

# Prospectus

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Lithium Consolidated Limited ACN 612 008 358 (**Company**)

A non-renounceable rights issue to Eligible Shareholders of 1 New Share for every 4 Shares held at an issue price of \$0.05 per New Share to raise approximately \$1,179,026 before the costs of the Offer, together with 1 Attaching Option for every New Share allotted, exercisable at \$0.05 on or before 30 September 2020 (**Entitlement Offer**).

and

An additional Offer to other Investors of New Shares on the same terms as are set out above, including 1 Attaching Option for every New Share allotted, exercisable at \$0.05 on or before 30 September 2020 to raise approximately \$2,000,000 before the costs of the Offer (**Additional Offer**, together with Entitlement offer, the **Offers**).

**This document is important and it should be read in its entirety**

Your Entitlement and Acceptance Form must be received by the Share Registry with your payment no later than 5.00pm (Brisbane time) on the Closing Date. Please refer to the timetable set out in this Prospectus for the Important Dates.

If you are in any doubt as to the contents of this document, you should consult your stockbroker, solicitor, banker, financial advisor or accountant as soon as possible. The securities offered by this Prospectus are considered to be speculative.

# Important information

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## Offer statistics

Number of New Shares to be issued  
under the Entitlement Offer, on a 1 for 4 basis: ..... up to 23,580,531\*

Number of New Shares that may be issued  
under the Additional Offer..... up to 40,000,000

New Share Issue Price: ..... \$0.05

Number of Attaching Options to be issued  
under the Entitlement Offer, on a 1 for 1 New Share basis: ..... up to 23,580,531\*

Number of Attaching Options to be issued  
under the Additional Offer, on a 1 for 1 New Share basis: ..... up to 40,000,000

Attaching Option Issue Price: ..... nil

Attaching Option Exercise Price: ..... \$0.05

Attaching Option Maturity Date: ..... 30 September 2020

\*Excludes any New Shares or Attaching Options which may be issued in the event that any Existing Options are exercised prior to the Record Date and the Management Options.

## Key dates for investors

Record Date for determining entitlements under the Issue: ..... 2 August 2019

Offers open: ..... 7 August 2019

Offers expected to close: ..... 4 September 2019

Commencement of trading of New Shares on ASX: ..... 11 September 2019

Expected date of EGM to approve the issue of New Shares  
under the Additional Offer: ..... 10 September 2019

Issue of New Shares and Options under the Additional Offer: ..... 10 September 2019

Expected date for despatch of New Shareholding statements: ..... 12 September 2019

Further details regarding the timetable for the Offers are set out in section 2.2. All dates are subject to change and accordingly are indicative only. In particular, the Company has the right to vary the dates of the Offers, without prior notice. Investors are encouraged to submit their Entitlement and Acceptance Forms or Application Form (as relevant) as soon as possible after the Offers opens.

## Important notice

This Prospectus is dated 30 July 2019 and was lodged with the ASIC on the same date. Neither the ASIC nor the ASX takes any responsibility as to the contents of this Prospectus. No securities will be

issued on the basis of this Prospectus any later than 13 months after the date of issue of this Prospectus.

This Prospectus contains an offer to Eligible Shareholders of continuously quoted securities (as defined in the *Corporations Act*) and to Other Investors (who subscribe for additional shares under any shortfall or the Additional Offer) and has been prepared in accordance with section 713 of the *Corporations Act*.

No person is authorised to give any information or to make any representation in connection with the Issue described in this document which is not contained in this document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Issue.

## **Foreign shareholders**

This document does not constitute an offer of New Shares and Attaching Options in any jurisdiction in which it would be unlawful. New Shares and Attaching Options may not be offered or sold in any country outside Australia except to the extent permitted below.

The Company has decided that it is unreasonable to make offers under the Issue to Shareholders with registered addresses outside of Australia and New Zealand having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to Shareholders having registered addresses outside of Australia and New Zealand.

The Company has not made any investigation as to the regulatory requirements that may prevail in the countries, outside of Australia and New Zealand, in which the Company's Shareholders may reside. It is the responsibility of overseas Applicants to ensure compliance with all laws of any country relevant to their Acceptance. The Offer may only be accepted by Eligible Shareholders and does not constitute an offer in any place in which or to any person to whom, it would be unlawful to make such an offer.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws.

See section 2.9 for further information on Offer restrictions with respect to shareholders who do not have registered addresses in Australia or New Zealand.

## **New Zealand**

The New Securities are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand)*.

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013 (New Zealand)*. This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

## **United States**

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

## **How to accept Entitlement to New Shares and Attaching Options**

Entitlements to New Shares and Attaching Options can be accepted by Eligible Shareholders in full or in part by completing and returning the Entitlement and Acceptance Form which is accompanying this Prospectus or making payment of Acceptance Money by BPAY® in accordance with the instructions set out in this Prospectus and on the Entitlement and Acceptance Form. Eligible Shareholders can also apply for additional new Shares using this form, to be filled for any shortfall or the Additional Offer at the Company's discretion.

## **How to Apply for New Shares and Attaching Options under the Additional Offer**

Applications by Other Investors for the Additional Offer can be made by completing and returning the Application Form which is accompanying this Prospectus and making payment in accordance with the instructions set out in this Prospectus and on the Application Form.

This Prospectus is available in electronic form on the internet at <https://li3limited.com/>. If you wish to obtain a free copy of this Prospectus, please contact the Company on +61 7 3212 6299.

## **Enquiries**

If you are an Eligible Shareholder or Other Investor and have any questions in relation to the Offers, please contact your stockbroker or professional adviser. If Eligible Shareholders have questions in relation to the Shares upon which their Entitlement has been calculated, or how to complete the Entitlement and Acceptance Form, take up your Entitlement, please call the Share Registry on 1300 494 861.

## **Deciding to accept the Offers**

No person named in this Prospectus, nor any other person, guarantees the performance of Li3, the repayment of capital or the payment of a return on the New Shares or the Attaching Options.

Please read this Prospectus carefully before you make a decision to invest. An investment in the Company has a number of specific risks which you should consider before making a decision to invest. Some of these risks are summarised in section 1.5 of this Prospectus and set out in more detail in section 6 of this Prospectus. This Prospectus is an important document and you should read it in full before deciding whether to invest pursuant to the Offers. You should also have regard to other publicly available information about the Company, including ASX announcements, which can be found at the Company's website: <https://li3limited.com/>.

## **Terms used**

A number of terms and abbreviations used in this Prospectus have defined meanings, which are explained in the definitions and glossary in section 8.

Money as expressed in this Prospectus is in Australian dollars unless otherwise indicated.

## **Forward looking statements**

Some of the information contained in this Prospectus constitutes forward-looking statements that are subject to various risks and uncertainties. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'should', 'will', 'expects', 'plans' or similar expressions. These statements discuss future objectives or expectations concerning results of operations or financial conditions or provide other forward-looking information. The Company's actual results, performance or achievements could be significantly different from the results or objectives expressed in, or implied by, those forward-looking statements. This Prospectus details some important factors that could cause the Company's actual results to differ from the forward-looking statements made in this Prospectus.

## **No representations**

No person is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation in connection with the Offers not contained in this Prospectus may not be relied on as having been authorised by the Company or its officers. This Prospectus does not provide investment advice or advice on the taxation consequences of accepting the Offers. The Offers and the information in this Prospectus, do not take into account your investment objectives, financial situation and particular needs (including financial and tax issues) as an investor.

## **Competent person statement**

The information contained in this Prospectus that relates to geology and exploration results for the Company's Zimbabwe and Mozambique projects is based on, and fairly reflects, information compiled and conclusions derived by Mr 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 CSA Global in South African, independent mining industry consultants. 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 this Prospectus of the matters based on his information in the form and context in which it appears.

The information contained in this Prospectus that relates to geology and exploration results for the Company's Western Australia projects is based on, and fairly reflects, information compiled and conclusions derived by Mr Adrian Black, a Competent Person who is a member of the Australian Institute of Geoscientists.

Mr. Black is a director of Newexco Services Pty Ltd, an independent geological consultancy contracted by the Company. Mr Black 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 Black consents to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears.

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## Chairman's letter

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30 July 2019

Dear Shareholders,

It is my pleasure to introduce this Prospectus and invite Eligible Shareholders to take up their Entitlement of New Shares and Attaching Options in Lithium Consolidated Limited under the Entitlement Offer.

As announced on 30 July 2019 the Directors wish to provide the opportunity for Eligible Shareholders and Other Investors to invest in New Shares under the Entitlement Offer. The Entitlement Offer is a non-renounceable rights issue of 1 New Share for every 4 Shares held at an issue price of \$0.05 per New Share, to raise approximately \$1,179,026 (before Entitlement Offer costs).

The Company has also reserved the right to accept subscriptions from Eligible Shareholders for additional New Shares over and above their Entitlement (**Additional Offer Shares**), and to accept applications for other investors as identified by the Company and the lead managers, up to a maximum value of \$2,000,000 under an Additional Offer. The issue price represents a 10% discount to the 30 day volume-weighted average Share price (being \$0.056) and a 23% discount to the 60 day volume-weighted average Share price (being \$0.065) as at 29 July 2019.

Every New Share (under both the Entitlement Offer and the Additional Offer) will have 1 Attaching Option, being an option to subscribe for one ordinary share in the Company exercisable at \$0.05 cents per share on or before 30 September 2020.

It is proposed that the funds raised from the Offers will be applied for the purposes of undertaking exploration on the Company's Western Australia, Zimbabwe and Mozambique projects, the costs of the Offers and to provide working capital. The Directors intend to take up some or all their entitlement to New Shares as disclosed in section 1.9.

A personalised Entitlement and Acceptance Form is attached to this Offer Document and sets out the number of New Shares and Attaching Options you are entitled to subscribe for as an Eligible Shareholder (**Entitlement**). Shareholders may, in addition to their Entitlement apply for additional shares, which will be filled at the Company's discretion from Shortfall Shares or under the Additional Offer. Entitlements to New Shares and Attaching Options, and applications for additional New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form or Application Form which accompany this Prospectus or making payment of Acceptance Money by BPAY in accordance with the instructions set out below and on the relevant form. Subscription money for the New Shares and any additional shares (if applicable) must be received by the Company at its Share Registry by the Closing Date. Please refer to the timetable for the important dates of the Offers.

The Entitlement Offer is non-renounceable and therefore Eligible Shareholder's Entitlements will not be tradeable on the ASX or otherwise transferable. Southern Cross Financial Pty Ltd and Harbury Advisors Pty Ltd are the Lead Managers of the Offers and the Offers are not underwritten. The Company will work with the Lead Managers to fill the Additional Offer and to place any Shortfall not subscribed to by Eligible Shareholders.

On behalf of the Directors, I thank you for your continued support and I invite you to consider this investment opportunity.

Yours sincerely,



Brian Moller  
Chairman  
Lithium Consolidated Limited

## **1. Investment summary**

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The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

### **1.1 The Offers**

This Prospectus is for:

- (a) the non-renounceable rights issue of approximately 23,580,531 New Shares at an issue price of \$0.05 per New Share, on the basis of 1 New Share for every 4 Shares held by Eligible Shareholders as at the Record Date, together with 1 Attaching Option exercisable at \$0.05 cents each for every 1 New Share received, exercisable on or before 30 September 2020; and
- (b) the Additional Offer, described in greater detail in section 1.13 below.

The Entitlement Offer is an offer to Eligible Shareholders only. The Additional Offer is an offer to Other Investors only.

The Offers are not underwritten.

The issue price of \$0.05 per New Share represents a 10% discount to the 30 day volume-weighted average price for Shares (being \$0.056) and a 23% discount to the 60 day volume-weighted average Share price (being \$0.065) as at 29 July 2019.

Application will be made to ASX for quotation of the New Shares offered under this Prospectus within 7 days of its issue. Official Quotation of the New Shares is expected to occur on or about 12 September 2019.

The Company does not intend to seek listing of the Attaching Options.

The Directors may at any time decide to withdraw this Prospectus and the offer of New Shares and Attaching Options made under this Prospectus, in which case the Company will return all applications moneys (without interest) within 28 days of giving notice of such withdrawal.

Shareholders who apply for 100% of their entitlement are able to apply for Additional Shares to be issued from any Shortfall or the Additional Offer (at the Company's discretion) at the Offer Price, subject to compliance with Chapter 6 of the Corporations Act and ASX Listing Rules. Any Additional Shares will firstly be allocated to Shareholders who apply for Additional Shares in addition to their Entitlement at the absolute discretion of the Directors. The Directors may then place any further Shortfall to persons who may or may not be Shareholders. The issue of the Additional Shares and the Offer of any Additional Shares will be at the absolute discretion of the Company and its Directors and as such there is no guarantee that any Additional Shares applied for will be issued to Eligible Shareholders. The allocation process is described in more detail in Sections 1.8.

### **1.2 Minimum subscription**

There is no minimum subscription to the Issue.

### **1.3 Purpose of the Issue**

The Directors intend to apply the proceeds from the Offer for the purposes of:

- (a) exploration programs over the next 6-12 months at the higher priority assets in Western Australia, Mozambique and Zimbabwe;



- (b) ongoing corporate and administration costs;
- (c) the costs of the Offers; and
- (d) working capital.

The proceeds from the Offers (assuming that both are fully subscribed) are proposed to be allocated in the following manner:

Proposed use of funds	Funds raised under Entitlement Offer only (next 6 months of activities)	Funds raised under Entitlement Offer and Additional Offer (next 12 months)
Exploration – Western Australia <sup>(a)</sup>	\$160,000	\$600,000
Exploration – Mozambique <sup>(b)</sup>	\$350,000	\$1,000,000
Exploration – Zimbabwe <sup>(c)</sup>	\$100,000	\$360,000
Corporate & Administration	\$390,000	\$780,000
Working Capital	\$94,026	\$209,026
Estimated costs of the Offers (including legal fees, Lead Manager's fees, Share Registry fees, ASX fees and other miscellaneous costs associated with the Offer)	\$85,000	\$230,000
<b>Total (maximum raising)</b>	<b>\$1,179,026</b>	<b>\$3,179,026</b>

- a) See Section 4.1(a) for further details on the Western Australia forward exploration program
- b) See Section 4.1(b) for further details on the Mozambique forward exploration program
- c) See Section 4.1(c) for further details on the Zimbabwe forward exploration program

However, in the event that circumstances change or other better opportunities arise the Directors reserve the right to vary the proposed uses to maximise the benefit to Shareholders.

#### 1.4 Investment highlights

##### (a) *Western Australia*

- 16 Exploration Licenses, where 2 of which are under application, over 747 km<sup>2</sup> in the Yilgarn Province of Western Australia, Australia.
- Western Australia is the largest and most active lithium province globally, representing almost all the current global hard rock lithium production.
- The YLP hard rock lithium targets are in extensions of known lithium pegmatite belts, in deeply weathered and shallowly covered areas of Archean Yilgarn Craton.
- The Phase 1 drilling at the Yilgarn Lithium Project has confirmed the presence of concealed LCT pegmatites in at least 3 Licenses.

(b) *Mozambique*

- Five (5) granted exploration licenses over 31,481 ha provide a significant land position in the Alto Ligonha Pegmatite Province in northern Mozambique.
- The outcropping pegmatites in our five (5) licenses have potential for extensions at shallow depths, which can be confirmed through modern lithium-focussed exploration.
- Mozambique is ideally located on the east coast of Africa, with multiple bulk-handling ports and well-developed road and rail infrastructure for mining.
- 9166L license has been prioritized for immediate exploration based on a potentially very large interpreted pegmatite which appears to be 1,000m along strike with variable widths of up to 300m.

(c) *Zimbabwe*

- Li3 has established a dominant land position in the Mutare Greenstone Belt in eastern Zimbabwe, through eight (8) lithium exploration assets consisting of 59 granted licences covering an area of 1,800 ha and an additional 11 licences under application (an additional 1,003 ha).
- The Mutare Greenstone Belt is believed to be highly prospective for pegmatite hosted lithium deposits based on historical information and recent image analysis, in which flat-lying pegmatites with potential for open-pit mining were interpreted.
- Li3 has completed initial grab sampling of the Nels Luck and Bepe pegmatites, with encouraging results of between 1.3% to 8.6% Li<sub>2</sub>O, confirming the presence of lithium minerals, including spodumene, at these pegmatites.
- The Odzi West asset has been prioritized for immediate exploration.

