

ASX Announcement

ASX: Li3

31 October 2019

SEPTEMBER 2019 QUARTERLY REPORT

- Capital raising completed, raising \$1.5 million
- 3 new lithium Licenses granted in the Alto Ligonha Pegmatite Province in Mozambique
- Li3 is the only ASX listed company to enter Mozambique for hard rock lithium
- The Mozambique licenses contain historical beryl, tantalite and rare-element mineral mines
- 9 new Licenses granted in eastern Zimbabwe, to establish a dominant land position at the highly prospective Odzi West project
- Andrew Haythorpe appointed as a director in October 2019

Lithium Consolidated Limited (ASX: LI3) (**Li3** or **Company**) is pleased to report on its activities in the September 2019 quarter.

Our portfolio consists of:

- 59 granted Licenses for 8 new hard rock lithium projects in Zimbabwe;
- 5 granted hard rock lithium Licenses in Mozambique, with one further application pending; and
- 16 hard rock lithium Licenses in Western Australia.

Li3's high priority hard rock lithium assets in each region, include:

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

The Company's strategy is to:

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

1. Mozambique Hard Rock Lithium

On 9 July 2019 the Company announced the grant of three (3) new lithium exploration licenses, including the high priority 9166L license in northern Mozambique.

The three (3) newly granted Licenses are in addition to the two (2) Licenses, which were granted and announced on 25 March 2019, such that the Company now holds a total of five (5) Licenses over an area of 31,481 ha (314.8 km²) in the Alto Ligonha Pegmatite Province in Mozambique.

Li3 is the only ASX listed company to enter Mozambique for hard rock lithium.

There was no exploration activity in Mozambique during the September 2019 Quarter. For further information on the new Mozambique Licenses, please see our announcement dated 9 July 2019.

1.1. 9166L License

The 9166 L License has been prioritized for 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.

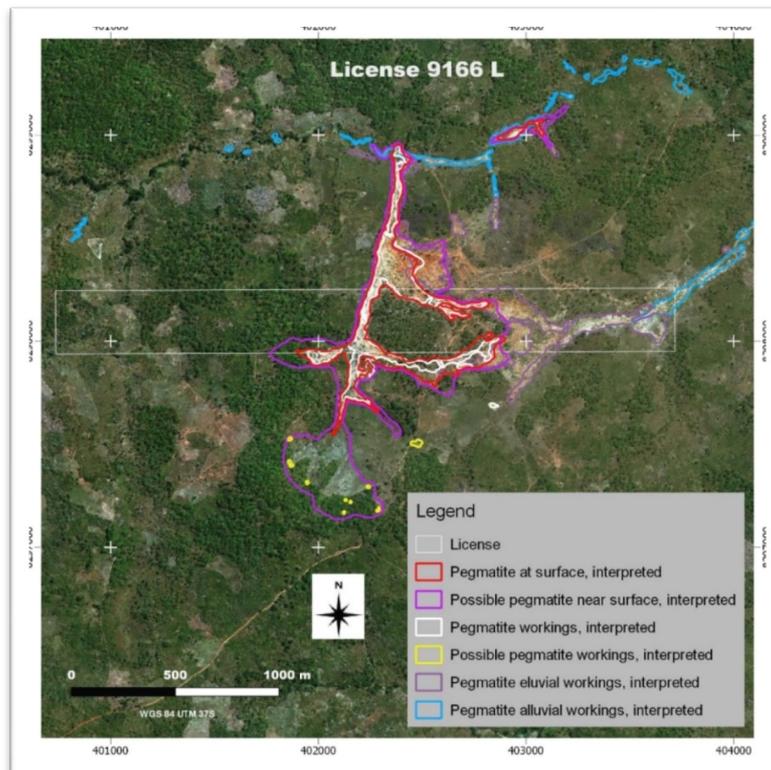


Figure 1. Interpreted pegmatite and associated workings within license 9166L shown over ESRI satellite imagery.

2. Yilgarn Lithium Project, Western Australia, Australia

Yilgarn Lithium Project (**YLP**) is a hard-rock lithium exploration asset located in the Yilgarn Province of Western Australia.

YLP consists of 16 Exploration Licenses, including 14 granted Exploration Licenses and 2 pending Exploration License Applications, covering a total of 747 km².

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; and
- 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.

Other than some reconnaissance and exploration planning, there was no significant exploration activity at YLP in the September 2019 Quarter.

3. Zimbabwe Hard Rock Lithium

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 72 Licenses over an area of 2,803ha, where 59 have been granted (1,800ha) and the remainder are pending grant.

Li3 is one of the first 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.

For further information on the new Zimbabwe Licenses, please see our announcement dated 8 July 2019.

There was no exploration activity in Zimbabwe in the September 2019 Quarter.

3.1. Odzi West Project

22 licenses cover this area at the south-western end of the Mutare Greenstone Belt in eastern Zimbabwe.

The Odzi West project 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.

