 008 358

**CONSOLIDATED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2018**

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Cautionary Statements

Forward-looking statements

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

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

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

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

Competent Person Statement

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

Corporate Information

Directors and Company Secretary

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

Mr Duncan Cornish (Company Secretary and CFO)

Head Office and Registered Office

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Australian Business Number

32 612 008 358

Directors' Report

The directors submit their report on the consolidated entity ("Group") consisting of Lithium Consolidated Limited ("Company") and the entities it controlled at the end of, and during, the half-year ended 31 December 2018.

Directors

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

- Mr Vincent Mascolo (appointed 19 May 2016)
- Mr Shanthar Pathmanathan (appointed 13 October 2016)
- Mr Brian Moller (appointed 13 October 2016)

Review of Operations

The Group's operating loss for the financial period, after applicable income tax was \$4,567,309. Exploration and evaluation expenditure capitalised before the write-off during the period totalled \$129,262.

At 31 December 2018, the Group's net assets totalled \$1,526,165 which included cash assets of \$1,045,504. The movement in net assets largely resulted from the following factors:

- Operating losses of \$4,567,309, including the exploration assets impairment (\$3,775,024);
- Cash outflows from operating activities were \$775,313.
- Cash outflows on exploration and evaluation assets were \$127,264.

During the period, the Company's principal activity was lithium exploration.

Tonopah Lithium Project, Nevada, USA

The Company owns a 100% interest in LCME Holdings Inc., which has an 80% ownership interest in the Tonopah Lithium Project (**TLP**) in Nevada, USA.

TLP is in the Clayton Valley, in West Central Nevada, in the United States of America. TLP consist of 425 placer claims.

Land Management

425 placer claims were renewed on 31 August 2018 and 14 have been forfeited due to a conflict with a highway right-of-way. The Company intends to secure new Claims over the non-conflicting portions of the 14 forfeited claims.

Exploration

There was no significant exploration activity at TLP in the December 2018 half-year.

Yilgarn Lithium Project, Western Australia, Australia

The Company owns a 100% interest in West Resource Ventures Pty Ltd, which has a direct ownership interest in the Yilgarn Lithium Project (**YLP**) located in the Yilgarn Province of Western Australia.

YLP is a hard-rock lithium project located in the Yilgarn Province of Western Australia. YLP consists of 16 Exploration Licenses, including 13 granted Exploration Licenses and 3 pending Exploration License Applications, covering 747 km².

The YLP Exploration Licenses are located over extensions of known lithium-fertile belts, within covered areas of Archean Yilgarn Craton which have potential for hard-rock spodumene bearing pegmatite mineralisation.

Land Management

Three (3) Exploration License applications E 69/3540 (Esmond NE), E 28/2732 (Junction North) and E 63/1877 (Dundas North) were granted during the half-year ending 31 December 2018.

Exploration

No exploration activities were carried out within any of the Exploration Licenses in the December 2018 half-year. In preparation for planned drilling in the 2nd quarter of 2019 access tracks, drill-lines and drill-pads were cleared to drill targets within E 28/2631 (Junction).

Eucla Basin Project, South Australia, Australia

The Company has withdrawn its applications for all 5 Exploration Licenses in the Eucla Basin in the December 2018 half-year.

Zimbabwe Lithium Projects

The Company has secured eight (8) lithium exploration assets in the Mutare Greenstone Belt (**MGB**), located close to the border-town of Mutare in eastern Zimbabwe (**Zimbabwe Assets**).

