Li3 | Enhanced Prospectivity at the Meleya Zone

Key Points

- Further refinement of anomalies at the Meleya Zone
- Geochemistry shows enhanced prospectivity
- Comparable signature to Golden Grove
- Further fieldwork planned for drill target confirmation

Lithium Consolidated Ltd (Li3) is pleased to inform the market of results from recent work which confirm the prospectivity of the Meleya Zone at the Company's wholly owned Warriedar Project in the Murchison Region of Western Australia. These results indicate that rocks identified at the project are both highly prospective for volcanogenic massive sulphide (VMS) mineralisation and comparable to rocks at other deposits including those hosting the world class Golden Grove deposit 15km to the north of Meleya.

The Warriedar Project

The Warriedar Project is located 400km north of Perth in the Murchison Region of Western Australia. The project is part of the Warriedar Fold Belt with outcropping supracrustal mafic and felsic 'greenstone' units wrapped around a number of felsic to intermediate intrusions. These conditions are considered highly favourable for the formation of Volcanogenic Massive Sulphide (VMS) and Intrusion Related Gold (IRG) deposits and Lode Hosted / Orogenic vein style gold.

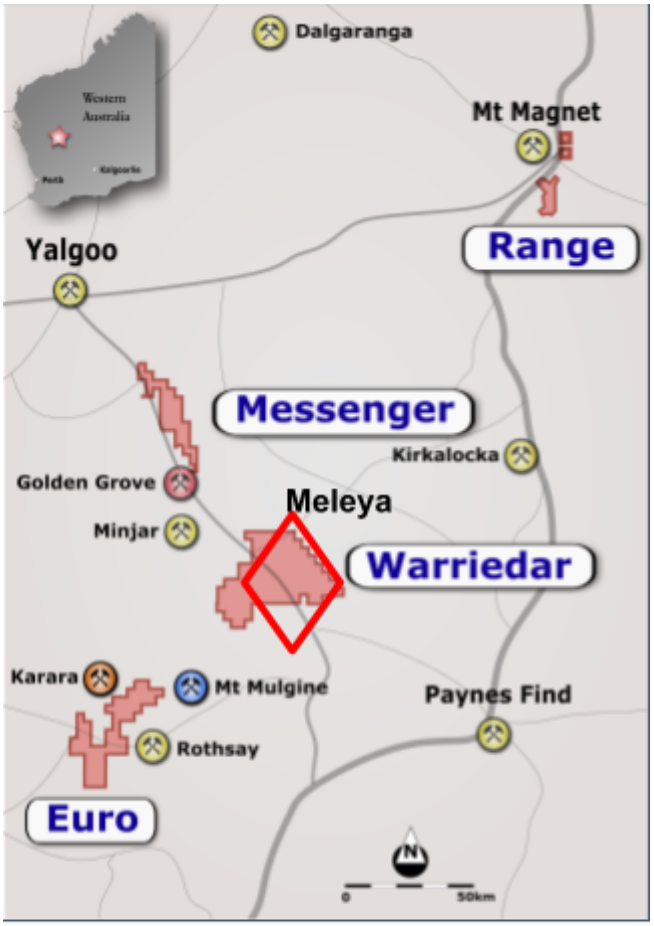

Figure 1 - Li3 Gold / Copper Projects

Surface Anomalies

Li3 previously announced [1] multiple zones of enrichment of base and precious metals evident in raw data from an initial 1000m by 500m regional surface sampling program across the Meleya Zone. This dataset has now undergone further processing and displays further large scale anomalies when plotted using chalcophile element indices (CHI-4) [2] (Figure 2).

Prospectivity

The prospectivity of the Meleya Zone has recently been confirmed and further enhanced by a number of geochemical 'fingerprinting' techniques. In addition to the previously announced surface sampling, a number of samples of relatively unweathered volcanic rocks were analysed using full digestion, fused bead LA-ICPMS and XRF methods. Results were then compared with analogous publically available data from Golden Grove.

One method which can be used to determine the prospectivity of a volcanogenic massive sulphide system is by assessing its fertility [4-5]. As shown in Figure 4, samples from the Meleya Zone plot within or around the 'F-II / F-IIIa / F-IV' fields which is a key requirement for enabling economically viable archaean VMS deposits in Australia and worldwide (including Golden Grove).

The host rocks in the Meleya Zone are interpreted to be along strike from Golden Grove. The similarity between the two areas has now been tested with the aid of another geochemical tool (chondrite normalised immobile element trace plot [3]). This data indicates that samples from Meleya are dacitic/rhyodacitic in composition, confirming analogous geology (Figures 3 c-d).