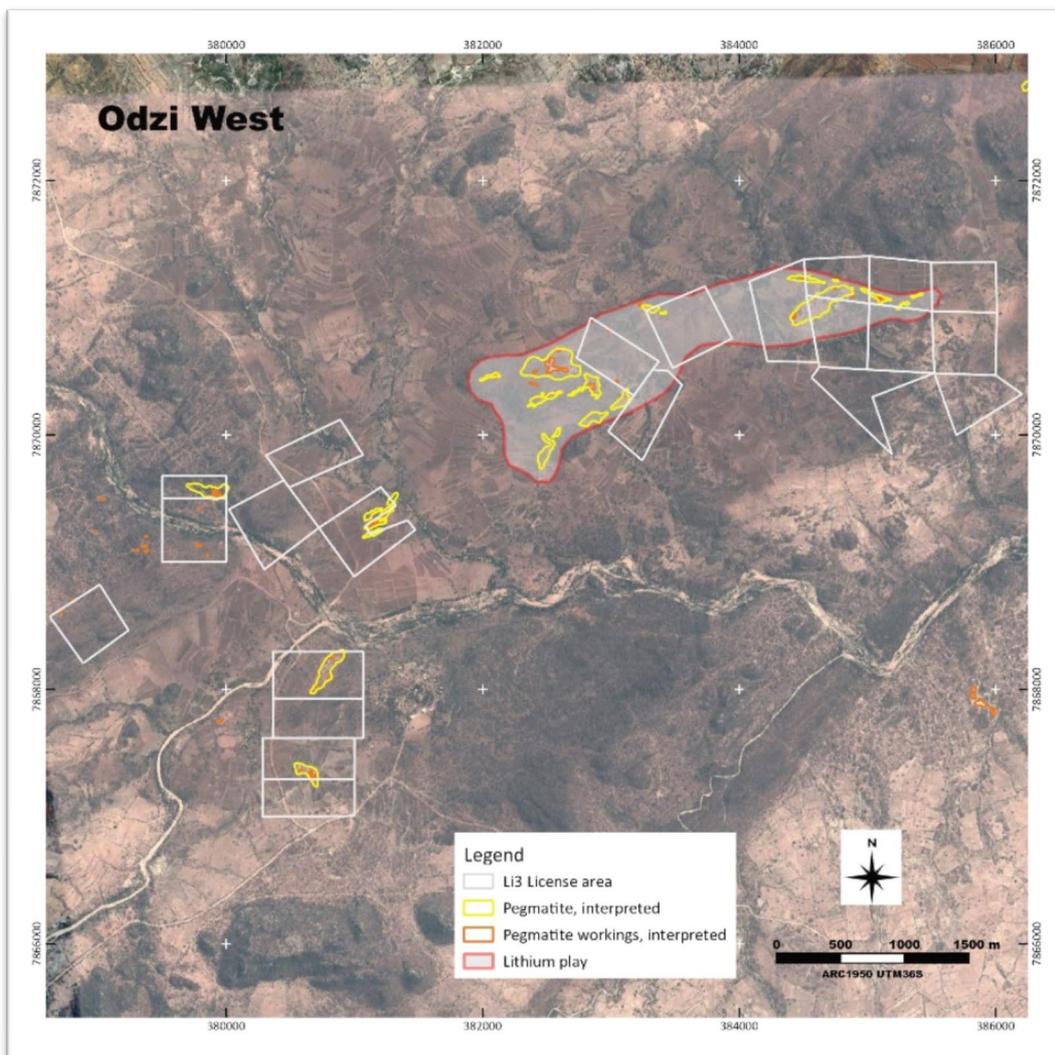


Figure 2. Interpreted pegmatite and pegmatite workings within the larger pegmatite play within the Odzi West license area (shown over Google imagery).

Tonopah Lithium Project, Nevada, USA

During the Quarter the Company completed the sale, through its wholly owned subsidiary LCME Holdings Inc. (**LCME**), of its Tonopah Lithium Project (**TLP**) for an upfront cash payment and an additional milestone payment upon definition of a JORC compliant lithium reserve at TLP. Big Smokey Exploration LLC, ProspectOre LLC, and ProspectOre Inc., were also parties to the agreement (which, together with LCME, are the **Vendors**).

The TLP is located in the Clayton Valley, West Central Nevada, in the United States of America. The TLP consists of 425 placer claims (the **Mining Claims**).

Argosy acquired a 100% interest in the TLP and the Mining Claims for a total purchase price of up to approximately A\$585,000¹ split between the Vendors, which consists of a cash payment upon completion and a further milestone-based payment.

Further details of the sale can be found in the Company's announcement dated 14 August 2019.

4. Corporate

4.1. Capital Raising

During the Quarter, the Company completed a capital raising comprised of a (1 for 4) non-renounceable entitlement offer (**Entitlement Offer**) combined with an additional offer on the same terms (**Additional Offer**, together with the Entitlement Offer, the **Offers**), raising a total of \$1.5 million.

The Offers comprised one new fully paid ordinary share at an issue price of \$0.05 per share (**New Share**), together with 1 free attaching unlisted option exercisable at \$0.05 each and expiring on 30 September 2020 (**New Option**).