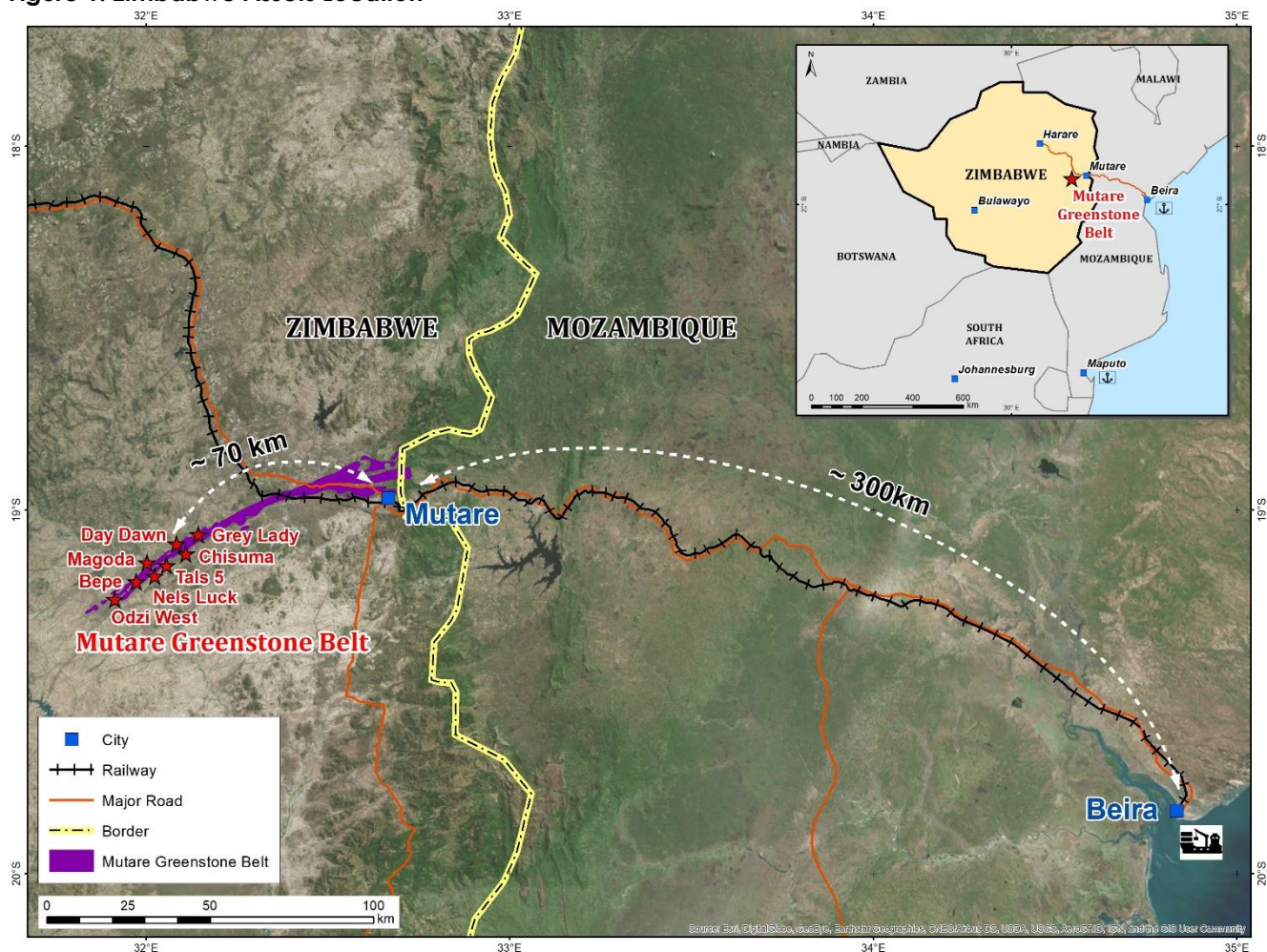
The 8 assets comprise 59 Prospecting Licenses of which 50 have been granted and 9 are pending, and cover an area of 2,543ha (25.4km²).

The Mutare Greenstone Belt has:

- locally extensive LCT pegmatites which were historically mined for beryl, tantalite, cassiterite, and lithium minerals;
- flat-lying pegmatites that could be suited to open pit mining, depending on the results of future evaluation;
- additional potential for lithium mineralization in surrounding clusters of pegmatites; and
- spodumene, petalite, and lepidolite mineralised pegmatites, identified in outcrops and in the historical workings.