## 1.5 Risk factors

Investing in the Company involves risk. There are factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company. Some of these factors can be mitigated by appropriate commercial action. However, many are outside the control of the Company, dependent on the policies adopted and approaches taken by regulatory authorities, or cannot otherwise be mitigated. If you are unsure about subscribing for New Shares, you should first seek advice from your stockbroker, accountant, financial or other professional adviser.

The following sets out a summary of some of the key risks relevant to the Company and its operations:

Risk	Details
Exploration and Evaluation Risk	Lithium exploration and development are high risk undertakings and even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. There can be no assurance that exploration will result in the discovery of an economic deposit and a number of factors outside the control of the Company can affect this outcome. The success of the Company is dependent on exploration success.
Operational risks and costs	Prosperity for the Company and its subsidiaries will depend largely upon an efficient and successful implementation of all the aspects of exploration, developments, business activities and management of commercial factors. Exploration has been and will continue to be hampered on occasions by

Risk	Details
	unforeseen weather events, accidents, unforeseen cost changes, environmental considerations, natural events and other incidents beyond the control of the Company.
Contractual and joint venture risk	<p>The Company may wish to develop its projects or future projects through joint venture arrangements, while a number of the Company's projects are already the subject of joint venture arrangements. Any joint ventures entered into by, or interests in joint ventures assigned to the Company, could be affected by the failure or default of any of the joint venture participants.</p> <p>With respect to the Company's planned drilling, the Company has not yet secured the use of any drilling equipment. Failure to enter into drilling contracts in respect of the proposed drilling programmes for each of these projects will negatively impact on the ability of the Company to carry out its exploration and development programmes in these areas.</p>
Commodity prices	<p>The Company's prospects and perceived value may be influenced from time to time by the prevailing short-term prices of the commodities targeted in its exploration programs. Commodity prices fluctuate and are affected by factors including supply and demand for mineral products, hedge activities associated with commodity markets, the costs of production and general global economic and financial market conditions.</p> <p>These factors may cause volatility which in turn, may affect the Company's ability to finance its future exploration and/or bring the Company's products to market.</p>
Additional requirements for capital	<p>The Company may require additional funds in the future to achieve its objectives. There is no assurance that these funds will be available in the future, or if they are available, that they will be on commercially acceptable terms to the Company. If adequate additional funding is not available or acceptable on the Company's terms, the Company's business will be materially and adversely affected.</p> <p>Any additional equity financing may also have the affect of diluting the existing share holdings.</p> <p>The Company may decide to raise additional funds in the future through further capital raisings. This may result in the Company issuing additional shares in the Company to third parties who are not presently shareholders of the Company. As a result, existing shareholdings may be diluted.</p>

Further details regarding risks which may affect the Company in the future are set out in section 6.

The New Shares and Attaching Options offered under this Prospectus carry no guarantee of profitability, dividends, return of capital or the price at which they may trade on ASX. The past performance of the Company should not necessarily be considered a guide to their future performance.

## 1.6 New Share and Attaching Option terms

Upon issue, each New Share will rank equally with all existing Shares then on issue. A summary of the rights attaching to the New Shares is set out in section 7.3. A summary of the rights attaching to the Attaching Options is set out in section 7.4.

## 1.7 **Acceptance of Entitlement to New Shares/Application for Additional Shares**

The number of New Shares to which an Eligible Shareholder is entitled under the Entitlement Offer and the total amount an Eligible Shareholder would have to pay if they choose to take up all of their rights to subscribe for New Shares is shown on the Entitlement and Acceptance Form accompanying this Prospectus. This Prospectus is for the information of Eligible Shareholders who are entitled and may wish to apply for the New Shares (as well as Other Investors applying for Additional Shares). Fractional entitlements will be rounded up to the nearest whole number.

Entitlements to New Shares can be accepted, and applications for Additional Shares made, in full or in part by completing and returning the Entitlement and Acceptance Form or Application Form (as required) which accompany this Prospectus or making payment of Acceptance Money by BPAY in accordance with the instructions set out below and on the relevant form. Acceptance Money should be rounded up to the nearest cent.

Subscription moneys for the New Shares must be received by the Company at its Share Registry by the relevant Closing Date. Please refer to the timetable for the important dates of the Offers.

Eligible Shareholders are able to apply for New Shares in excess of their Entitlements, which will be filled from the Shortfall or the Additional Offer at the Company's discretion.

## 1.8 **Application for Additional shares and Shortfall**

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer pursuant to this Offer Document. The issue price of any Additional Shares offered pursuant to the Shortfall Offer will be \$0.05, which is the Offer Price at which the Offer has been made to Eligible Shareholders.

Shareholders who apply for their full Entitlement may also apply for additional shares (**Additional Shares**) in excess of their Entitlement at the Issue Price, to be issued from any Shortfall or the Additional Offer (at the Company's discretion).

Additional Shares will be issued under the Shortfall Offer or the Additional Offer at the absolute discretion of the Company and its Directors and as such there is no guarantee that any Additional Shares applied for will be issued to Eligible Shareholders. The Company will have no liability to any Applicant who receives less than the number of Additional Shares they applied for under the Shortfall Offer or the Additional Offer. The Company reserves the right to scale back any applications for Additional Shares under the Shortfall Offer or the Additional Offer. If this occurs, applications monies will be returned (without interest) to the extent of the scale back.

In the event that there is a further Shortfall in subscriptions under the Entitlement Offer following the issuance of the Additional Shares under the Shortfall Offer, the Company and the Directors reserve the right, as contemplated within the ASX Listing Rules, to allocate any further Shortfall of New Shares in their absolute discretion and to conduct an Offer of the remaining Shortfall to ensure a maximum amount of funds are raised. They will do so in a manner which will ensure that no Shareholder or other investor will, as a consequence of being issued any Shortfall, hold a relevant interest of more than 20% of all of the Shares in the Company after this Issue.

Any Shortfall will be issued within three months after the Closing Date at an issue price being not less than the Offer Price.

## 1.9 Directors intentions in respect of Entitlements

As at the date of this Prospectus, some of the Directors of Li3 have either a direct or indirect interest in Shares. Set out below is a table summarising the Entitlement of each Director (based on their current holding) under the Entitlement Offer and how they intend to treat their Entitlement.

Director	Shares	Entitlement	Intentions
Brian Moller <sup>(1)</sup>	2,030,000	507,500	Intends to subscribe for 132,500 New Shares
Shanthar Pathmanathan <sup>(2)</sup>	2,636,750	659,188	Intends to subscribe for 659,188 New Shares
Vincent Mascolo	1,050,000	262,500	Has not yet determined his intention in relation to his entitlement

*Note:*

*(1) Of these some 1,500,000 are held by Stanburgh Pty Ltd*

*(2) Of these some 600,000 are held by Vivendi International Holdings Pty Ltd*

*Details of Options and Performance Rights held by the Directors are set out in section 7.5.*

## 1.10 Lead Managers

Southern Cross Financial and Harbury Advisors Pty Ltd have been appointed as the Lead Managers to the Offers. Further details of the terms of appointment of the Lead Managers are set out in section 7.9.

## 1.11 No underwriting

The Entitlement Offer and the Additional Offer are not underwritten.

## 1.12 Potential dilution of Shareholder's interests

Shareholders should be aware that to the extent that they do not accept their Entitlements in full, a Shortfall will arise and all or part of any Shortfall may be placed by the Company, in consultation with the Lead Managers, to other parties in which case their interest in the Company may be significantly diluted (see section 5.2 for further details). Further the Entitlement Offer is not being extended to Shareholders with registered addresses outside of Australia and New Zealand and the holdings of those Shareholders in the Company will be diluted by the Entitlement Offer. Given the terms of the Entitlement Offer, the interests of a Shareholder in the Company may be diluted by up to 20% in the event that they are not eligible to participate or elect not to accept their Entitlement in full if the Offer is fully subscribed or alternatively, any Shortfall is fully placed (without including any New Shares issued on exercise of the Attaching Options or that are issued under the Additional Offer).

Acceptance of Entitlements, the Offer of any Shortfall and New Shares issued under the Additional Offer may also result in existing Shareholders or new investors significantly increasing their interest in the Company or obtaining a substantial interest in the Company. However, the Shortfall will only be placed to the extent that such placement is in compliance with the takeover provisions of the *Corporations Act*, which restrict a person and their associates from having a relevant interest in the Company of not more than 20.0%, subject to a number of exemptions.

### 1.13 Additional Offer

The Company and the Lead Managers have reserved the right, at their election, to accept subscriptions from investors for Additional Offer Shares to a maximum value of \$2,000,000. These Additional Offer Shares will be issued on the same terms as the New Shares issued under the Offer, including with equivalent attaching Options.

The maximum number of Additional Offer Shares to be issued is 40,000,000 New Shares, to investors nominated by the Lead Managers. If exercised at all, the Additional Offer will take place at the same time as the Entitlement Offer.

The issue of the Additional Offer Shares and Attaching Options pursuant to the exercise of the Additional Offer will be subject to shareholder approval, or if shareholder approval is not received, to the extent that the Company's existing ASX Listing Rule 7.1 placement capacity permits, but otherwise the Additional Offer Shares will rank equally with Shares on issue before the exercise of the Additional Offer, and those issued under the Offer.

The Offer of Additional Offer Shares is a separate offer pursuant to this Offer Document. Any Additional Offer Shares will be issued within three months after the Closing Date at an issue price being not less than the Offer Price.

## 2. Details of the Offers

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### 2.1 Offer to Eligible Shareholders and Other Investors

#### *Entitlement Offer*

The Directors of Li3 have approved a non-renounceable rights issue of approximately 23,580,531 New Shares at \$0.05 per New Share to raise approximately \$1,179,026. Eligible Shareholders of Li3 are entitled to subscribe for 1 New Share for every 4 Shares held with 1 for 1 free Attaching Options exercisable at \$0.05 each and expiring on 30 September 2020. Only those Shareholders shown on the Share Register at 7.00pm (Brisbane time) on the Record Date with a registered address in Australia and New Zealand will be entitled to participate in the Offer.

There are currently 4,000,000 Existing Options on issue in the Company. If any of the Existing Options are exercised prior to the Record Date, additional New Shares will be offered under this Prospectus. If all Existing Options on issue at the date of this Prospectus were exercised prior to the Record Date, the Company's issued shares would increase by 4,000,000 Shares, resulting in a further 1,000,000 New Shares being offered pursuant to the Entitlement Offer under this Prospectus. This would increase the Company's total Shares on issue after completion of the Entitlement Offer to 118,902,653 Shares<sup>1</sup>.

#### *Additional Offer*

The Company has reserved the right to accept subscriptions from Eligible Shareholders and other investors identified by the Company for Additional Shares up to a maximum value of \$2,000,000. Additional Shares will be issued on the same terms as the New Shares offered under the Entitlement Offer, including the free Attaching Options.

Assuming no existing options on issue in the Company are exercised, approximately 40,000,000 fully paid ordinary shares and 40,000,000 options will be offered under the Additional Offer.

Shareholders who apply for their full Entitlement under the Entitlement Offer may apply for Additional Shares in excess of their Entitlement, to be filled from the Shortfall or the Additional Offer at the Company's discretion.

### 2.2 Important dates

<b>Announcement of Issue</b>	30 July 2019
<b>Lodgement of Prospectus with ASIC</b>	30 July 2019
<b>Notice to Option Holders</b>	31 July 2019
<b>Notice to security holders containing Appendix 3B information</b>	31 July 2019
<b>Shares commence trading on an ex rights basis</b>	1 August 2019
<b>Record Date for the Offers</b>	2 August 2019
<b>Prospectus and Entitlement and Acceptance Form/Application Form despatched to Shareholders</b>	7 August 2019
<b>Opening Date of Offers (9am Brisbane time)</b>	7 August 2019

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<sup>1</sup> This does not include any New Shares issued under the Additional Offer.

<b>Closing Date of Offers (5pm Brisbane time)</b>	4 September 2019
<b>Advise ASX of any shortfall</b>	9 September 2019
<b>Expected date of EGM to approve issue of Additional Shares</b>	10 September 2019
<b>Expected date of issue of New Shares and Attaching Options</b>	10 September 2019
<b>Commencement of trading of New Shares on ASX</b>	12 September 2019
<b>Expected date of despatch of holding statements for New Shares</b>	12 September 2019

*The dates set out in this table are subject to change and are indicative only. The Company, in consultation with the Lead Managers, reserves the right to alter this timetable at any time.*

The Directors, subject to the requirements of the ASX Listing Rules and the *Corporations Act*, reserve the right to:

- (a) withdraw the Offers without prior notice; or
- (b) vary any of the important dates set out in the Offers, including extending the Offers.

### 2.3 Allotment and allocation policy

The Company will proceed to allocate New Shares and Attaching Options as soon as possible after the Closing Date and receiving ASX permission for Official Quotation of the New Shares.

In the case that there is less than full subscription by Shareholders of their Entitlements under this Prospectus, the Directors in consultation with the Lead Managers, reserve the right, as contemplated within the ASX Listing Rules to issue any Shortfall at their discretion (see section 1.8). Any Shortfall will be issued within three months after the Closing Date at an issue price being not less than the Offer Price (or as otherwise permitted by the ASX).

Successful Applicants will be notified in writing of the number of New Shares (including any Additional Shares applied for by Eligible Shareholders) allocated to them as soon as possible following the allocation being made.

It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading in New Shares. Applicants who sell New Shares before they receive notice of the number of New Shares allocated to them do so at their own risk. No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

### 2.4 ASX listing

Application for Official Quotation of the New Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

The Company does not intend seeking listing of the Attaching Options.

If granted, Quotation of the New Shares will commence as soon as practicable after allotment of their allocation to applicants and is expected to occur on or about 12 September 2019. ASX Participating Organisations (as defined in the ASX Business Rules) cannot deal in the New Shares either as principal or agent until Official Quotation is granted.

Should the New Shares not be granted Official Quotation on the ASX within three months after the date of this Prospectus, none of the New Shares offered under this Prospectus will be



issued and all Acceptance Money will be refunded without interest to Applicants within the time prescribed by the *Corporations Act*.

The fact that ASX may grant Official Quotation of the Offer Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares or Attaching Options now offered.

## **2.5 CHESS**

The Company will apply to ASX Settlement for the New Shares to participate in the Securities Clearing House Electronic Subregister System known as CHESS.

The Company will not issue certificates to Shareholders with respect to the New Shares. After allotment of the New Shares, those who are issuer sponsored holders will receive an issuer sponsored statement and those who are CHESS holders will receive an allotment advice.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Shares allotted to each successful applicant pursuant to this Prospectus. The statement will also advise holders of their holder identification number. Further statements will be provided to holders which reflect any changes in their holding in the Company during a particular month.

## **2.6 No rights trading**

Entitlements to New Shares pursuant to the Entitlement Offer are non-renounceable and accordingly will not be traded on the ASX. Entitlements which are not taken up will lapse and form part of the Shortfall and will be dealt with in accordance with section 1.8.

## **2.7 Minimum subscription**

There is no minimum subscription to the Offers.

## **2.8 Option Holders**

Option Holders will not be entitled to participate in the Offers unless they:

- (a) have become entitled to exercise their Existing Options under the terms of their issue and do so prior to the Record Date; and
- (b) participate in the Offers as a result of being an Eligible Shareholder or Other Investor (as applicable) at 7.00pm (Brisbane time) on the Record Date.

If all holders of Existing Options elect to exercise their Options prior to the Record Date, and are eligible to participate in the Entitlement Offer, a further 1,000,000 (approximately) New Shares may be issued under this Prospectus. Details of the Existing Options are set out in section 5.2. However, having regard to the exercise price of the Existing Options and the Offer Price, the Directors believe that it is unlikely that any Existing Options will be exercised prior to the Record Date.

## **2.9 Overseas shareholders**

The Company has not made investigations as to the regulatory requirements that may prevail in the countries outside of Australia and New Zealand in which the Company's Shareholders reside.

This Prospectus and accompanying forms do not, and are not intended to, constitute an offer of New Shares in any place outside of Australia and New Zealand in which, or to any person to whom, it would not be lawful to make such an offer or to issue these Offers or that Form.

The distribution of this Prospectus in places outside of Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with those restrictions may violate applicable securities laws.