The Company received applications for a total of \$1.5 million (before costs) under the Offers, which resulted in the issue of a total of 29,734,064 New Shares and 29,734,064 Attaching Options. The Additional Offer New Shares and New Options were issued under a shareholder approval received at the Extraordinary General Meeting of shareholders held on 10 September 2019, convened for that purpose. The new securities were issued on 19 September 2019.

Under the terms of the Prospectus, the Company retains the right to place the remaining shortfall within three months of the Closing Date at an issue price being not less than the Offer Price. The remaining shortfall is \$1,030,944.40 (comprising 20,618,888 New Shares and 20,618,888 Attaching Options).

¹ US\$ amounts have been converted at a rate of US\$0.70/ A\$

4.2. Board Changes

On 14 October 2019, the Company announced that the Board had terminated the employment of Mr Shanthar Pathmanathan as Chief Executive Officer and Managing Director.

In addition, the Directors appointed Mr Andrew Haythorpe as a director, initially as a non-executive director, and then appointed to the role of acting Interim CEO and Managing Director for an interim term.

Andrew Haythorpe has 30 years' experience in geology, funds management and has been a Director and Chairman of a number of TSX and ASX listed companies. Since 1999, Andrew has been involved in over A\$300 million of mergers and acquisitions and capital raisings in mining and technology companies listed on the TSX and ASX.

Prior to 1999, he was a Fund Manager and Analyst at Bankers Trust, which grew to over A\$40 billion in Funds under Management, managing the Global Energy and Resources Fund. Andrew gained his initial experience as an analyst at Suncorp (now a Top 20 ASX listed Company with some A\$96 billion in assets) and following that at County Natwest and Hartley Poynton where he later became a Director. More recently he was the Managing Director of Crescent Gold and led that company from a junior explorer to a mid-tier producer within 4 years. He was also Managing Director of Michelago Resources, which became one of the top performing ASX listed companies on its transition to gold production in China.

Andrew has a Bachelor of Science (Hons) from the James Cook University, is a Member of the Australian Institute of Company Directors (MAICD) and a Fellow of the Australian Minerals Institute (FAusIMM).

4.3. Other

The Company continues to assess new lithium and other exploration opportunities.

Details of the Company's financial activities during the quarter are set out in the Appendix 5B cash flow report.

5. Capital structure

At the end of the quarter, there were 124,056,186 fully paid ordinary Shares, 40.4 million unlisted Options and 5.7 million unlisted Performance Rights on issue.

End

For more information, please contact:

Duncan Cornish

Company Secretary

Phone: +61 7 3212 6299

Email: investors@lithiumconsolidated.com

Please visit us at: www.li3limited.com

Cautionary Statements

Forward-looking statements

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

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



LITHIUM CONSOLIDATED LTD
ACN 612 008 358

Phone: +61 7 3212 6299

Fax: +61 7 3212 6250

Address: Level 6, 10 Market Street, Brisbane Q 4000

Exploration Tenements

Lithium Consolidated held the following interests in claims and tenements at the end of the quarter:

Tenement Name	Tenement Number	Lithium Consolidated Interest	Location of Tenements
Yilgarn Project			
Bedonia	E63/1814	100%	Western Australia
Caranning	E63/1815	100% (Application)	Western Australia
Windarling	E77/2384	100% (Application)	Western Australia
Esmond	E69/3455	100%	Western Australia
Junction	E28/2631	100%	Western Australia
Snomys	E28/2632	100%	Western Australia
Ten Mile	E63/1813	100%	Western Australia
Nawoc	E15/1542	100%	Western Australia
Cool	E28/2651	100%	Western Australia
Dundas	E63/1826	100%	Western Australia
Ten Mile South	E63/1862	100%	Western Australia
Wanoc	E15/1616	100%	Western Australia
Junction North	E28/2732	100%	Western Australia
Dundas Nth	E63/1877	100%	Western Australia
Esmond NE	E69/3540	100%	Western Australia
Salmon	E28/2743	100%	Western Australia
Zimbabwe Project*			
Tals 5	Various	100% (Granted)	Zimbabwe
Nels Luck	Various	100% (Granted)	Zimbabwe
Bepe	Various	100% (Granted)	Zimbabwe
Magoda and Magoda North	Various	100% (Granted/apps)	Zimbabwe
Day Dawn	Various	100% (Granted)	Zimbabwe
Chisuma	Various	100% (Granted)	Zimbabwe
Grey Lady	Various	100% (Granted)	Zimbabwe
Odzi West	Various	100% (Granted/apps)	Zimbabwe

Mozambique Project			
License 9167 L	9167L	100%	Mozambique
License 9190 L	9190L	100%	Mozambique
License 9166 L	9166L	100%	Mozambique
License 9168 L	9168L	100%	Mozambique
License 9188 L	9188L	100%	Mozambique

*Note: the 8 Zimbabwe projects are comprised of a total 72 prospecting licences, of which 59 have been granted.