The Zimbabwe Assets are 300km from the port of Beira in Mozambique and approximately 60km from the Mutare Railhead on the border between Zimbabwe and Mozambique, which is connected to the port of Beira in Mozambique by the operating Mutare-Beira railway line.

In addition, the Company has entered in to a conditional agreement to acquire 100% of the historical Bepe and Kondo Mines through an agreement executed for the purchase of shares. The Bepe Mine comprises a Special Mining License (Registration No: M4740BM) and the Kondo Mine comprises three (3) Mining Licenses (Mwami 'L', Registration No: 40832BM; Jerejoga '20', Registration No: 27976BM; and Kondo 9, Registration No 25988BM). This is currently undergoing a due diligence process, which was extended to mid-April 2019.

Figure 1: Zimbabwe Assets Location

Land Management

31 new Prospecting Licenses were granted during the half-year ending 31 December 2018, expanding the Company's ground holding over known pegmatites within the MGB. The Company holds a total of 50 granted Prospecting Licenses with a further 9 Prospecting Licenses pending grant, over a total area of 2,543ha (25.4km²), as at 31 December 2018.

Exploration

The 2019 exploration program will commence in the new year with systematic field mapping and sampling over the 8 assets held under license. Sampling will initially be focussed on historical workings and spoils dumps after which systematic geochemical sampling programs will be implemented.

Based on positive outcomes from these programs, an initial phase of drilling will be planned to test the extent of any anomalies identified.

Mozambique Lithium Projects

The Company has applied for six (6) lithium exploration licenses in the Alto Ligonha Pegmatite Province (**ALPP**) of central-northern Mozambique.

The ALPP contains the main concentration of economic pegmatites in northern Mozambique and was a historic source of tantalite and beryl. The ALPP was famous for its gemstones, and rare and unique mineral specimens.

Land Management

The Company has applied to the Ministry of Mineral Resources & Energy for six (6) new Prospecting and Research Licenses in the ALPP of northern Mozambique.

Exploration

The 2019 Mozambique exploration program will commence upon formal grant of all six (6) Licenses.

The exploration program will comprise initially of field mapping and rock chip sampling of the outcrops and historical workings. This will be followed by a systematic surface geochemical sampling program.

A Phase 1 drilling program would then be implemented based on positive results of the geochemical sampling program.

Botswana

The Company commenced a process to relinquish its Botswana Licenses following disappointing drilling results in the December 2018 half-year.

For further information on the Botswana Licenses, please see our Announcement dated 10 August 2018.

Corporate

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

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

The Company successfully met all the conditions required to list on the ASX, listing on 27 March 2017, raising \$5,321,299.

On 28 November 2018, the Company changed its name from Lithium Consolidated Mineral Exploration Ltd to Lithium Consolidated Ltd.

The Group continues to review opportunities as they arise.

Subsequent Events

There were no events subsequent to reporting date that required disclosure in this financial report.

Auditor's Independence Declaration

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

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



Vince Mascolo, Director
14 March 2019, Brisbane

Auditor's Independence Declaration

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

As lead auditor for the review of Lithium Consolidated Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink that reads 'T J Kendall'.

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 14 March 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half-Year Ended 31 December 2018

	Note	31 Dec 2018 \$	31 Dec 2017 \$
Other income		7,954	27,241
Business development		(181,579)	(17,527)
Corporate and administrative expenses	2	(187,962)	(205,932)
Employee benefits expense		(224,808)	(257,795)
Exploration expenses		(70,411)	(39,475)
Foreign exchange loss/gain		21,602	(18,973)
Impairment of exploration assets	3	(3,775,024)	-
Legal expenses		(29,519)	(77,283)
Share-based payments	11	(127,562)	(150,968)
Loss before income tax expense		(4,567,309)	(740,712)
Income tax expense		-	-
Loss for the period		(4,567,309)	(740,712)
Other comprehensive income			
Other comprehensive income/(loss) for the period, net of tax		-	-
Total comprehensive income/(loss) for the period		(4,567,309)	(740,712)
Loss for the period attributable to:			
Owners of the parent company		(4,567,239)	(740,656)
Non-controlling interests		(70)	(56)
		(4,567,309)	(740,712)
Total comprehensive income for the period attributable to:			
Owners of the parent company		(4,567,239)	(740,656)
Non-controlling interests		(70)	(56)
		(4,567,309)	(740,712)
Loss per share attributable to owners of the parent company		Cents	Cents
Basic and diluted earnings per share		(5.04)	(0.82)

The accompanying notes form part of this financial statement.