The Company has decided that it is unreasonable to make offers under this Prospectus to Shareholders with registered addresses outside of Australia and New Zealand (**Ineligible Shareholders**) having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the legal and regulatory requirements in those places and costs of complying with those requirements. Accordingly, the Offers are not being extended to, and do not qualify for distribution or sale by Ineligible Shareholders and no New Shares will be issued to Ineligible Shareholders.

In particular these Offers are not made in the United States or to persons (including nominees or custodians) acting for the account or benefit of a person in the United States, or to any person who is ineligible under applicable securities laws in any country to receive an offer under the Prospectus without any requirement for a prospectus to be lodged or registered.

#### **2.10 Notice to nominees and custodians**

Nominees and custodians may not distribute any part of this document in the United States or in any other country outside of Australia and New Zealand, except to beneficial Shareholders in another country (other than the United States) where the Company may determine it is lawful and practical to make the Offers. Any person in the United States with a holding through a nominee may not participate in the Offers.

#### **2.11 Electronic prospectus**

An electronic version of this Prospectus is available on the Internet at <https://li3limited.com/>.

The Entitlement and Acceptance Form and Application Form may only be distributed together with a complete and unaltered copy of the Prospectus. The Company will not accept a completed Entitlement and Acceptance Form or Application Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Entitlement and Acceptance Form, Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that in the period of the Offers the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from the Company or the Share Registry.

### **3. How to apply**

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#### **3.1 How to accept your entitlement under the Entitlement Offer, as an Eligible Shareholder**

Eligible Shareholders may accept their Entitlement under the Entitlement Offer either in whole or in part. The number of New Shares which Eligible Shareholders are entitled to is shown on the Entitlement and Acceptance Form which accompanies this Prospectus.

Eligible Shareholders may participate in the Entitlement Offer and the Additional Offer as follows:

##### **Take up your Entitlement in full and apply for Additional Shares**

If you are an Eligible Shareholder and wish to take up all of your Entitlement **and** apply for Additional Shares in excess of your Entitlement, please:

- (a) complete the Entitlement and Acceptance Form, which accompanies this Prospectus, in accordance with the instructions set out on the form and by inserting the number of New shares for which you wish to accept the Entitlement Offer under this Prospectus, plus the number of Additional Shares (being more than your Entitlement as specified on the Entitlement and Acceptance Form) you wish to apply for; and
- (b) forward your completed Entitlement and Acceptance Form, together with your cheque or bank draft for the amount shown on your Entitlement and Acceptance Form (including for the Additional Shares you are applying for), in the reply paid envelope to reach the Company's Share Registry,

so that it is received by no later than 5.00pm (Brisbane time) on the Closing Date or such later date as the Directors determine.

Cheques and bank drafts, in **Australian currency** should be made payable to Lithium Consolidated Limited and crossed "not negotiable".

You should ensure that sufficient funds are held in the relevant accounts to cover the Acceptance Money. If the amount of your cheque for Acceptance Money is insufficient to pay in full for the number of whole New Shares you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of New Shares as your cleared Acceptance Money will pay for (and to have that number of New Shares on your Entitlement and Acceptance Form). Alternatively, your Application will be rejected. If your cheque does not clear due to insufficient funds in your account, your Application will be rejected.

If you intend to pay for the New Shares by BPAY, there is no need to return the Entitlement and Acceptance Form (but you must ensure that your payment is received by no later than 5.00pm (Brisbane time) on the Closing Date or such later date as the Directors determine, keeping in mind that payments made by BPAY may take one or more Business Days to clear. Please refer to the information below regarding payment by BPAY.

Please note that, as set out in section 1.8, there is no guarantee that any Additional Shares applied for will be issued to Eligible Shareholders.

##### **Take up your Entitlement in full**

If you are an Eligible Shareholder and wish to take up all of your Entitlement, please:

- (c) complete the Entitlement and Acceptance Form, which accompanies this Prospectus, in accordance with the instructions set out on the form; and

- (d) forward your completed Entitlement and Acceptance Form, together with your cheque or bank draft for the amount shown on your Entitlement and Acceptance Form, in the reply paid envelope to reach the Company's Share Registry,

so that it is received by no later than 5.00pm (Brisbane time) on the Closing Date or such later date as the Directors determine.

Cheques and bank drafts, in **Australian currency** should be made payable to Lithium Consolidated Limited and crossed "not negotiable".

You should ensure that sufficient funds are held in the relevant accounts to cover the Acceptance Money. If the amount of your cheque for Acceptance Money is insufficient to pay in full for the number of whole New Shares you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of New Shares as your cleared Acceptance Money will pay for (and to have that number of New Shares on your Entitlement and Acceptance Form). Alternatively, your Application will be rejected. If your cheque does not clear due to insufficient funds in your account, your Application will be rejected.

If you intend to pay for the New Shares by BPAY, there is no need to return the Entitlement and Acceptance Form (but you must ensure that your payment is received by no later than 5.00pm (Brisbane time) on the Closing Date or such later date as the Directors determine, keeping in mind that payments made by BPAY may take one or more Business Days to clear. Please refer to the information below regarding payment by BPAY.

### **Take up some of your Entitlement**

If you are an Eligible Shareholder and wish to take up only some of your Entitlement, please:

- (a) complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Shares for which you wish to accept the Entitlement Offer under this Prospectus (being less than your Entitlement as specified on the Entitlement and Acceptance Form); and
- (b) forward the completed Entitlement and Acceptance Form together with your cheque or bank draft for the total amount payable to reach the Company's Share Registry,

so that it is received by no later than 5.00pm (Brisbane time) on the Closing Date or such later date as the Directors determine.

Cheques and bank drafts, in **Australian currency**, should be made payable to Lithium Consolidated Limited and crossed "not negotiable".

If you intend to pay for the New Shares by BPAY, there is no need to return the Entitlement and Acceptance Form (but you must ensure that your payment is received by no later than 5.00pm (Brisbane time) on the Closing Date or such later date as the Directors determine, keeping in mind that payments made by BPAY may take one or more Business Days to clear. Please refer to the information below regarding payment by BPAY.

### **Do nothing**

You may do nothing, in which case you will have no right to subscribe for New Shares and no New Shares will be issued to you. However, if you are an Eligible Shareholder and you do nothing, then New Shares representing your Entitlement may be issued to other third parties in placing any Shortfall.

You should also note that, if you do not take up your Entitlement, then although you will continue to own the same number of Shares, your percentage shareholding in the Company will decrease.

### 3.2 How to apply for New Shares under the Additional Offer if you are not an Eligible Shareholder

Other Investors who are not Eligible Shareholders and wish to apply for New Shares under the Additional Offer, please:

- (a) complete the Application Form, which accompanies this Prospectus, by inserting the number of New Shares for which you wish to apply for; and
- (b) forward the completed Application Form together with your cheque or bank draft for the total amount payable to reach the Company's Share Registry,

so that it is received by no later than 5.00pm (Brisbane time) on the Closing Date or such later date as the Directors determine.

Cheques and bank drafts, in **Australian currency**, should be made payable to Lithium Consolidated Limited and crossed "not negotiable".

### 3.3 Other general information

If Eligible Shareholders have any queries concerning their Entitlement, please contact the Share Registry on 1300 494 861 (within Australia) or +61 1300 494 861 (outside Australia) or contact your stockbroker or professional adviser.

Entitlement and Acceptance Forms, Application Forms and accompanying cheques or bank drafts may be lodged at any time before the Closing Date. Applications received after the Closing Date may not be accepted. The Company will not be responsible for postal or delivery delays.

The Offer Price of \$0.05 New Share is payable in full on acceptance of part or all of your Entitlement (for Eligible Shareholders) or your application (for Other Investors).

If an Eligible Shareholder elects to make payment using BPAY (noting that BPAY is not available for Other Investors who are not Eligible Shareholders applying under the Additional Offer), they must contact their bank, credit union or building society to make payment of the Acceptance Money from their cheque or savings account. Refer to the Entitlement and Acceptance Form for the biller code and customer reference number. Eligible Shareholders who have multiple holdings will have multiple customer reference numbers.

Payment will only be accepted in Australian currency and cheques, bank drafts, money orders and BPAY payments must be drawn on an Australian bank.

No stamp duty, brokerage or handling fees are payable by the Applicant for the New Shares offered by this Prospectus. Completed Entitlement and Acceptance Forms, Application Forms and accompanying cheques should be forwarded to the following address:

Link Market Services Limited	OR	Link Market Services Limited
<b>Lithium Consolidated Limited Offer</b>		<b>Lithium Consolidated Limited Offer</b>
GPO Box 3560 Sydney NSW 2001		1A Homebush Bay Drive Rhodes NSW 2138 <b>(Please do not use this address for mailing purposes)</b>

The amount payable on acceptance will not vary during the period of the Offers and no further amount is payable on allotment. Acceptance Money will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by the Company on behalf of the Applicants. Any interest earned on the Acceptance Money will be retained by the Company irrespective of whether allotment takes place.

### 3.4 **Binding effect of form**

A completed and lodged Entitlement and Acceptance Form or Application Form, or a payment made through BPAY, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form or Application Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form or Application Form is final.

By completing and returning your personalised Entitlement and Acceptance Form or Application Form (as applicable) with the requisite Application Money or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder or Other Investor and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Offers;
- (b) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside of Australia and New Zealand; and
- (c) you have not and will not send any materials relating to the Offers to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States.

## 4. Company Information

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### 4.1 Introduction

Li3 has hard rock lithium assets in the known lithium provinces of Western Australia, Mozambique and Zimbabwe.

We believe we are in the very early-stages of the growth of global lithium industry for use in lithium-ion batteries and have seized on this opportunity by securing multiple lithium exploration assets in the known hard rock lithium provinces of the world.

We further believe that our multiple assets strategy will provide our shareholders with greater exposure to the global growth in demand for lithium.

Li3 has been 14 granted and 2 pending licenses covering 747 km<sup>2</sup> in the Yilgarn Province of Western Australia (**Yilgarn Lithium Project** or **YLP**), which is the largest and most active lithium province globally, representing almost all the current global hard rock lithium production. The YLP hard rock lithium targets are in extensions of known lithium pegmatite belts, in deeply weathered and shallowly covered areas of Archean Yilgarn Craton. The Phase 1 drilling at the Yilgarn Lithium Project has confirmed the presence of concealed LCT pegmatites in 3 of the Licenses.

The African Lithium-Caesium-Tantalum (**LCT**) pegmatite provinces are well known from the historical production of columbo-tantalite, tin and gemstones, but largely unexplored and under-explored for lithium. The African lithium provinces are characterised by at-or-near surface LCT pegmatites, which are visible in outcrops and/or historical workings. Many of these pegmatites have been mined for columbo-tantalite, tin, and gemstones, but the significant lithium endowment in the same pegmatites have been overlooked or stockpiled in dumps.

The current exploration maturity in Mozambique and Zimbabwe is similar to that which existed in the Pilbara and Yilgarn Craton pegmatites of Western Australia, approximately 10 years or so ago, prior to the modern lithium-focused exploration.

Li3's high priority assets in each lithium province, includes:

- 1) Western Australia: Dundas, Bedonia and Junction
- 2) Mozambique: 9166L
- 3) Zimbabwe: Odzi West

The Company's strategy is to:

- develop a globally significant portfolio of hard rock lithium exploration assets and potential, future lithium mines;
- immediately undertake exploration at our higher priority assets in Western Australia, Mozambique, and Zimbabwe; and
- pursue acquisition opportunities.

#### (a) *Western Australia*

The Yilgarn Lithium Project is a hard-rock lithium project located in the Yilgarn Province of Western Australia, Australia comprising 16 Exploration Licenses, including 14 granted Exploration Licenses and two (2) pending Exploration License Applications, covering 747 km<sup>2</sup>.

The YLP licences are in:

- extensions of known lithium-fertile belts, and what are believed to be new previously un-recognised belts, both which are close to “fertile” granites considered to be the sources of the LCT pegmatites in the region;
- deeply weathered and shallowly covered areas of Archean Yilgarn Craton which have the potential to host hard rock spodumene (lithium mineral) bearing pegmatite mineralisation, similar to that found at Greenbushes, Mt Marion and Mt Holland;
- geologically favourable zones displaying high prospectivity for LCT pegmatites, over areas with potential to host shallow, concealed LCT pegmatites that were overlooked in the early tantalum boom of the 1960s and the current Yilgarn lithium exploration and mine development activity.

(1) Historical Exploration

A Phase 1 exploratory drilling program, consisting of shallow aircore drilling was completed at YLP, in December 2017 (see ASX Announcement dated 6 April 2018).