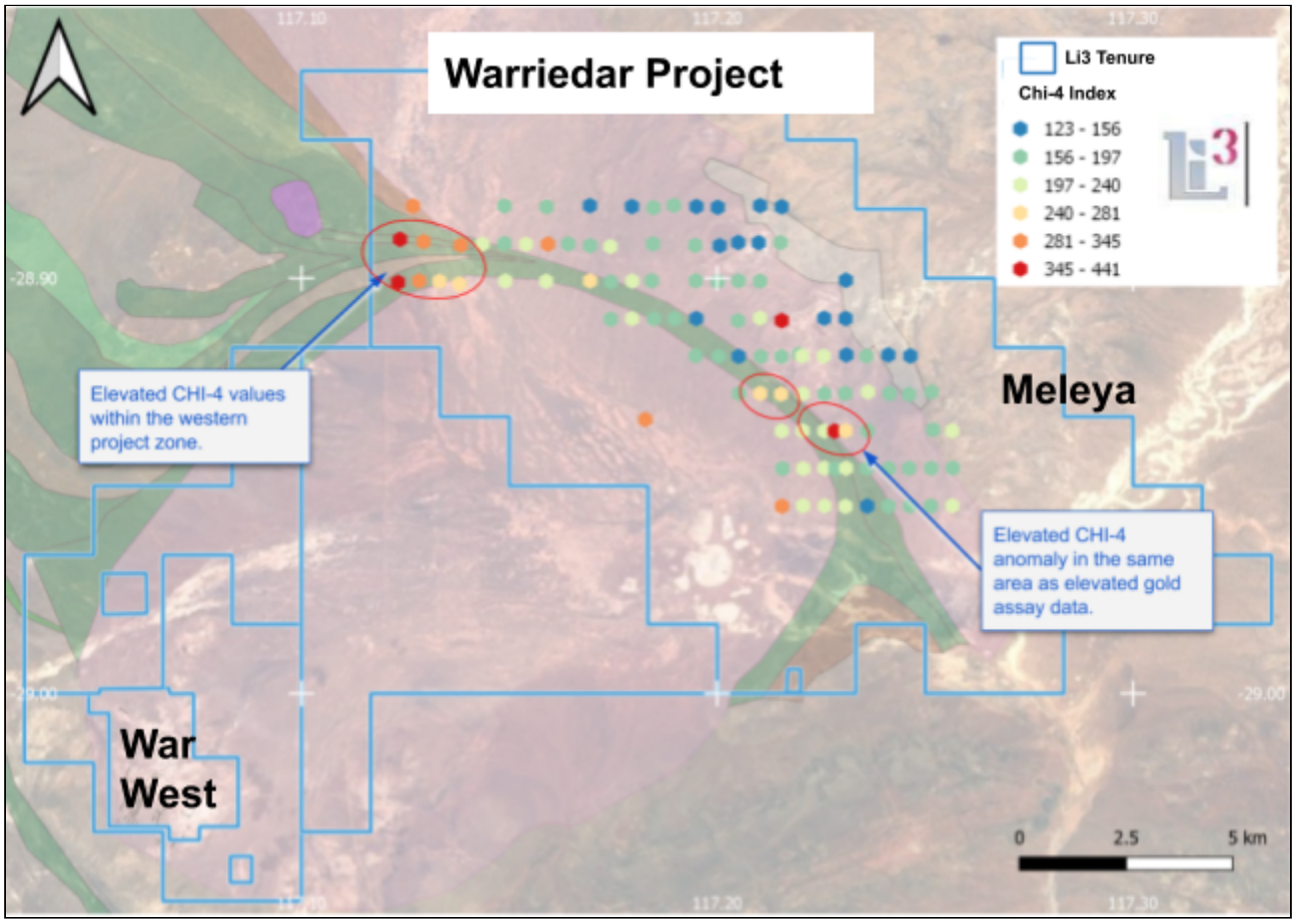

Figure 2: Warriedar geology map with distribution of CHI4 index data

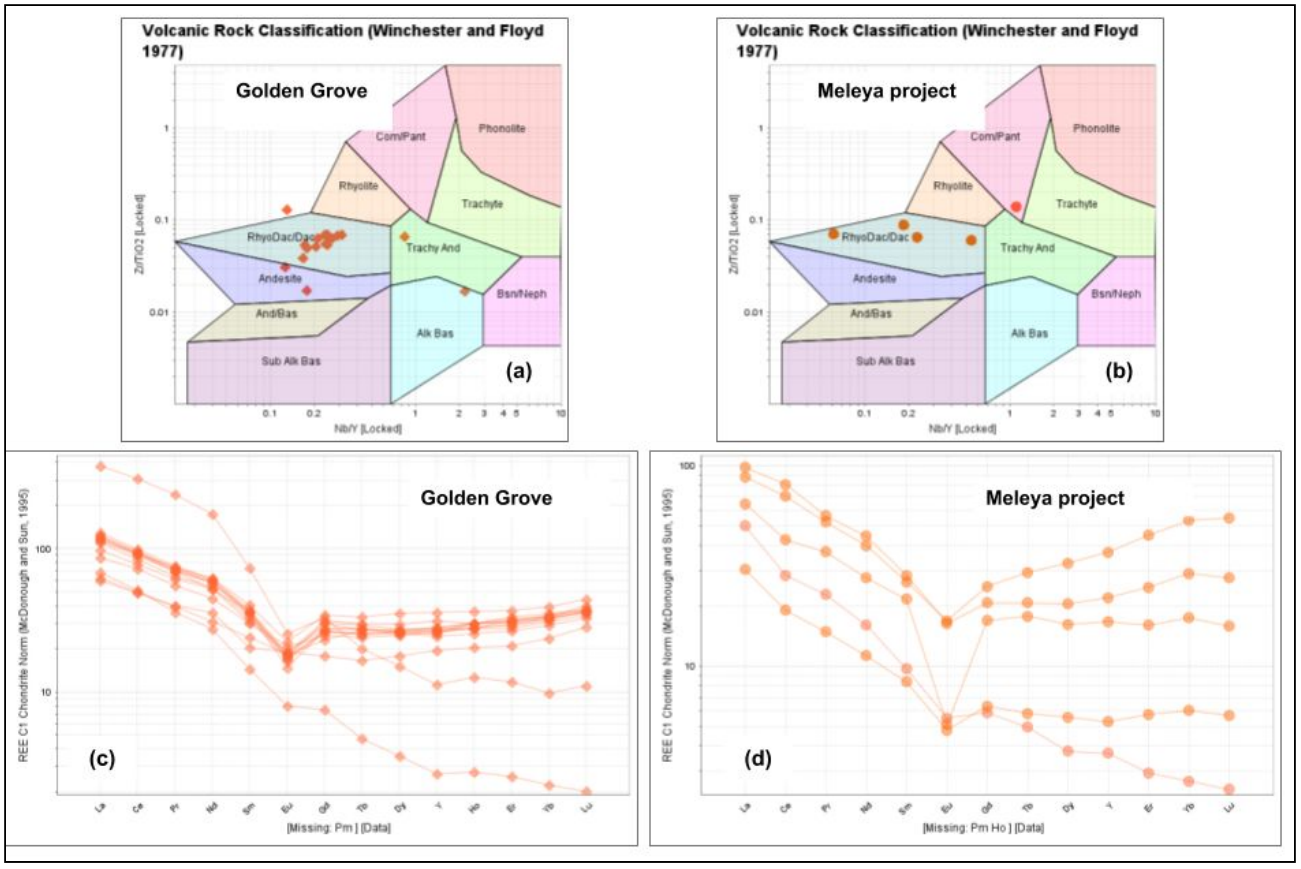

Figure 3: Comparable host rock geochemistry between Golden Grove and Meleya (a-b immobile element plots, c-d normalised chondrite trace element plots)