Consolidated Statement of Financial Position as at 31 December 2018

	Note	31 Dec 2018 \$	30 June 2018 \$
CURRENT ASSETS			
Cash and cash equivalents		1,045,504	1,948,081
Trade and other receivables		12,409	19,554
Other current assets		825	3,834
Total Current Assets		1,058,738	1,971,469
NON-CURRENT ASSETS			
Exploration and evaluation assets	3	538,528	4,184,290
Total Non-Current Assets		538,528	4,184,290
TOTAL ASSETS		1,597,266	6,155,759
CURRENT LIABILITIES			
Trade and other payables	4	71,101	189,847
Total Current Liabilities		71,101	189,847
TOTAL LIABILITIES		71,101	189,847
NET ASSETS		1,526,165	5,965,912
EQUITY			
Issued capital	9	8,965,067	8,945,687
Reserves		789,290	681,108
Accumulated losses		(8,227,954)	(3,660,715)
Equity attributable to owners of the parent company		1,526,403	5,966,080
Non-controlling interests		(238)	(168)
TOTAL EQUITY		1,526,165	5,965,912

The accompanying notes form part of this financial statement.

Consolidated Statement of Changes in Equity for the Half-Year Ended 31 December 2018

Attributable to Owners of Parent Company							
	Note	Issued Capital	Accumulated Losses	Share-Based Payments Reserve	Total	Non-controlling Interests	Total Equity
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2017		8,945,644	(1,953,649)	392,434	7,384,429	(6)	7,384,423
Loss for the period		-	(740,656)	-	(740,656)	(56)	(740,712)
Total comprehensive income		-	(740,656)	-	(740,656)	(56)	(740,712)
Transactions with owners:							
Issue of shares		-	-	-	-	-	-
Share-based payments	11	-	-	150,968	150,968	-	150,968
Share issue costs		(65,737)	-	-	(65,737)	-	(65,737)
Balance at 31 December 2017		8,879,907	(2,694,305)	543,402	6,729,004	(62)	6,728,942
Balance at 1 July 2018		8,945,687	(3,660,715)	681,108	5,966,080	(168)	5,965,912
Loss for the period		-	(4,567,239)	-	(4,567,239)	(70)	(4,567,309)
Total comprehensive income		-	(4,567,239)	-	(4,567,239)	(70)	(4,567,309)
Transactions with owners:							
Issue of shares	9	10,380	-	-	10,380	-	10,380
Exercise of performance rights	9	9,000	-	-	9,000	-	9,000
Share-based payments	11	-	-	108,182	108,182	-	108,182
Balance at 31 December 2018		8,965,067	(8,227,954)	789,290	1,526,403	(238)	1,526,165

The accompanying notes form part of this financial statement.

Consolidated Statement of Cash Flows for the Half-Year Ended 31 December 2018

	31 December 2018	31 December 2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Other receipts	7,145	86,247
Interest received	7,954	19,363
Payments to suppliers and employees	(790,412)	(575,186)
Net cash used in operating activities	(775,313)	(469,576)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation assets	(127,264)	(475,191)
Net cash used in investing activities	(127,264)	(475,191)
CASH FLOWS FROM FINANCING ACTIVITIES		
Prepayments for (IPO) share issue costs	-	(20,523)
Net cash provided by financing activities	-	(20,523)
Net increase/(decrease) in cash held	(902,576)	(965,290)
Cash at Beginning of Period	1,948,081	3,480,927
Cash at End of Period	1,045,504	2,515,637

The accompanying notes form part of this financial statement.

Notes to the Financial Statements for the Half -Year Ended 31 December 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 "Interim Financial Reporting". The historical cost basis has been used.