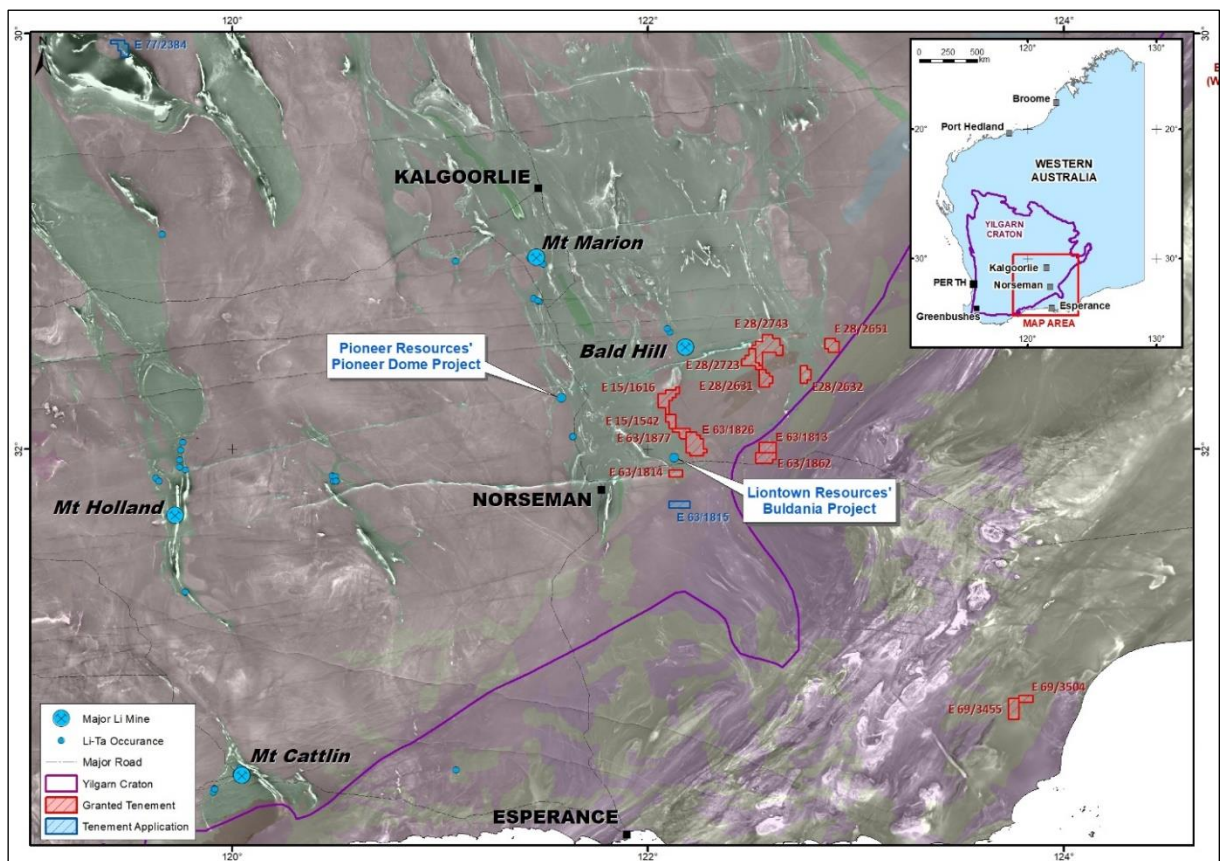


Figure 1. Regional Location of YLP Licences



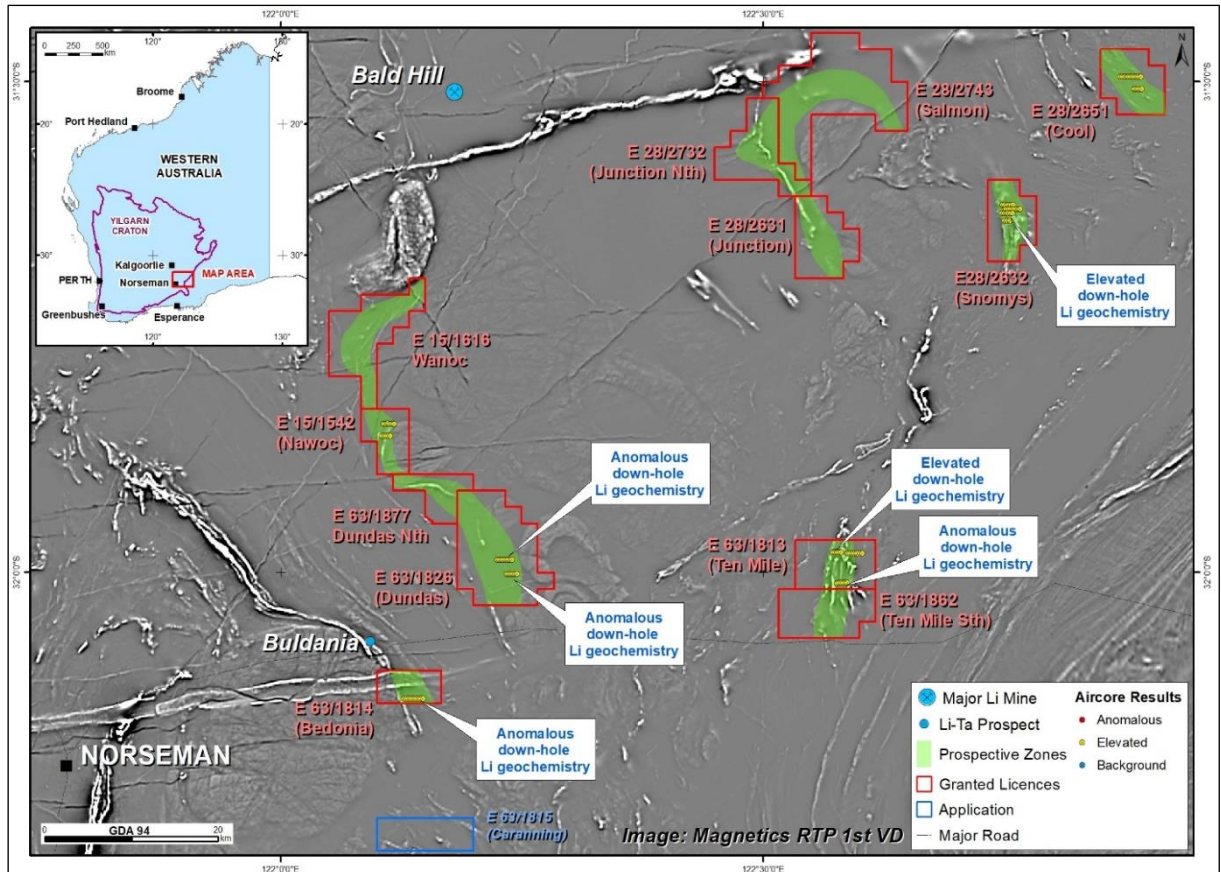


Figure 2. Regional Location of the Drilling

The results indicate the presence of Lithium-Caesium-Tantalum (LCT) pegmatites, in deeply weathered rocks and under cover within 3 of the Licences.

Anomalous levels of Li and associated LCT pegmatite pathfinder elements (i.e. Cs, Nb, Rb, Sn, Ta) were intersected in holes in the E63/1826 (Dundas), E63/1814 (Bedonia) and E63/1813 (Ten Mile) licenses. Elevated levels of LCT pegmatite pathfinder elements were also intersected in several holes at Snomys.

Anomalous LCT pegmatite pathfinders were identified at the Dundas License in and around the intersected strongly weathered pegmatites in both aircore drill hole traverses, approximately 1.6km apart. Airborne magnetic data used to target the Dundas area indicates that the prospective zone is open to the north and south of the current drilling.

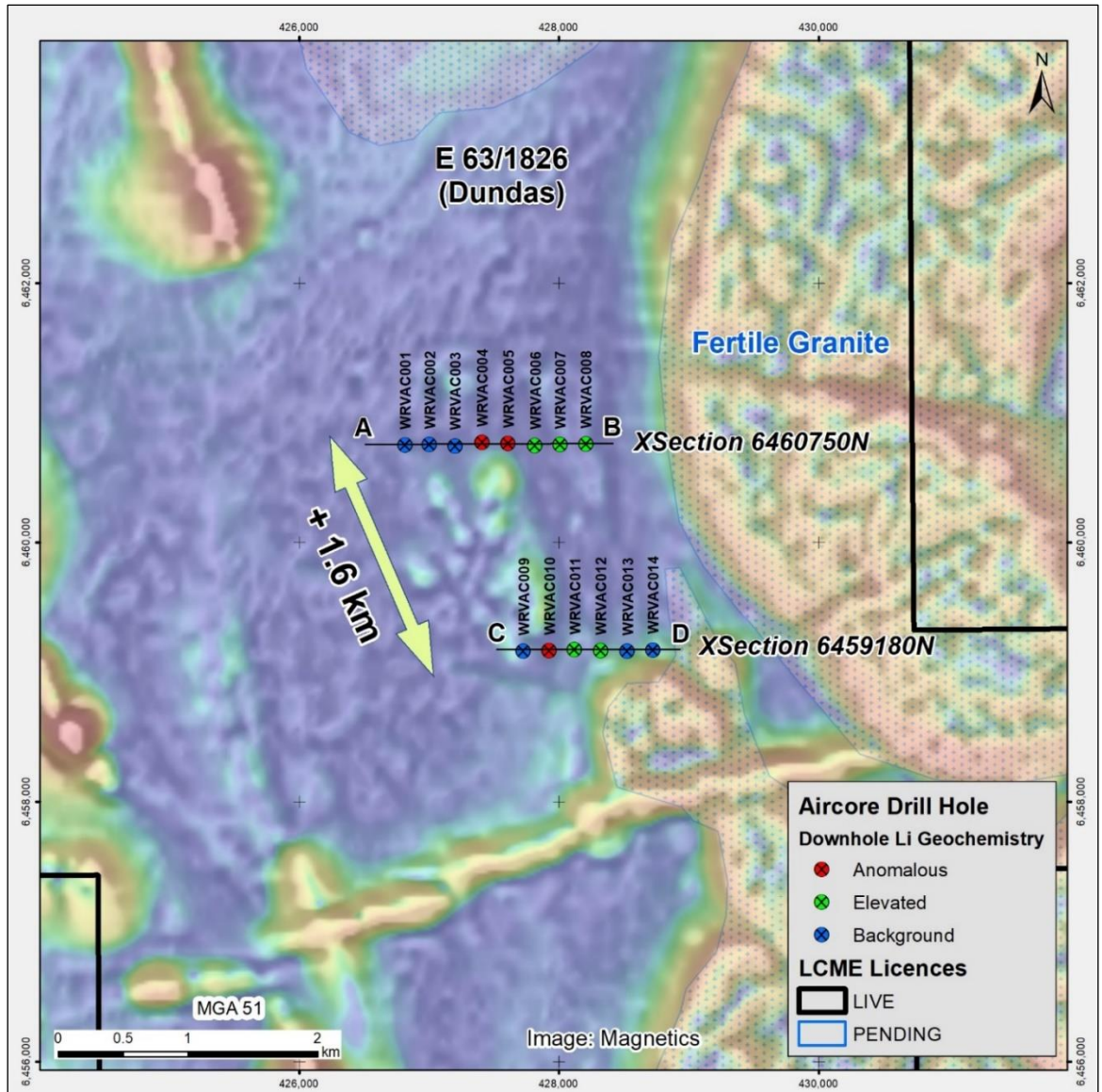


Figure 3. Dundas License drill hole locations

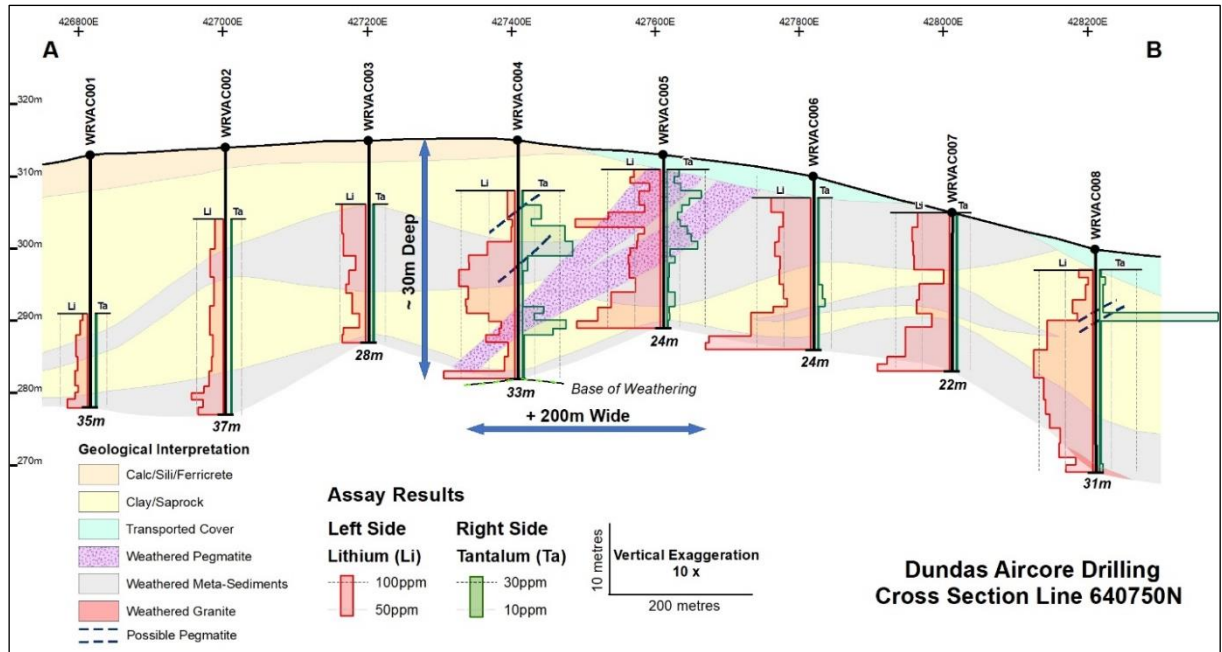


Figure 4. Dundas cross section 64075N

## (2) Forward Exploration Program

The 2019-2020 exploration programme in Western Australia, includes:

- Deeper drilling, using reverse circulation drilling at Dundas to confirm the presence of potentially economic lithium bearing pegmatites.
- Completion of the planned aircore drilling at Junction.
- Further regional exploratory aircore drilling over target zones.

## (b) Mozambique

The Company has established a significant land position in the Alto Ligonha Pegmatite Province in northern Mozambique through the ownership of five (5) exploration licenses over an area of 31,481 ha.

Li3 is the first ASX-listed company to enter Mozambique for hard-rock lithium in an area where pegmatites were historically exploited for their beryl, rare-earth minerals and gemstones making the country the second largest beryl producer in the world during the 1960's.

The Alto Ligonha Pegmatite Province (**ALPP**) encompasses most pegmatites within Mozambique.

The outcropping pegmatites are interpreted in our five (5) licenses and have potential for extensions at shallow depths, which may be confirmed through modern lithium-focussed exploration.

## (1) Mozambique Assets

- (A) 9166L: The license is located outside of the recognised pegmatite fields; however extensive artisanal workings were identified from the satellite imagery. The spectral response from the satellite imagery

indicates the potential for a large pegmatite body to be present underneath the extensive workings.

- (B) 9167L: At least nine (9) tracts of artisanal workings have been identified within this license which is located within the southwestern part of the ALPP pegmatite field. Pegmatites within this area have been described as containing gem beryl (aquamarine), columbite-tantalite, tourmaline and rare-earth minerals. The Murrule-Nigule pegmatite has been recorded within the licence area.
- (C) 9168L: This License is located within the highly prospective Alto Ligonha Pegmatite field and contains four (4) tracts of artisanal workings, three (3) of which are located on recorded pegmatites comprising the Ingela pegmatite cluster, which is recorded as containing beryl and tantalite-columbite series minerals. No lithium minerals have been reported historically from these pegmatites.
- (D) 9188L: This asset is located in the northern part of the ALPP pegmatite field with three (3) mapped pegmatites within the license boundaries, Guilherme, Malapa and Muetia. Numerous scattered tracts of artisanal workings have been identified from the satellite imagery, around these pegmatites, which have been interpreted as clusters of pegmatite bodies.
- (E) 9190L: This license is located in the Alto Ligonha Pegmatite field and contains the recorded Piteia and Nahia-laia pegmatites. Piteia reportedly contains beryl and lithium minerals while beryl and columbite-tantalite minerals are contained within the Nahia-laia pegmatite. Numerous artisanal workings are present over both pegmatites.

**Table 1. Mozambique assets**

License	Area (ha)
9166L	91
9167L	7,137
9168L	2,743
9188L	17,670
9190L	3,840
Total	31,481

Notes:

- a) This table shows granted licences only, and additional licenses are under application