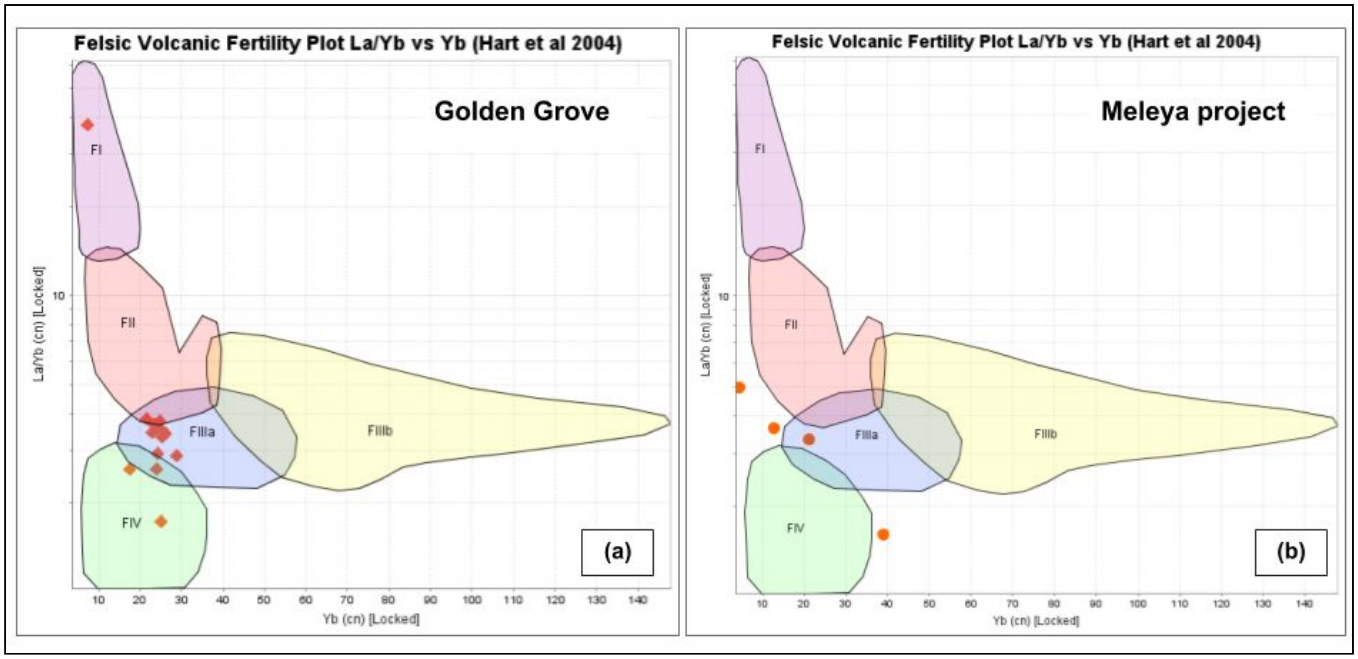

Figure 4: Plot of La/Yb vs Yb as proxy for fertility receptor for VMS (F1 Purple being non-fertile)

Next Steps

- Further fieldwork planned to optimise drill targets
- Regulatory approvals for drilling in progress
- Further geological interpretation

Corporate

On 24 July 2020 [6], Li3 announced the successful (69.43% takeup) completion of a non-renounceable pro-rata Entitlement Offer (Offer) offered on the basis of 1 new share for every 2 shares held at an issue price of $0.016 per new share with strong support received from shareholders. The shortfall was subsequently placed [7] with very strong demand.

The funds raised from the Offer and Placement will be applied to advancing Li3's portfolio of assets including the next phase of exploration at its 100%-owned Warriedar Project in the Murchison region of Western Australia and for general working capital.

The Board of the Company has authorised the release of this announcement to the market.

References

1. Li3 ASX announcement dated 24 March 2020 - Exploration update – Warriedar Project Murchison Province WA.
2. Smith R., & Perdrix, J.L. (1983). Pisolitic laterite geochemistry in the Golden Grove massive sulphide district, Western Australia. Journal of Geochemical Exploration, vol 18, 131-164.
3. Winchester J.A., and Floyd P.A. (1977) Geochemical discrimination of different magma series and their differentiation product using immobile elements. Chemical Geology, vol 20, 325-343.
4. Hart T.R., Gibson H.L., Lesher C.M. (2004) Trace element geochemistry and petrogenesis of felsic rocks associated with volcanogenic massive Cu-Zn-Pb sulphide deposits. Economic Geology, vol 99, 1003-1013.
5. Piercey S.J. (2010) An overview of petrochemistry in the regional exploration for volcanogenic massive sulphide (VMS) deposits. Geochemistry: Exploration, Environment, Analysis, vol 10, 1–18.
6. Li3 ASX announcement dated 24 July 2020 - Results of Rights Issue Offer.
7. Li3 ASX announcement dated 04 August 2020 - Placement Completed, Appendix 2A & Cleansing Notice.

Competent Person Statement

The information in this announcement that relates to Exploration Results and general project comments is based on information compiled by Dr Anthony Morey, who is a consulting geologist to Lithium Consolidated. Dr Morey is a Member of the Australian Institute of Geoscientists and the Society of Economic Geologists and has sufficient experience relevant to the style of mineralisation under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Morey is a consultant to Li3 and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The company wishes to thank Dr Carl Brauhart (CSA Global) for assistance with the design of this study.

About Li3

Li3 is an Australian based mineral exploration company with a diversified portfolio of projects in Western Australia considered highly prospective for precious, base and energy metals.

The Company has an experienced board and management team with a history of exploration, operational and corporate success.

Li3 leverages the team's energy, technical and commercial acumen to execute the Company's mission - to maximize shareholder value through focussed, data-driven, risk-weighted exploration and development of our assets.

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Forward-looking statements

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

The inclusion of such statements should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward-looking statements will be or are likely to be fulfilled. Li3 undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this document (subject to securities exchange disclosure requirements).