This interim financial report does not include all notes of the type normally included in the Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report of Lithium Consolidated Limited (the "Company") as at 30 June 2018.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements except for the adoption of new and amended standards as set out below.

Share Capital Costs

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

Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

For the half-year ended 31 December 2018 the Group generated a consolidated loss of \$4,567,309 and incurred operating cash outflows of \$775,313. As at 31 December 2018 the Group has cash and cash equivalents of \$1,045,504 and net assets of \$1,526,165.

The Group's ability to continue to adopt the going concern assumption will depend upon the Group being able to manage its liquidity requirement and by taking some or all of the following actions:

1. raising additional capital;
2. successful exploration and subsequent exploitation of the Group's tenements;
3. reducing its working capital expenditure; and
4. disposing of non-core projects.

The directors have concluded as a result of the above, that a material uncertainty may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise their assets and discharge their liabilities in the normal course of business. Nevertheless, after taking into account the current financial position of the Group, and the Group's ability to raise further capital (evidenced by the successful 2017 IPO) the directors have a reasonable expectation that the Group will have adequate resources to fund its future operational requirements and for these reasons they continue to adopt the going concern basis in preparing the financial report.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Exploration and Evaluation Assets**

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

A regular review will be undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. A provision is raised against exploration and evaluation assets where the directors are of the opinion that the carried forward net cost may not be recoverable or the right of tenure in the area lapses. The increase in the provision is charged against the results for the year. Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period and the group had to change its accounting policies as a result of adopting the following standards:

- AASB 9 Financial Instruments; and
- AASB 15 Revenue from Contracts with Customers.

The impact of the adoption of these standards and the new accounting policies are disclosed below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

a) AASB 15 Revenue from Contracts with Customers – Impact of adoption

The group has adopted AASB 15 *Revenue from Contracts with Customers* from 1 January 2018. In accordance with the transition provisions in AASB 15, the group has adopted the new rules retrospectively however there was no material impact on the amounts disclosed previously and as a result there has been no restatement required as a result of reclassification or remeasurement and no change to the previously disclosed accounting policies.

b) AASB 9 Financial Instruments – Impact of adoption

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies. The new accounting policies are set out in note below. In accordance with the transitional provisions in AASB 9(7.2.15) and (7.2.26), comparative figures have not been restated.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*(i) Classification and Measurement*

On 1 January 2018 (the date of initial application of AASB 9), the group's management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate AASB 9 categories. The main effects resulting from this reclassification was the classification of 'Financial assets held to maturity' to 'Term deposits'. There was no change to the measurement of these assets.

(ii) Impairment of financial assets

The group has one type of financial asset that is subject to AASB 9's new expected credit loss model, being trade and other receivables.

The group was required to revise its impairment methodology under AASB. There was no material impact of the change in impairment methodology on the group's retained earnings and equity.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, there was no material impairment loss identified.

AASB 9 Financial Instruments – Accounting policies applied from 1 January 2018*(i) Investments and other financial assets**Classification*

From 1 January 2018, the group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Again or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

From 1 January 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTE 2: RESULTS FOR THE PERIOD

	31 Dec 2018	31 Dec 2017
	\$	\$
Included in expenses are the following items:		
ASX, ASIC, share registry expenses	39,426	49,629
Audit and external accounting fees	14,100	18,654
Consulting fees	18,333	55,000
Insurance	8,993	40,350
Marketing	37,512	9,473
Travel expenses	45,720	18,058
Employee benefits expense comprises:		
Salaries, wages and superannuation	107,500	95,000
Directors and senior management fees	110,000	155,170
Provision for leave entitlement	7,308	7,625

NOTE 3: EXPLORATION AND EVALUATION ASSETS

	31 Dec 2018	30 June 2018
	\$	\$
Exploration and evaluation expenditure carried forward in respect of the areas of interest are:		
Exploration and evaluation expenditure	538,528	4,184,290
Movement in exploration and evaluation assets:		
Opening balance – at cost	4,184,290	3,451,640
Capitalised exploration expenditure	129,262	809,856
Impairment of exploration assets	(3,775,024)	(77,206)
Total exploration and evaluation expenditure	538,528	4,184,290
Carrying amount at the end of period	538,528	4,184,290

During the period, the Company impaired the full carrying value of the Big Smokey project in Nevada. This project had a large capitalised value (\$3.8m) due principally to the accounting treatment of the initial share acquisition for the project. Given the reduction of the project size (due to tenement relinquishment) and de-prioritisation of the project, it was decided prudent to impair the projects value. As no resource has been determined on the project, partial impairment was not considered feasible.