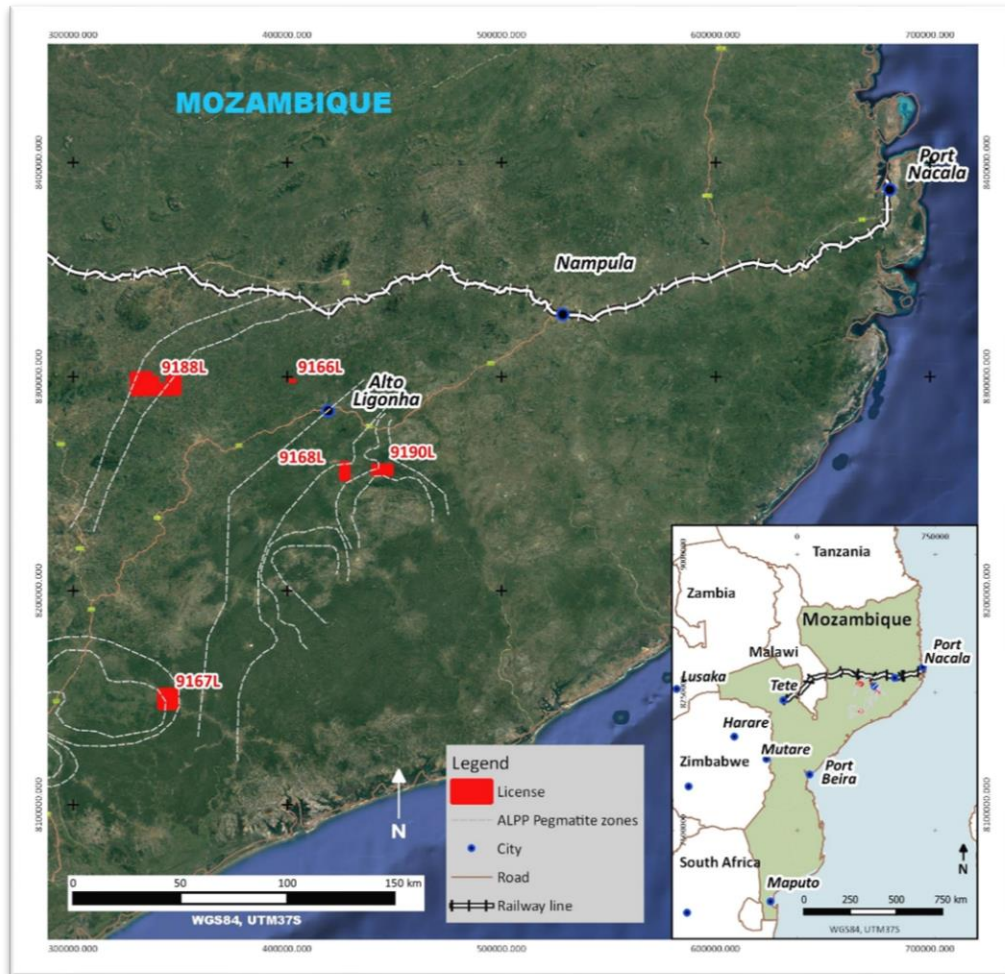


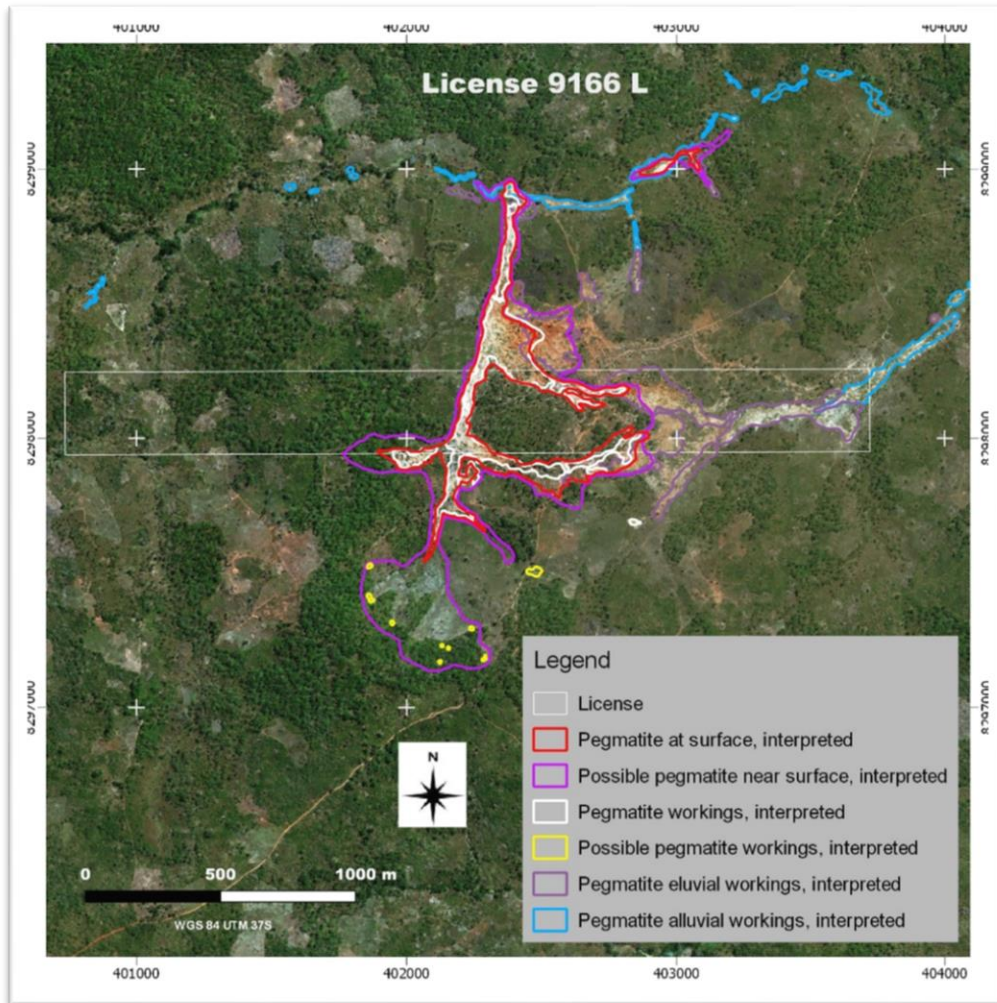
Figure 5. Location plan of the Mozambique assets over Google imagery.

(2) High Priority Asset: 9166L

The 9166 L License has been prioritized for immediate exploration based on extensive artisanal workings over a potentially large pegmatite, which has been interpreted based on detailed spectral analysis of satellite imagery over this area.

The interpreted pegmatite is located within an area of gentle relief on a drainage divide and the license is centred over the most extensive part of the workings.

The interpreted pegmatite is potentially over 1,000m along strike with variable widths of up to 300m being observed. Note that the observed widths do not represent the true width of the pegmatite.



**Figure 6. Interpreted pegmatite and associated workings within license 9166L shown over ESRI satellite imagery.**

(3) Infrastructure

Northern Mozambique has well-developed infrastructure for mining. The Mozambique Licenses are in close proximity to the Mocuba – Nampula main road, a sealed, all weather road. The recently upgraded Nacala railway corridor connects Nampula to the natural deep-water port of Nacala, which is the principal port for the export of coal from mining operations at Moatize.

(4) Historical Exploration

Mining of the pegmatites in northern Mozambique commenced in 1926 and continued for several decades with the country becoming the world's second largest producer of beryl, and contributing significantly to lithium, niobium and tantalum production in the 1960's.

During these years a number of companies and Government entities completed various mapping exercises and regional reviews on northern Mozambique and its pegmatites.

(5) Forward Exploration Program

The 2019-2020 exploration programme in Mozambique, includes:

- Mapping and sampling the five (5) licenses to confirm the presence of pegmatites and establish the nature of mineralisation.
- Assaying of grab samples and X-ray diffraction (XRD) analysis of all lithium-bearing samples.
- 3,600m RC drilling program over the best anomalies.

(c) *Zimbabwe*

Li3 has established a dominant land position in the Mutare Greenstone Belt in eastern Zimbabwe, through eight (8) lithium exploration assets consisting of a total of 70 Licenses over an area of 2,803 ha, where 59 have been granted (1,800 ha) and the remainder are pending grant.

Li3 is one of the earliest ASX-listed companies to enter Zimbabwe for hard-rock lithium despite Zimbabwe being a known lithium province and ranked as the fifth largest lithium producer globally, based on production from a single mine, the Bikita mine.

The Mutare Greenstone Belt is believed to be highly prospective for pegmatite hosted lithium deposits based on historical information and recent image analysis, in which flat-lying pegmatites with potential for open-pit mining were interpreted.

(1) Assets

- (A) Odzi West: The pegmatites in this asset were historically mined for beryl and tantalite, and petalite and spodumene have been documented as being present. 22 licenses cover this area at the south-western end of the Mutare Greenstone Belt in which at least seven (7) clusters of artisanal workings can be observed from the satellite imagery.
- (B) Nels Luck: Eight (8) licenses cover outcropping and sub-outcropping pegmatites. The main pegmatite contains a discontinuous quartz core bordered by zones of cleavelandite with tantalite, lepidolite and zinnwaldite float. Spodumene has been identified in the area from grab samples collected. There are a number of artisanal workings in the project area.
- (C) Bepe: Spodumene and petalite bearing pegmatites in the Bepe area were historically mined for tantalite, beryl and other pegmatite minerals. 15 licenses cover portions of these historic workings as well as interpreted extensions of the mined pegmatites.
- (D) Chisuma: Six (6) licenses cover the interpreted pegmatites which have been partially exposed through artisanal workings throughout the project area.
- (E) Day Dawn: Four (4) licenses cover scattered artisanal workings which appear to be focussed on interpreted pegmatite exposures.
- (F) Grey Lady: The six (6) licenses cover a historic beryllium mine with reported lithium mica, lepidolite and zinnwaldite observed in the associated pegmatites.

- (G) Magoda: Eight (8) licenses cover historic workings along the identified trend in this asset.
- (H) Tals 5: A single license covers a cluster of shallow pits in which beryl was historically mined from the exposed pegmatite which is potentially of the Complex LCT type.

**Table 2. Summary of Zimbabwe assets**

Project	Number of licenses <sup>a</sup>	Area (ha)
Odzi West	22	494
Nels Luck	8	308
Bepe	15	601
Chisuma	6	149
Day Dawn	4	75
Grey Lady	6	108
Magoda	8	928
Tals 5	1	140
<b>Total</b>	<b>70</b>	<b>2,803</b>

Notes:

- a) Includes pending licenses
- b) There are an additional 2 licenses in the Mtoko district in Zimbabwe, covering an area of 155 ha



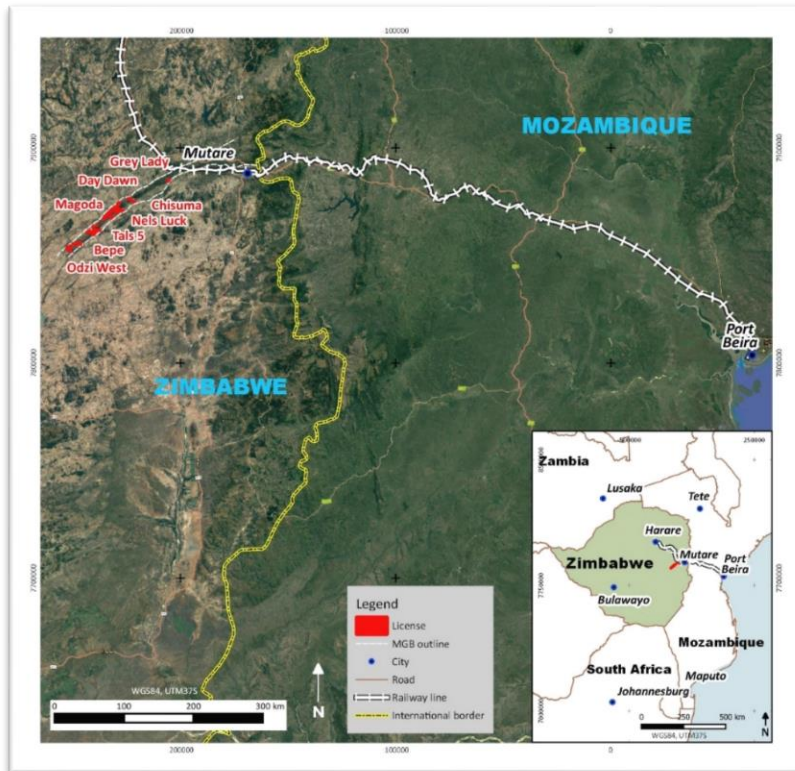


Figure 7. Location plan of the Zimbabwe assets over Google imagery.

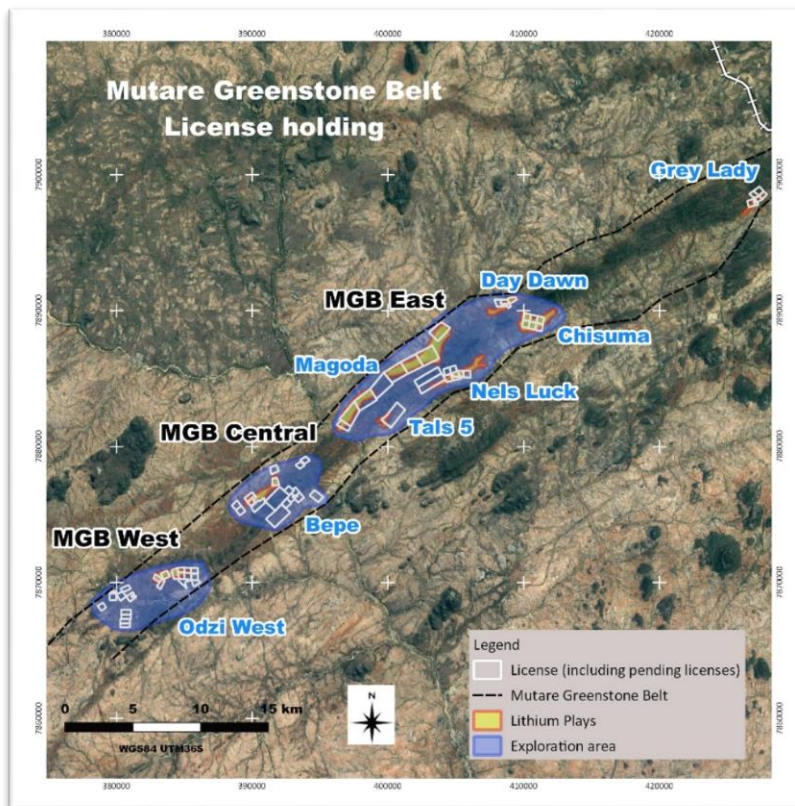


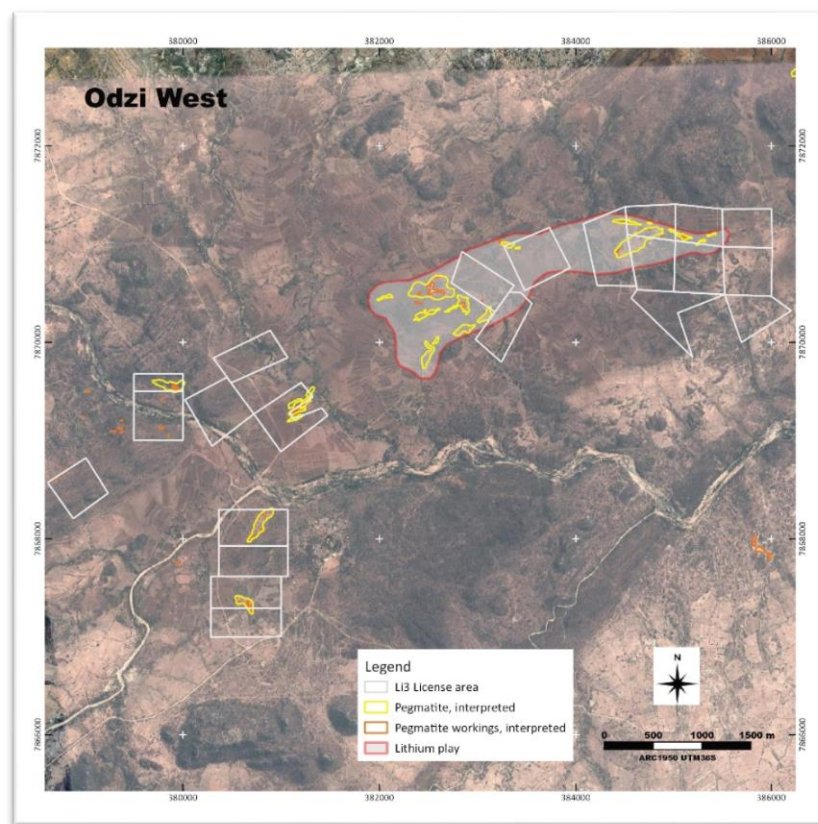
Figure 8. Zimbabwe assets within the Mutare Greenstone Belt over Google imagery.

(2) High Priority Asset: Odzi West

The Odzi West asset has been prioritized for immediate exploration in Zimbabwe based on historical observations of spodumene at surface and the increased potential for flat-lying pegmatites for future open-pit mining.

At least seven (7) clusters of artisanal workings have been interpreted from satellite imagery with spodumene having been recorded historically in the beryl and tantalite workings.

The Odzi West area is particularly significant due to the increased potential for flat-lying, near surface sheet-like configuration of the interpreted pegmatites, for future open-pit mining.



**Figure 9. Interpreted pegmatite and pegmatite workings within the larger pegmatite play within the Odzi West license area (shown over Google imagery).**

(3) Infrastructure

The Zimbabwe Projects 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.

(4) Historical Exploration

A large number of pegmatites throughout Zimbabwe were mined from the 1950's to the mid-1980's. Tantalum, beryl and other pegmatite minerals were the main focus with the lithium minerals being of little interest.

Li3 has completed the following exploration work:

- compilation of all available historical information as well as spectral analysis of ESRI portal satellite imagery; and
- field reconnaissance of all of the Zimbabwe assets, which has confirmed the presence of LCT pegmatites in four (4) of the assets.

Li3 has completed initial grab sampling of the Nels Luck and Bepe pegmatites, with encouraging results of between 1.3% to 8.6%  $\text{Li}_2\text{O}$ , confirming the presence of lithium minerals, including spodumene, at these pegmatites.

The Odzi West asset has been prioritized for immediate work during the 2019-2020 exploration program in Zimbabwe.

(5) Forward Exploration Program

The 2019-2020 exploration programme in Zimbabwe, will be focussed on the Odzi West asset and includes:

- Mapping and grab-sampling of the project area.
- Sample assay of all collected samples and X-ray diffraction (XRD) analysis of lithium-bearing samples to establish the nature of lithium mineralisation.
- A 1,100m RC drilling program.

(d) *Nevada*

The Company has an 80% interest in the Tonopah Lithium Project in the Clayton Valley, in West Central Nevada, in the United States of America, through 425 placer claims over an area of 8,674 acres (**Nevada Claims**).

The Company is currently in discussions with interested parties with a view to divestment of its Nevada Claims.

The Company remains hopeful that these discussions may be concluded prior to the renewal date of the claims (being 31 August 2019). However, no assurance can be given that the Company will be successful in divesting its interests in these claims on appropriate commercial terms, failing which, in order for Company to prioritise its focus on its Western Australian, Mozambique and Zimbabwean project interests, it intends to relinquish the 425 placer claims and focus on its hard rock lithium assets.

## 4.2 The Directors

The Directors of Li3 bring to the Board relevant expertise and skills, including industry and business knowledge, financial management and corporate governance experience.