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

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Sampling was conducted in the following manner: a) Rock chip samples taken from field outcrops using geological hammer b) Submitted for laboratory analysis (Bureau Veritas Perth) i) Gold fire assay atomic absorption spectroscopy (FA001) ii) Multi-element determination by X-ray fluorescence (XRF) whole rock analysis (partial silicate) fused with 12:22 Lithium Borate flux (XF103) iii) Multi-element determination by Laser Ablation inductively coupled plasma mass spectroscopy (LA-ICP-MS; LA100, LA101)
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Not applicable
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Not applicable
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical*	• Sampling not applicable to mineral resource estimation or mining studies

	studies. ● *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* ● *The total length and percentage of the relevant intersections logged.*	● All sample sites were photographed and/or geologically logged for lithology, alteration, structure and other factors
Sub-sampling techniques and sample preparation	● *If core, whether cut or sawn and whether quarter, half or all core taken.* ● *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* ● *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* ● *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* ● *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* ● *Whether sample sizes are appropriate to the grain size of the material being sampled.*	● Rock chip samples were sampled dry (1-2 kg) in calico bags ● Samples were submitted for laboratory analysis (Bureau Veritas Perth)
Quality of assay data and laboratory tests	● *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* ● *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* ● *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	● Laboratory assays were carried out at the Bureau Veritas facility in Perth, Western Australia. ● Up to 400 grams (g) of the sieved sample was pulverised. ● Forty grams of the pulverised sample was then taken for gold (Au) atomic absorption analyses with a nominal detection limit of 0.01 ppm Au. ● For full digestion multi-element analyses (LA-ICP-MS and XRF), a 0.65 gram Lithium Borate Glass Bead of the sample was prepared for each sample. ● Bureau Veritas laboratory codes used are PR001, PR101, PR301, FA001, EN002, LA100, LA101 & XF103. ● QA/QC was monitored by processing internal laboratory standards and laboratory duplicate methods. No significant variations from the expected standard reference samples were reported.
Verification of sampling and assaying	● *The verification of significant intersections by either independent or alternative company personnel.* ● *The use of twinned holes.*	● Data entry procedures were standardised using a predetermined list of appropriate soil and rock description codes, digitally captured and uploaded to a cloud server on a daily basis.

	● *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* ● *Discuss any adjustment to assay data.*	● The sample description was collected on a combined digital entry and GPS device so that no sample mismatch could occur. ● The assay data were unadjusted.
Location of data points	● *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* ● *Specification of the grid system used.* ● *Quality and adequacy of topographic control.*	● All sample sites were defined using a conventional GPS device. Sample location errors were typically +/- 3 meters, which is considered as appropriate for the nature of this geochemical survey. ● Coordinates were collected using a WGS 84 coordinate reference system and collected in decimal longitude and latitude values.
Data spacing and distribution	● *Data spacing for reporting of Exploration Results.* ● *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* ● *Whether sample compositing has been applied.*	● Sample sites were defined selectively according to areas considered geologically appropriate and less weathered ● This data distribution is considered appropriate for the intended geochemical survey. ● No sample compositing has been applied.
Orientation of data in relation to geological structure	● *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* ● *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	● Not applicable.
Sample security	● *The measures taken to ensure sample security.*	● Sample names were pre-recorded on each sample bag and digitally geolinked in the field whilst sampling, ensuring no sample mismatch could occur. ● Samples were stored appropriately to avoid any damage or contamination during transit to the assay laboratory.
Audits or reviews	● *The results of any audits or reviews of sampling techniques and data.*	● No audit results available.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• E5902375 • 100% Warrigal Mining (a subsidiary of Li3) • Granted tenure, Western Australia
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Not applicable
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The geological setting is most likely an ancient submarine setting that has since undergone burial, polyphase deformation and metamorphism followed by exhumation. Associated rock likely comprise altered felsic magmatic rocks and sedimentary sequences. • The targeted styles of mineralisation are volcanogenic massive sulphide (VMS) and intrusive related gold systems (IRG) and orogenic vein- and shear zone-associated gold.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Not applicable.

Data aggregation methods	● *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* ● *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* ● *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	● Not applicable.
Relationship between mineralisation widths and intercept lengths	● *These relationships are particularly important in the reporting of Exploration Results.* ● *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* ● *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	● Not applicable.
Diagrams	● *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	● Not applicable.
Balanced reporting	● *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	● Not applicable.
Other substantive exploration data	● *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	● Schematic geologic interpretation maps accompany the geochemical assay data.
Further work	● *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* ● *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	● Further work has been assessed within the press release and diagrams indicate where ongoing work will be concentrated.