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

NOTE 4: TRADE AND OTHER PAYABLES

	31 Dec 2018	30 June 2018
	\$	\$
Current:		
Trade payables and accrued expenses	45,523	171,577
Short term employee benefits	25,578	18,270
Total payables (unsecured)	71,101	189,847

NOTE 5: COMMITMENTS**(a) Exploration Commitments**

The Group has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

The following commitments exist at balance date but have not been brought to account. If the relevant option to acquire a mineral tenement is relinquished the expenditure commitment also ceases. The Group has the option to negotiate new terms or relinquish the tenements and also to meet expenditure requirements by joint venture or farm-in arrangements.

	31 Dec 2018	30 June 2018
	\$	\$
Not later than 1 year	274,000	214,000
Later than 1 year but not later than 5 years	1,176,000	876,000
Later than 5 years	-	-
Total commitment	1,450,000	1,090,000

(b) Operating Lease Commitments

The Group has no operating leases.

(c) Capital Commitments

The Group has no capital commitments.

NOTE 6: CONTINGENT LIABILITIES

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

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

There were no events subsequent to reporting date that required disclosure in this financial report.

NOTE 8: OPERATING SEGMENTS**Description of Segments****Segment Information****Identification of reportable segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of geographical locations as these locations have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are similar with respect to any external regulatory requirements. Management currently identifies the Group as having only one reportable segment, being the exploration of mineral projects.

Basis of accounting for purposes of reporting by operating segments**(a) Accounting policies adopted**

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(b) Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(c) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

(d) Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Derivatives
- Net gains on disposal of available-for-sale investments
- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Other financial liabilities
- Intangible assets
- Discontinuing operations

NOTE 8 OPERATING SEGMENTS (Continued)**(d) Unallocated items** (Continued)**i. Segment Performance**

	USA	Australia	Botswana	All Other Segments	Total
	\$	\$	\$	\$	\$
31 December 2018					
OTHER INCOME					
Interest revenue	-	7,703	-	251	7,954
Total segment income	-	7,703	-	251	7,954
Reconciliation of segment revenue to Group revenue					
Total Group income		7,703		251	7,954
<i>Reconciliation of segment result of Group net loss after tax</i>					
Segment net loss before tax	(3,777,841)	(1,466)	(677)	(249,686)	(4,029,670)
Amounts not included in segment result but reviewed by Board					
- Corporate charges				(537,639)	(537,639)
- Depreciation and amortisation				-	-
Net Loss after tax from continuing operations					(4,567,309)

NOTE 8 OPERATING SEGMENTS (Continued)**(d) Unallocated items** (Continued)**i. Segment performance** (Continued)

	USA	Australia	Botswana	All Other Segments	Total
	\$	\$	\$	\$	\$
31 December 2017					
INCOME					
Interest revenue	-	-	-	-	-
Total segment income	-	-	-	-	-
Reconciliation of segment revenue to Group revenue					
Total Group revenue				27,241	27,241
<i>Reconciliation of segment result of Group net loss after tax</i>					
Segment net loss before tax	(10,139)	-	(12,749)		(22,888)
Amounts not included in segment result but reviewed by Board					
- Corporate charges				(717,824)	(717,824)
- Depreciation and amortisation				-	-
Net Loss after tax from continuing operations					(740,712)

NOTE 9: ISSUED CAPITAL

	31 Dec 2018	30 June 2018
	\$	\$
(a) Issued and paid up capital		
Ordinary shares fully paid	10,133,023	10,113,643
Share issue costs	(1,167,956)	(1,167,956)
	8,965,067	8,945,687