The following persons are directors of the Company as at the date of this Prospectus:

**Brian Moller - Non-Executive Chairman**

Mr Moller specializes in capital markets, mergers and acquisitions, and corporate restructuring, and has acted in numerous transactions and capital raisings in both the industrial and resources and energy sectors. He has been a partner at the legal firm, HopgoodGanim for 30 years and leads the Corporate Advisory and Governance practice. Mr Moller acts for many publicly listed companies in Australia and regularly advises boards of directors on corporate governance and related issues.

Mr Moller is a Non-Executive Director of ASX listed DGR Global Ltd, Platina Resources Ltd, Dark Horse Resources Ltd and chairman of ASX listed AusTin Limited and the AIM-listed SolGold plc.

**Shanthar Pathmanathan - Executive Director**

Mr Pathmanathan has 14 years of investment banking experience. He was most recently with Deutsche Bank's investment banking division and previously held investment banking and principal investment roles with Macquarie Group in Australia and New York.

Mr Pathmanathan has been involved in a number of large M&A and equity capital raising transactions in the chemicals, mining and oil, and gas industries.

Mr Pathmanathan has been involved in M&A and capital raising transactions with a total value of in excess of US\$3.6 billion.

Mr Pathmanathan has a Bachelor of Laws from the University of Western Australia.

**Vincent Mascolo - Non-Executive Director**

Mr. Mascolo is a qualified mining engineer with extensive experience in a variety of fields including, gold and coal mining, quarrying and civil-works. Mr. Mascolo has completed large scale infrastructure projects in the Civil and Construction Industry, including construction and project management, engineering, quality control and environment and safety management.

Mr. Mascolo is a member of both the Australian Institute of Mining and Metallurgy and the Institute of Engineers of Australia.

Mr. Mascolo is the CEO of AIM listed IronRidge Resources Ltd and a Non-Executive Director of ASX listed DGR Global Ltd.

Mr Mascolo has held the position of Director for various public and private companies over the past 25 years.

No Directors are nominees or representatives of a substantial shareholder.

Details of the current interests of the Directors in the Company and their intentions in respect of the Offer are set out in section 1.9.

**4.3 Senior Management**

The following persons form the senior management of the Company as at the date of this Prospectus:

**Duncan Cornish - Company Secretary and CFO**

Duncan is a Chartered Accountant with significant experience as public company CFO and Secretary, focused on junior resource companies. Duncan has over 20 years of experience in

the accountancy profession both in England and Australia, mainly with the accountancy firms Ernst & Young and PricewaterhouseCoopers.

**Sally Bevington - Exploration Manager**

Sally is an exploration geologist with 20 years of experience in a variety of commodities including PGE's, base metals, coal, gold, chromite and bauxite. She has been involved in all aspects of project management from grassroots exploration through to feasibility studies and has spent her career based largely in Africa with a great deal of southern Africa experience.

Sally has spent her career in the corporate, junior exploration and private equity sectors managing exploration and mining projects throughout Africa. Sally has a BSc (Hons) degree from the University of Cape Town.

## **5. Effect of the Offer on the Company**

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### **5.1 Financial position**

To illustrate the effect of the issue on the Company, the pro-forma consolidated balance sheet has been prepared based on the reviewed balance sheet as at 31 December 2018.

The pro-forma balance sheet shows the effect of the Offers (both the Entitlement offer only, and both the Entitlement Offer and the Additional Offer) and as if the Offers (under this Prospectus) had been made on 31 December 2018. The part of the pro-forma balance sheet showing both the Entitlement Offer and the Additional Offer assumes that the Offers are fully subscribed.

The accounting policies adopted in preparation of the pro-forma consolidated balance sheet are consistent with the policies adopted and as described in the Company's financial statements for the year ended 30 June 2018.

The significant effects of the Offers (assuming the Offers are fully subscribed and no Existing Options are exercised) will be to:

- (a) increase cash reserves by approximately \$3,179,026 (after cash expenses of the Offers which are estimated to be \$230,000) assuming a \$0.05 per share subscription price; and
- (b) increase the number of issued ordinary shares by 63,580,531, to 157,902,653.

Due to the Additional Offer, even if an Eligible Shareholder takes up their Entitlement in full, it will still result in their percentage holding in the Company being diluted by the Offers.

	Reviewed Accounts	Proforma adjustments		Pro-Forma Financial Information 31-Dec-2018	
	31-Dec-2018	Rights Issue	Rights Issue + Additional Offer	Rights Issue	Rights Issue + Additional Offer
	\$	\$	\$	\$	\$
<b>Current assets</b>					
Cash and cash equivalents	1,045,504	1,093,889	2,948,705	2,139,393	3,994,209
Trade and other receivables	12,409	0	0	12,409	12,409
Other assets	825	0	0	825	825
<b>Total current assets</b>	<b>1,058,738</b>	<b>1,093,889</b>	<b>2,948,705</b>	<b>2,152,627</b>	<b>4,007,443</b>
<b>Non-current assets</b>					
Exploration and evaluation assets	538,528	0	0	538,528	538,528
<b>Total non-current assets</b>	<b>538,528</b>	<b>0</b>	<b>0</b>	<b>538,528</b>	<b>538,528</b>
<b>Total assets</b>	<b>1,597,266</b>	<b>1,093,889</b>	<b>2,948,705</b>	<b>2,691,155</b>	<b>4,545,971</b>
<b>Current liabilities</b>					
Trade and other payables	71,101	0	0	71,101	71,101
<b>Total current liabilities</b>	<b>71,101</b>	<b>0</b>	<b>0</b>	<b>71,101</b>	<b>71,101</b>
<b>Non-current liabilities</b>					
Provisions	0	0	0	0	0
<b>Total non-current liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total liabilities</b>	<b>71,101</b>	<b>0</b>	<b>0</b>	<b>71,101</b>	<b>71,101</b>
<b>Net assets</b>	<b>1,526,165</b>	<b>1,093,889</b>	<b>2,948,705</b>	<b>2,620,054</b>	<b>4,474,870</b>
<b>Equity</b>					
Issued capital	8,965,067	1,093,889	2,811,705	10,058,956	11,776,772
Reserves	789,290	0	137,000	789,290	926,290
Accumulated losses	(8,227,954)	0	0	(8,227,954)	(8,227,954)
Equity attributable to owners of the parent company	1,526,403	1,093,889	2,948,705	2,620,292	4,475,108
Non-controlling interests	(238)			(238)	(238)
<b>Total equity</b>	<b>1,526,165</b>	<b>1,093,889</b>	<b>2,948,705</b>	<b>2,620,054</b>	<b>4,474,870</b>

## 5.2 Capital structure

The share capital structure of Li3 immediately following the Entitlement Offer and the Additional Offer, on the basis that the Entitlement Offer and Additional Offer are fully subscribed (excluding rounding of Entitlements), will be as follows:

	Shares <sup>1</sup>	
	Number	% interest in Shares
Ordinary Shares on issue at the date of this Prospectus	94,322,122	59.74%
Maximum number of New Shares under Entitlement Offer	23,580,531	14.93%
Maximum number of New Shares under Additional Offer	40,000,000	25.33%
<b>Total Shares:</b>	<b>157,902,653</b>	<b>100%</b>

Notes:

1. The above table assumes no Options are exercised between the date of this Prospectus and the issue of the new Shares. If any of the Existing Options are exercised prior to the Record Date,



*additional New Shares will be issued under the Offers under this Prospectus. If all Existing Options on issue as at the date of this Prospectus were exercised prior to the Record Date, the Company's issued shares would increase by 4,000,000 resulting in a further 1,000,000 New Shares being issued pursuant to this Prospectus. This would increase the Company's total Shares on issue after completion of the Offers Offer to 158,902,653 Shares.*

As at the date of this Prospectus, the Company has 4,000,000 Existing Options and 5,700,000 Performance Rights on issue. The Options that will be on issue on the basis that the Entitlement Offer and Additional Offer are fully subscribed would be as follows:

	Options and Performance Rights <sup>1</sup>	
	Number	% interest in Options
Existing Options	4,000,000	5.16%
Expected number of Attaching Options to be issued as part of the Entitlement Offer	23,580,531	30.39%
Expected number of Attaching Options to be issued as part of the Additional Offer	40,000,000	51.56%
Management Options <sup>2</sup>	10,000,000	12.89%
<b>Total Options:</b>	<b>77,580,531</b>	<b>100%</b>
Performance Rights on issue at the date of this Prospectus <sup>3</sup>	5,700,000	n/a

Notes:

- The above table assumes no Options or Performance Rights are exercised between the date of this Prospectus and the issue of the New Shares. If any of the Existing Options are exercised prior to the Record Date, additional Attaching Options will be issued under the Entitlement Offer under this Prospectus. If all Existing Options on issue as at the date of this Prospectus were exercised prior to the Record Date, the Company's issued shares would increase by 4,000,000 resulting in a further 1,000,000 Attaching Options being issued pursuant to this Prospectus. This would mean the Company's total Options on issue after completion of the Offers would be 24,580,531.*
- Assumes each Lead Manager places their full \$1,000,000 allocation, and accordingly each receives 5,000,000 Management Options. The actual number of Management Options to be issued will depend on the amount of funds raised by the Lead Managers. In the event that the entire Entitlement Offer were to be a Shortfall, and this were also placed by the Lead Managers, they would be entitled to approximately an additional 5,895,132 Management Options.*
- No Performance Rights are to be issued under the Offers. As such, the number of Performance Rights on issue is not expected to change.*

The Entitlement Offer is a pro-rata offer, so if all Eligible Shareholders take up their Entitlements and none of the Option Holders exercise their Existing Options and participate in the Entitlement Offer, and excluding any Additional Offer Shares issued under the Additional Offer, the voting power of all Eligible Shareholders will remain the same. In that event, there will be no actual or potential effect or consequences arising from the Entitlement Offer on the control of the Company. If an Eligible Shareholder does not take up their Entitlement in full it will result in their percentage holding in the Company being diluted by the Entitlement Offer. Given the terms of the Entitlement Offer, the maximum possible dilution to an Eligible Shareholder's interest in the Company under the Offer only would be approximately 20%. Additionally, the Entitlement Offer is not being extended to Shareholders with registered addresses outside of Australia and New Zealand and the holdings of those Shareholders in the Company will be diluted by a maximum of 20% in the event that the Offer is fully subscribed.

While the final percentage interests held by Shareholders of the Company is entirely dependent on the extent to which they are Eligible Shareholders and to the extent to which the



other Shareholders take up their Entitlements, the Company expects that the potential effect of the issue of Shares under the Offer on the control of the Company will be minimal.

The Additional Offer will however have a dilutionary effect of the interests of Shareholders. Assuming that Shareholders take up their full Entitlement under the Entitlement Offer, the holdings of Shareholders in the Company will still be diluted by approximately 25.33 % in the event that the full Additional Offer is taken up.

In the event of a Shortfall, the Directors reserve the right to place the Shortfall at their sole discretion subject to the provisions of the Appointment Agreements, the *Corporations Act* and the ASX Listing Rules.

## **6. Risk factors**

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### **6.1 Introduction**

There are risks which may impact on the operating and financial performance of the Group and, therefore, on the value of the New Shares offered under this Prospectus. Some of these risks can be mitigated by the Group's systems and internal controls, but many are outside of the control of the Group and the Board. There can be no guarantee that the Company will achieve its stated objectives or that any forward-looking statements will eventuate. An investment in a business with limited operating history, such as Li3, is considered speculative and an investor could lose most or all of any investment. There are also general risks associated with any investment in shares.

More specifically, the risks are that:

- (a) the price at which the Applicant is able to sell the New Shares is less than the price paid due to changes in market circumstances;
- (b) the Applicant is unable to sell the New Shares;
- (c) the Company is placed in receivership or liquidation making it reasonably foreseeable that Shareholders could receive none, or only some of their initial investment; and
- (d) the Company fails to generate sufficient profit in order to pay dividends.

In the event of insolvency, the holders of fully paid ordinary shares would not normally be liable to pay money to any person. An exception could occur where a distribution, such as a dividend, has been made to Shareholders in circumstances where the Company was unable at that time to meet the solvency test set out in the *Corporations Act*. In that case, a liquidator may call for a return of such distributions.

Potential investors should therefore carefully consider all associated risks before applying for New Shares under this Prospectus and should consider their personal circumstances (including financial and taxation issues) and seek advice from their stockbroker, accountant, solicitor or other professional advisers before deciding whether to invest.

A number of material risk factors which may adversely affect the Group and the value of the New Shares offered under this Prospectus are set out in this section. This is not an exhaustive list and there may be other factors which have an adverse effect on the Group and the value of the Shares offered under this Prospectus.

### **6.2 General Risks**

The New Shares that are to be issued pursuant to this Prospectus are speculative because of the nature of the business of the Company. The Company has interests in the lithium exploration industry which is highly speculative and no assurances can be made that the Company's particular interests or projects will be successful.

A summary of the major general risks are described below:

- (a) Dilution

Shareholders should be aware that to the extent that they do not accept their Entitlements in full, a Shortfall will arise and all or part of any Shortfall may be placed by the Company to other parties in which case their interest in the Company may be significantly diluted (see section 5.2 for further details). Further the Entitlement Offer is not being extended to Shareholders with registered addresses outside of Australia and

New Zealand and the holdings of those Shareholders in the Company will be diluted by the Offer. Given the terms of the Offer, the interests of a Shareholder in the Company may be diluted by up to 20% in the event that they are not eligible to participate or elect not to accept their Entitlement in full if the Offer is fully subscribed or alternatively, any Shortfall is fully placed.

Acceptance of Entitlements, the issue of New Shares under the Additional Offer or the Offer of any Shortfall may also result in existing Shareholders or new investors significantly increasing their interest in the Company or obtaining a substantial interest in the Company. However, the Shortfall will only be placed to the extent that such Offer is in compliance with the takeover provisions of the *Corporations Act*, which restrict a person and their associates from having a relevant interest in the Company of not more than 20.0%, subject to a number of exemptions.

The Company intends to actively work with the Lead Managers during, and after, the Offers in order to secure commitments to place, and subsequently to place, New Shares offered under the Additional Offer and any Shortfall of New Shares not subscribed for by Eligible Shareholders.

(b) Share Market Risk

The market price of listed securities can be expected to rise and fall in accordance with general market conditions and factors specifically affecting the Australian resources sector and exploration companies in particular. The New Shares carry no guarantee in respect of profitability, dividends, return on capital, or the price at which they may trade on the ASX.

There are a number of factors (both national and international) that may affect the share market price and neither the Company nor its Directors have control of those factors.

(c) Liquidity of Attaching Options

The Company does not intend to seek listing of the Attaching Options. This may impact on the liquidity of the Attaching Options.

(d) General Economic Conditions

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that economic climate include the general level of economic activity, interest rates, inflation, supply and demand, industrial disruption and other economic factors. The price of commodities will also be of particular relevance to the Company. These factors are beyond the control of the Company and the Company cannot, with any degree of certainty, predict how they will impact on the Company.

(e) Share price fluctuations

The market price of the Company's securities will be subject to varied and often unpredictable influences in the share market. Both domestic and world economic conditions may affect the performance of the Company. Factors such as the level of industrial production, inflation and interest rates all impact commodity prices.

(f) Legislative change

Changes in government regulations and policies may adversely affect the financial performance or the current and proposed operations generally of the Company.

(g) Unforeseen expenses

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

**6.3 Risks specific to an investment in the Company**

In addition to the general market and economic risks noted in section 6.2, Applicants should be aware of risks specific to an investment in the Company, which may include, but are not limited to those risks described below.

(a) Exploration and evaluation risks

Potential investors should understand that mineral exploration and development are high risk undertakings. While the Company has attempted to reduce this risk by selecting projects that have identified advanced mineral targets, there is still no guarantee of success. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

(b) Tenement risks

The rights to mineral tenements carry with them various obligations which the holder is required to comply with in order to ensure the continued good standing of the tenement and, specifically, obligations in regard to minimum expenditure levels and responsibilities in respect of the environment and safety. Failure to observe these requirements could prejudice the right to maintain title to a given area and result in government action to forfeit a permit or permits.

There is no guarantee that current or future exploration permit applications or existing permit renewals will be granted, that they will be granted without undue delay, or that the Company can economically comply with any conditions imposed on any granted exploration permits.

(c) Title Risk

The exploration and prospecting permits and claims in which the Company has now, or may, in the future, acquire an interest, are subject to applicable local laws and regulations. There is no guarantee that any claims, applications or conversions in which the Company has a current or potential interest will be granted.