NOTE 9: ISSUED CAPITAL (continued)

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

	31 Dec 2018		30 June 2018	
	Number of shares	\$	Number of shares	\$
Opening balance	90,499,122	10,113,643	89,972,122	10,047,863
Shares issued:				
24 January 2018 (1)			200,000	20,000
29 June 2018 (2)			327,000	45,780
05 December 2018 (3)	173,000	10,380	-	-
05 December 2018 (4)	150,000	9,000	-	-
Closing Balance	90,822,122	10,133,023	90,499,122	10,113,643
Total transaction costs associated with share issues	-	(1,167,956)	-	(1,167,956)
Net issued capital		8,965,067		8,945,687

Notes for the above table, relating to the half-year ended 31 December 2018, are

1. 200,000 shares with a fair value of \$20,000 issued upon exercise of performance rights (to a former director) at no consideration, as per the performance rights agreement.
2. 327,000 shares with a fair value of \$45,780 issued to consultants at no consideration, as part of share-based payments.
3. 173,000 ordinary shares issued at no consideration, pursuant to a board resolution to consultants of the Company for services rendered. The shares were valued at \$0.06 per share, being the share price at issue date.
4. 150,000 performance rights were exercised and converted into ordinary shares at no consideration. Valued at \$0.06 each, being the share price at issue date. Refer to Note 11 for details of share based payments.

NOTE 9: ISSUED CAPITAL (continued)

	Note	31 Dec 2018 Number	30 June 2018 Number
(b) Options			
Unlisted Share Options		8,500,000	6,154,000
Balance at the beginning of the reporting period		6,154,000	4,000,000
Options issued during the period:			
Issued to director	11	2,000,000	
Issued to consultant/s	11	346,000	2,154,000
Balance at the end of the reporting period		8,500,000	6,154,000
(c) Performance Rights			
Unlisted Performance Rights		9,200,000	7,177,000
Balance at the beginning of the reporting period		7,177,000	7,500,000
Performance Rights issued/excised during the period:			
Issued to director	11	2,000,000	477,000
Issued to consultant/s	11	173,000	
Exercised		(150,000)	(200,000)
Cancelled			(600,000)
Balance at the end of the reporting period		9,200,000	7,177,000

NOTE 10: RELATED PARTY TRANSACTIONS**Parent Entity**

Lithium Consolidated Ltd is the legal parent and ultimate parent entity of the Group.

Subsidiary

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1:

	Country of incorporation	Ownership interest	
		31 Dec 2018	30 June 2018
West Resource Ventures Pty Ltd (i)	Australia	100%	100%
South Resource Ventures Pty Ltd	Australia	80%	80%
LCME Holdings Inc.	U.S.A.	100%	100%
Li3 (Mozambique) Pty Ltd	Australia	100%	100%
Li3B (Mozambique) Pty Ltd	Australia	100%	100%
Li3C (Mozambique) Pty Ltd	Australia	100%	100%
LithiumB, S.A	Mozambique	100%	100%
Licomex (Private) Limited	Zimbabwe	100%	100%

NOTE 10: RELATED PARTY TRANSACTIONS (continued)**Key Management Personnel**

	31 Dec 2018	31 Dec 2017
	\$	\$
Short-term employee benefits	217,500	250,170
Share-based payments	106,896	97,868
	324,396	348,038

NOTE 11: SHARE BASED PAYMENTS

Share based payment expense recognised during the period:

	31 Dec 2018	31 Dec 2017
	\$	\$
Share based payment expense recognised during the period:		
Allocation of value of performance rights issued in Oct 2016 (1)	105,212	97,868
Options issued to consultants (2)	-	53,100
Shares issued to consultants (3)	10,380	-
Allocation of value of performance rights exercised by a consultant (4)	8,926	-
Options issued to consultants (5)	1,360	-
Allocation of value of options issued to director in Dec 2018 (6)	377	-
Allocation of value of performance rights issued in Dec 2018 (7)	1,307	-
	127,562	150,968