All of the projects in which the Company has an interest will be subject to application for claim renewal from time to time. Renewal of the term of each claim is subject to applicable legislation. If the claim is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that claim.

Although the Company has taken steps to verify the title to the resource properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title. Title to resource properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

(d) Contractual risks

The Company's interests in many of the tenements described in this Prospectus are by virtue of contractual arrangements. Accordingly, as in any contractual relationship, the ability for the Company to ultimately be registered as a holder of an interest in the tenements is dependent upon the relevant vendor complying with its contractual obligations to deliver title. To the extent that such third parties default in their obligations under the option contracts, it may be necessary for the Company to approach a Court to seek a legal remedy. Such legal action

may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms.

(e) Environmental Regulation and Risks

The Company's operations and projects are subject to the laws and regulations of all jurisdictions in which it has mineral interests and carries on business, including those in relation to environmental compliance and relevant hazards.

These laws and regulations set standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards. They also establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted.

Significant liability could be imposed on the Company for damages, clean-up costs, or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property acquired by the Company, or non-compliance with environmental laws or regulations. The Company proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and where possible, by carrying appropriate insurance coverage. There is also a risk that the environmental laws and regulations may become more onerous, making the Company's operations more expensive.

(f) Native Title risk

The Company has applications in Australia which will be affected by native title issues. The effect of the Native Title Act 1993 (Cth) (**NTA**) is that existing and new tenements held by the Company may be affected by native title claims and procedures.

There is a potential risk that a determination could be made that native title exists in relation to land the subject of a tenement held or to be held by the Company which may affect the operation of the Company's business and development activities. In the event that it is determined that native title does exist or a native title claim is registered, the Company may need to comply with procedures under the NTA in order to carry out its operations or to be granted any additional rights such as a Mining Lease. Such procedures may take considerable time, involve the negotiation of significant agreements, may involve a requirement to negotiate for access rights, and require the payment of compensation to those persons holding or claiming native title in the land which is the subject of a tenement. The administration and determination of native title issues may have a material adverse impact on the position of the Company in terms of cash flows, financial performance, business development, ability to pay dividends and the Share price.

The Directors believe that in Western Australia, the impact of Native Title with respect to land access on the project for the purpose of exploration, other than causing delays, is likely to be minimal.

(g) Financing

The Company's ability to effectively implement its business strategy over time may depend in part on its ability to raise additional funds. There can be no assurance that any such equity or debt funding will be available to the Company on favourable terms or at all. If adequate funds are not available on acceptable terms, the Company may not be able to take advantage of opportunities or otherwise respond to competitive pressures.

(h) Sovereign Risk

Any future material adverse changes in government policies or legislation in Zimbabwe, Mozambique, Australia, Nevada, or any other jurisdiction in which the Company undertakes or

may undertake operations that affect foreign ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Company and its projects.

(i) Operational risk

If the Company decides to develop and commission a mine, the operations of the Company including mining and processing may be affected by a range of factors. These include failure to achieve the predicted grade in exploration, mining and processing, technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure, metallurgical problems which affect extraction rates and costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, unexpected shortages or increase in the costs of consumables, spare parts, plant and equipment.

(j) Commodity Risk

The Company's possible future revenues may be derived mainly from lithium and/or from royalties gained from potential joint ventures or from mineral projects sold. Lithium carbonate and other lithium based products are generally not exchange traded commodities and are sold directly to end users. If the Company is successful in its exploration and able to commence mining operations, the profitability of any future lithium operations will be dependent upon the market price of lithium. Lithium prices fluctuate and are affected by numerous factors beyond the control of the Company, including demand for lithium, forward selling by producers, production cost levels in major producing regions and macroeconomic factors, e.g. inflation, interest rates, currency exchange rates and global and regional demand for, and supply of, lithium. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments.

The price of lithium has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations.

(k) Sustainability of growth and margins

The sustainability of growth and the level of profit margins from operations are dependent on a number of factors outside of the Company's control. Industry margins in all sectors of the Company's activities are likely to be subject to continuing but varying pressures, including competition from other current or potential suppliers.

(l) Management actions

Directors of the Company will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for the same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its security.

(m) Exchange rate risk

The revenues, earnings, assets and liabilities of the Company may be exposed adversely to exchange rate fluctuation.

(n) Insurance arrangements

The Company intends to ensure that insurance is maintained within ranges of coverage that the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance however, can be given that the Company will be able to continue to maintain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

(o) Land access risk

Land access is critical for exploration and evaluation to succeed. In all cases the acquisition of prospective tenements is a competitive business, in which propriety knowledge or information is critical and the ability to negotiate satisfactory commercial arrangements with other parties is often essential.

Access to land for exploration purposes can be affected by land ownership, including private (freehold) land, pastoral lease and regulatory requirements within the jurisdictions where the Company operates.

(p) Government policy

Changes in relevant taxation, interest rates, other legal, legislative and administrative regimes, and Government policies in, Zimbabwe, Mozambique, Australia, Nevada or any other jurisdiction in which the Company undertakes or may undertake operations, may have an adverse effect on the assets, operations and ultimately the financial performance of the Company. These factors may ultimately affect the financial performance of the Company and the market price of its securities.

In addition to the normal level of income tax imposed on all industries, the Company may be required to pay government royalties, indirect taxes, GST and other imposts which generally relate to revenue or cash flows. Industry profitability can be affected by changes in government taxation policies.

Changing attitudes to environmental, land care, cultural heritage and indigenous land rights' issues, together with the nature of the political process, provide the possibility for future policy changes. There is a risk that such changes may affect the Company's exploration plans or, indeed, its rights and/or obligations with respect to the tenements.

(q) Reliance on Key Personnel

Whilst the Company has just a few executives and senior personnel, its progress in pursuing its exploration and evaluation programmes within the time frames and within the costs structure as currently envisaged could be dramatically influenced by the loss of existing key personnel a failure to secure and retain additional key personnel as the Company's exploration programme develops. The resulting impact from such loss would be dependent upon the quality and timing of the employee's replacement.

Although the key personnel of the Company have a considerable amount of experience and have previously been successful in their pursuits of acquiring, exploring and evaluating mineral projects, there is no guarantee or assurance that they will be successful in their objectives pursuant to this Prospectus.

## 7. Additional information

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### 7.1 Transaction specific prospectus

Li3 is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the *Corporations Act*. Under those obligations, the Company is obliged to comply with all applicable continuous disclosure and reporting requirements in the ASX Listing Rules.

This Prospectus is issued under section 713 of the *Corporations Act*. This section enables disclosing entities to issue a prospectus in relation to securities in a class of securities which has been quoted by ASX at all times during the three months before the date of the Prospectus or options to acquire such securities. Apart from formal matters this Prospectus need only contain information relating to the terms and conditions of the Offer, the effect of the Offer on the Company and the rights and liabilities attaching to the New Shares.

Copies of the documents lodged by the Company with ASIC may be obtained from, or inspected at an office of ASIC.

The Company will provide a copy of any of the following documents, free of charge, to any person who asks for a copy of the document before the Closing Date in relation to this Prospectus:

- (a) annual financial report for the period ending 30 June 2018;
- (b) reviewed half-yearly financial statements for the Company for the period ending 30 December 2018; and
- (c) any other financial statements lodged in relation to the Company with ASIC and any continuous disclosure notices given by the Company to ASX, in the period starting immediately after lodgement of the annual financial report for the Company for the period ended 30 June 2018 and ending on the date of lodgement of this Prospectus with ASIC.

### 7.2 ASX Information and Share information

The ASX Announcements that the Company has made since 27 September 2019 are set out in Appendix A of this Prospectus. Copies of ASX announcements made by the Company may be obtained on the ASX website or the Company's website: <https://li3limited.com/>.

The highest and lowest prices of shares in the Company on the ASX in the six month period before the date of this Prospectus and the respective dates of those sales are set out below.

	High (cents)	Low (cents)	Volume weighted average (cents)
One month	6.5	4.8	5.6
Three months	8.7	4.8	6.5
Six months	12.0	4.8	7.2

The last market sale price of Shares as at 29 July 2019 was \$0.048.

The issue price of \$0.05 represents a premium of 4.1% to the last market price of Shares on 29 July 2019, being the last trading day before lodgement of this Prospectus.



### 7.3 Rights and liabilities attaching to New Shares

The rights attaching to ownership of the New Shares are set out in the Company's Constitution, a copy of which is available for inspection at the registered office of the Company during business hours. The following is a summary of the principal rights of holders of the New Shares, subject to any special rights attaching to any class of share at a future time. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's Shareholders.

(a) Voting

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

(b) Dividends

The New Shares will rank equally with all other issued shares in the capital of the Company and will participate in dividend out of profits earned by the Company from time to time. Subject to the rights of holders of shares with any special preferential or qualified rights attaching to them, the profits of the Company are divisible amongst the holders of Shares paid proportionately to the amounts paid on the Shares. The Directors may from time to time pay to Shareholders such interim dividends as in their judgment the position of the Company justifies.

(c) Transfer of the Shares

(1) Uncertificated system

Transfer of Shares may be effected by an instrument of transfer in accordance with any system recognised by the ASX Listing Rules and effected in accordance with the ASX Settlement Operating Rules approved under the *Corporations Act* or by an instrument of transfer in any usual form or by another form approved by the Directors or recognised by the *Corporations Act* or the ASX Listing Rules.

(2) Certificated system

Subject to the Constitution and the *Corporations Act*, a Shareholder's share may be transferred by instrument in writing in any form authorised by the *Corporations Act* and the ASX Listing Rules or in any other form authorised by the *Corporations Act* and the ASX Listing Rules or in any other form that the Directors approve. No fee shall be charged by the Company on the transfer of any Shares.

(3) Refusal to register

The Directors, may, in their absolute discretion, refuse to register any transfer of Share or other securities where permitted to do so by the *Corporations Act*, the ASX Listing Rules or the ASX Settlement Operating Rules. The Directors must refuse to register any transfer of Shares or other securities when required to do so by the *Corporations Act* or the ASX Listing Rules. If the Directors decline to register a transfer, the Company must within five business days after the date of lodgement of such transfer give to the lodging party written notice of the refusal and the reasons for it.

(d) Winding up

Upon accepting the Entitlement to New Shares and paying the Acceptance Money, Shareholders will have no further liability to make payments to the Company in the event of the Company being wound up pursuant to the provisions of the *Corporations Act*.

(e) Future increases in capital

The allotment and issue of any New Shares is under the control of the Directors. Subject to the ASX Listing Rules, the Company's Constitution and the *Corporations Act*, the Directors may allot or otherwise dispose of New Shares on such terms and conditions as they see fit.

(f) Variation of Rights

At present, the Company has only ordinary shares on issue. If the shares of another class were issued, the rights and privileges attaching to ordinary shares could only be altered with the approval of a resolution passed at a separate general meeting of the holders of ordinary shares by a three quarter majority of such holders or the written consent of the holders of at least three quarters of the ordinary shares.

(g) General Meeting

Each holder of Shares will be entitled to receive notice of and to attend and vote at general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the *Corporations Act* and the ASX Listing Rules.

For more particular details of the rights attaching to ordinary shares in the Company, investors should refer to the Constitution of the Company.

#### 7.4 Rights attaching to Attaching Options

The Attaching Options offered under this Prospectus are subject to the following terms:

- (a) **Entitlement:** Each Attaching Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **Expiry Date:** 30 September 2020.
- (c) **Exercise Price:** The price for exercise of each Attaching Option is \$0.05 per Option.
- (d) **Notice of Exercise:** The Attaching 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 Attaching Options will, except to the extent earlier exercised, lapse on the Expiry Date.
- (f) **Issue of Shares:** Upon a valid exercise of the Attaching 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 Attaching Option on the ASX. The Attaching Options will not be listed on ASX.
- (g) **Dividends:** The Attaching Option holders do not participate in any dividends unless the Attaching 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 Attaching 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 Attaching Options which are not conferred on shareholders of the Company: and
  - (2) Subject to the provisions with respect to round 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 Attaching 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.
- $$O^n = O - \frac{E [P - (S + D)]}{N + 1}$$
- Where:
- $O^n$  = the new exercise price of the Attaching Option;
- $O$  = the old exercise price of the Attaching Option;
- $E$  = the number of underlying securities into which one Attaching 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);
- $N$  = 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 Attaching Option is exercisable may be increased by the number of Shares which the option holder would have received if the Attaching Option had been exercised before the record date for the bonus issue.
- (k) **Change of terms:** The terms of the Attaching 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 Attaching Options shall not be changed to reduce the Exercise Price, increased the number of Options or change and period for exercise of the Attaching Options.

## 7.5 Directors' interests

The nature and extent of the interest (if any) that any of the Directors of the Company holds, or held at any time during the last two years in:

- (a) the formation or promotion of the Company;

(b) property acquired or to be acquired by the company in connection with:

(1) its formation or promotion;

(2) the Offers; or

(c) the Offers,

is set out below or elsewhere in this Prospectus.

Other than as set out below or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit to any director or proposed director:

(a) to induce them to become, or to qualify as, a Director of the Company; or

(b) for services provided by a director in connection with:

(1) the formation or promotion of the Company; or

(2) the Offers.

Set out below are details of the interest of the Directors in the securities of the Company immediately prior to lodgement of the Prospectus with the ASIC. Interest includes those securities held directly and indirectly. The table does not take into account any New Shares the directors may acquire under the Offers.

Director	No of Shares	No of Options	No of Performance Rights <sup>1</sup>
Brian Moller	2,030,000	Nil	Nil
Shanthar Pathmanathan	2,636,750	2,000,000 (\$0.15 @ 31.12.2021)	5,000,000
Vincent Mascolo	1,050,000	Nil	Nil

## 7.6 Directors Fees

Set out below is the remuneration paid to the current Directors of the Company and their associated entities for the past two years.

Director	Financial Year ending 30 June 2018 Base fees/salary	Financial Year ending 30 June 2019 Base fees/salary	Year to 30 July 2019 Base fees/salary
Brian Moller	\$52,114 <sup>1</sup>	\$60,000 <sup>1</sup>	\$10,000
Shanthar Pathmanathan	\$190,000 <sup>2</sup>	\$227,500 <sup>3</sup>	\$40,000
Vincent Mascolo	\$40,000 <sup>1</sup>	\$40,000 <sup>1</sup>	\$6,667

Notes: The above disclosure relates only to current Directors and does not include directors who resigned during the periods shown:

1. plus performance rights with a value of \$18,661
2. plus options and performance rights with a value of \$146,296
3. plus options and performance rights with a value of \$159,701.

The Board considers that these fees are reasonable remuneration pursuant to section 211 of the *Corporations Act* and accordingly, member approval is not required.

Details of the intention of Directors to participate in the Offers are set out in section 1.8.

#### 7.7 Substantial Holders

The following are details of those Shareholders who hold more than 5% of the Shares prior to the date of this Prospectus:

Substantial Holder	Number of Shares	%
Australian Consolidated Venture Capital Pty Ltd	24,825,000	26.32%
Mr Naim Royden Jones	6,726,676	7.13%

#### 7.8 Related party transactions

From time to time the Company may be party to transactions with related parties including:

- (a) employment and service arrangements; and
- (b) payment of Directors fees.

The Company believes that it has made appropriate disclosure of past related party transactions and other than any further disclosure specifically set out below or made elsewhere in this Prospectus does not intend to make any further disclosure of such transactions which transactions will have either proceeded on an "arm's length" basis, reasonable remuneration basis or been approved by shareholders in general meeting.

The Company discloses the following transactions with related parties which have either proceeded on an "arm's length" or reasonable remuneration basis or have been approved by Shareholders in general meeting. The transactions are:

- (a) executive services agreement with Mr Shanthar Pathmanathan which currently provides for a base remuneration of \$240,000 per annum;
- (b) non-executive Director agreement with Mr Brian Moller which currently provides for the payment of fees of \$60,000 per annum; and
- (c) non-executive Director agreement with Mr Vincent Mascolo which currently provides for the payment of fees of \$40,000 per annum;
- (d) an issue of 2,000,000 Options and 2,000,000 Performance Rights to Mr Shanthar Pathmanathan, approved at the Company's 2018 annual general meeting;
- (e) each of the Directors have entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those officers and to effect and maintain insurance in respect of directors and officers liability and provide certain indemnities to each of the Directors, to the extent permitted by law; and
- (f) issues of Shares and Options to Directors pursuant to offers made available to the public or existing shareholders.

The Board considers that the remuneration and benefits in (a), (b) and (c) are reasonable remuneration pursuant to section 211 of the *Corporations Act*, in (e) and (f) were on 'arms

length" commercial terms pursuant to section 210 of the Corporations Act and in the case of (d) above have been approved by Shareholders in general meeting.

## 7.9 Appointment Agreements

The Company has entered into agreements with Southern Cross Financial and Harbury Advisory (together, the **Lead Managers**) pursuant to which Southern Cross Financial and Harbury Advisors have been appointed as lead managers to the Offer (**Appointment Agreements**). Both Appointment Agreements are on similar terms. The Lead Managers will provide a number of services to the Company in respect of the Offers and have the right (but not the obligation) to allocate any Shortfall in consultation with and subject to the agreement of the Company.

The Company has agreed to pay the Lead Managers:

- (a) a retainer fee of \$12,500 (plus GST) (**Retainer Fee**);
- (b) a selling fee of 7% of the funds raised under the Additional Offer and the Offer of any Shortfall (**Management Fee**); and
- (c) an issue of 500,000 Options on the same term as the Attaching Options for every \$100,000 raised by each Lead Manager (**Management Options**).

The Management Fee shall only be payable, and the Management Options issued, by the Company in the event that the Offers proceed.

The Company has agreed to reimburse the Lead Managers in respect of expenses incurred incidental to the Offers, and further indemnify the Lead Managers and related persons against losses, liabilities and claims in respect of the Offers.

The Appointment Agreements make provisions (inter alia) for certain covenants and obligations to be observed by the Company.

A Lead Manager may terminate their Appointment Agreement at any time by giving one month's written notice to the Company, and similarly the Company can terminate an Appointment Agreement by giving one month's written notice to the respective Lead Manager. If the Company terminates an Appointment Agreement without cause, the rights of the Lead Manager to fees and expenses continue in full force and effect for 24 months from the date of termination.

The number of Management Options that will be issued will depend on the amount of funds raised by each Lead Manager. The Company will assign each lead Manager a total of up to \$1,000,000 in equity capital to be raised under the Offers. If the Lead Managers each raise this amount, the Lead Managers would be entitled to a total of \$140,000 in Management Fees and 10,000,000 Management Options. The Company intends to apply for Shareholder approval for the issue of the Management Options. If this approval is not received, the Management Options will need to be issued under the Company's Offer capacity under the Listing Rules.

## 7.10 Interests of experts and advisers

This section applies to persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoters of the Company and stockbrokers or arrangers (but not sub-underwriters) to the Offer (collectively **Prescribed Persons**).

Other than as set out below or elsewhere in this Prospectus, no Prescribed Person has, or has had in the last two years, any interest in:

- (a) the formation or promotion of the Company;

- (b) any property acquired or proposed to be acquired in connection with the formation or promotion of the Company or the Offer; or
- (c) the Offer of New Shares under this Prospectus.

Other than that as set out below or elsewhere in this Prospectus, no benefit has been given or agreed to be given to any Prescribed Person for services provided by a Prescribed Person in connection with the:

- (a) formation or promotion of the Company; or
- (b) offer of New Shares under this Prospectus.

HopgoodGanim Lawyers are acting as solicitors to the Offer and have performed work in relation to the Prospectus. In doing so, HopgoodGanim Lawyers have placed reasonable reliance upon information provided to them by the Company. HopgoodGanim Lawyers does not make any statement in this Prospectus. In respect of this work, the Company estimates that it will pay approximately \$26,000 (excluding disbursements and GST) to HopgoodGanim Lawyers. HopgoodGanim Lawyers are the Company's Australian lawyers and are engaged from time to time by the Company on a variety of matters. Further amounts may be paid to HopgoodGanim Lawyers in accordance with its normal time based charges.

BDO Audit Pty Ltd are auditors to the Company. BDO does not make any statement in this Prospectus. Amounts may be paid to BDO in accordance with its normal time based charges.

#### 7.11 **Limitation on foreign ownership**

The Foreign Acquisitions and Takeovers Act (**FATA**) sets limitations on the ability of foreign persons to hold shares or other securities convertible into shares (such as options) in an Australian company. Foreign persons whom are controlled by a foreign government may also be subject to further requirements under Australia's Foreign Investment Policy as published by the Foreign Investment Review Board from time to time.

The FATA regulates acquisitions giving rise to ownership of substantial amounts of a company's shares.

The FATA prohibits:

- (a) any natural person not ordinarily resident in Australia; or
- (b) any corporation in which either a natural person not ordinarily resident in Australia or a foreign corporation (as defined in the FATA) holds a controlling interest; or
- (c) two or more such persons or corporations,

from acquiring or entering into an agreement to acquire an interests in an existing Australian corporation if after the acquisition such person or corporation would hold a substantial interest in a corporation, or where two or more persons or corporations would hold an aggregate substantial interest (defined below), without first applying in the prescribed form for approval by the Australian Treasurer and receiving such approval or receiving no response in the 40 days after such application was made.

A foreign shareholder will not be required to seek approval by the Australian Treasurer where they are acquiring their entitlement under a pro-rata entitlement offer.

Acquisitions of interests may include the acquisition of shares, options or any other instrument which may be converted to shares, as well as any other type of arrangement which results in control of the corporation.

A holder will be deemed to hold a substantial interest in a corporation if the holder alone or together with any associates (as defined in the FATA) is in a position to control not less than 15% of the voting power in the corporation or holds interests in not less than 15% of the issued shares in that corporation. Two or more holders hold an aggregate substantial interest in a corporation if they, together with any associates (as so defined), are in a position to control not less than 40% of the voting power in that corporation or hold not less than 40% of the issued Shares in that corporation. The Constitution of the Company contains no limitations on a non resident's right to hold or vote the Company's Shares.

#### **7.12 Subsequent events**

There has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially:

- (a) the operations of the Company,
- (b) the results of those operations; or
- (c) the state of affairs of the Company.

#### **7.13 Litigation**

The Company is not engaged in any litigation which has or would be likely to have a material adverse effect on either the Company or its business.

#### **7.14 Privacy**

By submitting an Entitlement and Acceptance Form for shares you are providing to the Company personal information about yourself. If you do not provide complete and accurate personal information, your application may not be able to be processed.

The Company maintains the register of members of the Company through Link Market Services Limited an external service provider. The Company requires Link to comply with the National Privacy Principles with performing these services. The Company's register is required under the *Corporations Act* to contain certain personal information about you such as your name and address and number of shares and options held. In addition the Company collects personal information from members such as, but not limited to, contact details, bank accounts and membership details and tax file numbers.

This information is used to carry out registry functions such as payment of dividends, sending annual and half yearly reports, notices of meetings, newsletters and notifications to the Australian Taxation Office. In addition, contact information will be used from time to time to inform members of new initiatives concerning the Company.

The Company understands how important it is to keep your personal information private. The Company will only disclose personal information we have about you:

- (a) when you agree to the disclosure;
- (b) when used for the purposes for which it was collected;
- (c) when disclosure is required or authorised by law;
- (d) to other members in the Li3 group of companies;
- (e) to your broker;



- (f) to external service suppliers who supply services in connection with the administration of the Company's register such as mailing houses and printers, Australia Post and financial institutions.

You have the right to access, update and correct your personal information held by the Company and Link, except in limited circumstances. If you wish to access, update or correct your personal information held by Link or by the Company please contact our respective offices.

If you have any questions concerning how the Company handles your personal information please contact the Company.

#### 7.15 Expenses of the Offer

All expenses connected with the Offer are being borne by the Company. Total expenses of the Offer, on the basis that the Entitlement Offer and Additional Offer are fully subscribed, are estimated to be in the order of \$230,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

Item	Entitlement Offer Only	Entitlement Offer and Additional Offer
Lead Managers Fees	\$25,000	\$165,000
Legal costs of the Offer	\$26,000	\$26,000
ASX and ASIC costs	\$9,000	\$14,000
Printing, postage and share registry	\$25,000	\$25,000
<b>Total capital raising fees</b>	<b>\$85,000</b>	<b>\$230,000</b>

#### 7.16 Consents and disclaimers

Written consents to the issue of this Prospectus have been given and at the time of this Prospectus have not been withdrawn by the following parties:

Harbury Advisors Pty Ltd has given and has not withdrawn its consent to be named in this Prospectus as the Lead Manager in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

Southern Cross Financial Pty Ltd has given and has not withdrawn its consent to be named in this Prospectus as the Lead Manager in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

HopgoodGanim Lawyers has given and has not withdrawn its consent to be named in this Prospectus as lawyers to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

BDO Audit Pty Ltd has given and has not withdrawn its consent to be named in this Prospectus as auditors of the Company in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

Link Market Services Limited has given and, at the date of this Prospectus, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named. It has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company and has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

7.17 **Directors' statement**

This Prospectus is issued by Lithium Consolidated Limited. Each director has consented to the lodgement of the Prospectus with ASIC.

Signed on the date of this Prospectus on behalf of Lithium Consolidated Limited by

A handwritten signature in black ink, appearing to read 'B Moller', with a stylized flourish at the end.

.....  
Brian Moller  
Director

## 8. Definitions and glossary

Terms and abbreviations used in this Prospectus have the following meaning:

<b>Acceptance</b>	An acceptance of Entitlements
<b>Acceptance Money</b>	The Offer Price multiplied by the number of New Shares applied for
<b>Additional Offer</b>	The facility whereby the Company and the Lead Manager may place the Additional Offer Shares to investors.
<b>Additional Offer Shares</b>	The New Shares placed to investors pursuant to the Additional Offer
<b>Additional Shares</b>	Has the meaning given to that term in section 1.8
<b>Applicant</b>	A person who submits an Entitlement and Acceptance Form or Application Form
<b>Application Form</b>	An application form in the form accompanying this Prospectus
<b>Attaching Options</b>	An option to subscribe for an ordinary share in the Company exercisable at \$0.05 cents each on or before 30 September 2020 to be issued on the basis of one attaching option for every 1 New Share allotted under the Offer
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited and the Australian Securities Exchange
<b>ASX Listing Rules</b>	The official listing rules of the ASX
<b>ASX Settlement</b>	ASX Settlement Pty Ltd
<b>ASX Settlement Operating Rules</b>	The operating rules of ASX Settlement
<b>Business Day</b>	A day, other than a Saturday, Sunday or public holiday, on which banks are open for general banking business in Brisbane
<b>Closing Date</b>	The date by which valid acceptances must be received by the Share Registry being 4 September 2019 or such other date determined by the Board and the Lead Managers
<b>Company or Li3</b>	Lithium Consolidated Limited ACN 612 008 358
<b>Constitution</b>	The Constitution of the Company
<b>Corporate Governance Principles and Recommendation</b>	Corporate Governance Principles and Recommendation <sup>n</sup> 3rd Edition initially released by the ASX Corporate Governance Council in March 2014
<b>Corporations Act</b>	<i>Corporations Act</i> 2001 (Cth)
<b>Directors or Board</b>	The Board of directors of Li3 from time to time
<b>Eligible Shareholder</b>	A shareholder of the Company that holds Shares in the Company on the Record Date
<b>Entitlement and Acceptance Form or Form</b>	An entitlement and acceptance form in the form accompanying this Prospectus
<b>Entitlements</b>	The entitlement to accept New Shares under this Prospectus

<b>Existing Options</b>	All existing options to subscribe for Shares currently on issue as at the date of this Prospectus
<b>Group</b>	The Company and each of its wholly owned subsidiaries
<b>Ineligible Shareholders</b>	Shareholders as at the Record Date who are not Eligible Shareholders
<b>Law</b>	The <i>Corporations Act</i> or any relevant and applicable law in Australia
<b>Lead Managers</b>	Southern Cross Financial Pty Ltd and Harbury Advisors Pty Ltd
<b>New Shares</b>	The Shares offered under this Prospectus
<b>Offers or Issue</b>	The offer and issue of New Shares and Attaching Options in accordance with this Prospectus
<b>Offer Price</b>	\$0.05 for each New Share applied for under the Offers
<b>Official List</b>	The official list of entities that ASX has admitted and not removed
<b>Official Quotation</b>	Quotation on the Official List
<b>Opening Date</b>	7 August 2019
<b>Option Holders</b>	The holders of the Existing Options
<b>Options</b>	Options on issue in the Company from time to time
<b>Other Investors</b>	Eligible Shareholders applying for additional New Shares (which may be filled at the Company's discretion from the Shortfall to the Additional Offer) and any other investor identified by the Company or the Lead Manager to apply for new Shares under the Additional Offer.
<b>Performance Rights</b>	Rights to be granted Shares subject to vesting conditions
<b>Prospectus</b>	This Prospectus dated 30 July 2019, as modified or varied by any supplementary prospectus made by the Company and lodged with the ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus
<b>Record Date</b>	2 August 2019
<b>Register</b>	Company Register of Li3
<b>Securities</b>	Has the same meaning as in section 92 of the <i>Corporations Act</i>
<b>Share Registry or Link</b>	Link Market Services Limited
<b>Shares</b>	The ordinary shares on issue in Li3 from time to time
<b>Shareholders</b>	The holders of Shares from time to time
<b>Shortfall or Shortfall Securities</b>	Any New Shares and Attaching Options not subscribed for by Eligible Shareholders under the Offer.
<b>Shortfall Offer</b>	The offer of the Shortfall, as set out in section 1.8
<b>US Securities Act</b>	The US Securities Act of 1933, as amended.

## Appendix A

### (ASX Announcements)

Date	Title of Announcement
09/07/2019	New Mozambique Lithium Licences
08/07/2019	Zimbabwe New Licenses
01/07/2019	Change of Director's Interest Notice x 3
01/07/2019	Appendix 3B
26/06/2019	Agreement to acquire Bepe and Kondo Mines Terminated
30/04/2019	Quarterly Cashflow Report
30/04/2019	Quarterly Activities Report
23/04/2019	Zimbabwe Initial Sampling Results
3/04/2019	Investor Presentation
28/03/2019	Appendix 3B
26/03/2019	Bepe and Kondo Mines Due Diligence Extension
25/03/2019	New Mozambique Lithium Assets
14/03/2019	Half Yearly Report and Accounts
1/03/2019	Release of Securities from Escrow
31/01/2019	Quarterly Cashflow Report
31/01/2019	Quarterly Activities Report
2/01/2019	Change of Director's Interest Notice
2/01/2019	Appendix 3B
11/12/2018	Odzi West - New Hard Rock Lithium Project
6/12/2018	Exploration Manager Appointment
5/12/2018	Change of Director's Interest Notice
5/12/2018	Appendix 3B
3/12/2018	Change of Company Name
28/11/2018	Results of AGM
31/10/2018	Quarterly Cashflow Report
31/10/2018	Quarterly Activities Report
26/10/2018	Notice of Annual General Meeting/Proxy Form
19/10/2018	Change of Address
27/09/2018	Appendix 4G
27/09/2018	Annual Report to shareholders

## Corporate Directory

<b>Directors</b>	<b>Solicitors to the Offer</b>	<b>Auditors</b>
<p>Brian Moller (Non-Executive Chairman)</p> <p>Shanthar Pathmanathan (Executive Director)</p> <p>Vincent Mascolo (Non-Executive Director)</p>	<p>HopgoodGanim Lawyers Level 8 Waterfront Place 1 Eagle Street Brisbane QLD 4000 Tel: + 61 7 3024 0000 www.hopgoodganim.com.au</p>	<p>BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000 Tel: +61 7 3237 5999 Fax: +61 7 3221 9227 Website: www.bdo.com.au</p>
<b>Administration and Registered Office</b>	<b>Lead Manager</b>	<b>Lead Manager</b>
<p>Level 6, 10 Market Street, Brisbane, QLD 4000 Tel: +61 7 3212 6299 Fax: +61 7 3212 6250 https://li3limited.com/</p>	<p>Harbury Advisors Pty Ltd Level 3, 175 Collins Street, Melbourne VIC 3000 www.harbury.com.au</p>	<p>Southern Cross Financial Pty Ltd Level 1, 128 Main Street, Osborne Park, WA 6017. www.scfinancial.com.au</p>
<b>Share Registry</b>		
<p>Link Market Services Level 21, 10 Eagle Street, Brisbane QLD 4000 1300 494 861 (within Australia) +61 1300 494 861 (outside Australia) Website: www.linkmarketservices.com.au</p>		