Notes for the above table, relating to the half-years ended 31 December 2018 and 31 December 2017, are:

- 7.5 million performance rights which have various vesting conditions, performance hurdles and expiry dates were granted to directors and consultants in October 2016. The weighted average fair value of performance rights granted was 9.04 cents. All of the performance rights expire 72 months after issue date. In January 2018, 200,000 performance rights were exercised and 600,000 performance rights expired when a director resigned. The fair value of the performance rights after the exercise and cancellation totalled \$623,700 and has been spread over the period to 30 June 2020, being the last vesting date on the performance rights.
- 1.5 million options were granted to consultants in July 2017. The options vested on grant date and expire on 30 June 2019.

The weighted average fair value of options granted during the period was 3.54 cents. The fair values at grant date were determined by using a Black-Scholes option pricing model that takes into account the share price at issue date, exercise price, expected volatility, option life, expected dividends, the risk free rate, the impact of dilution, the fact that the options are not tradeable. The inputs used for the Black-Scholes option pricing model for options granted during the half year ended 31 December 2017 were as follows:

- Issue date: 3 July 2017
- share price at issue date: 9 cents
- exercise price: 20 cents
- expected volatility: 110.06%
- expected dividend yield: nil
- risk free rate: 1.752%

NOTE 11: SHARE BASED PAYMENTS (continued)

3. 173,000 ordinary shares issued at no consideration, pursuant to a board resolution to consultants of the Company for services rendered. The shares were valued at \$0.06 per share, being the share price at issue date.
4. 150,000 performance rights were exercised and converted into ordinary shares at no consideration. The shares were valued at \$0.06 per share, being the share price at issue date.
5. 346,000 options were granted to consultants in December 2018. The options vested on grant date and expire on 5 December 2020.

The weighted average fair value of options granted during the period was 1.31 cents. The fair values at grant date were determined by using a Black-Scholes option pricing model that takes into account the share price at issue date, exercise price, expected volatility, option life, expected dividends, the risk free rate, the impact of dilution, the fact that the options are not tradeable. The inputs used for the Black-Scholes option pricing model for the options granted were as follows:

- Issue date: 5 December 2018
- share price at issue date: 6 cents
- exercise price: 25 cents
- expected volatility: 101.75%
- expected dividend yield: nil
- risk free rate: 1.967%

Considered the likelihood that the conditions will be achieved, the fair value of the performance rights is discounted and valued at \$1,360 in total.

6. 2,000,000 options were granted to a director in December 2018. The options have a market-based performance vesting condition and expire on 31 December 2021.

The weighted average fair value of options granted during the period was 2.71 cents. The fair values at grant date were determined by taking into account the share price at issue date, exercise price, expected volatility, option life, expected dividends, the risk free rate, the impact of dilution, the fact that the options are not tradeable. The inputs used to value the options granted were as follows:

- Issue date: 5 December 2018
- share price at issue date: 6 cents
- exercise price: 15 cents
- expected volatility: 101.75%
- expected dividend yield: nil
- risk free rate: 2.10%

The options have a market-based performance vesting condition. Considered the impact of the condition and the likelihood that the conditions will be achieved, the fair value of options is discounted and valued at \$16,260 in total. The value of the options has been spread over the period to 31 December 2021, being the last vesting date on options.

7. 2,173,000 performance rights which have various vesting conditions, performance hurdles and expiry dates were granted to a director and consultants in December 2018. The undiscounted value of the performance rights granted was 6 cents, being the share price at issue date. The fair values at issue date were by assessing the likelihood that the performance conditions will be achieved. The fair value of the performance rights after discount totalled \$56,400 and has been spread over the period to 31 December 2021, being the last vesting date on the performance rights.

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Vince Mascolo
Director

14 March 2019
Brisbane

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Lithium Consolidated Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Lithium Consolidated Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

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

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

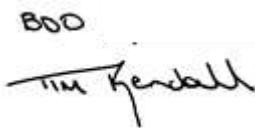
Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

BDO Audit Pty Ltd



T J Kendall

Director

Brisbane, 14 March 2019